智·行

INTELLIGENCE IN ACTION

FOSUN 复星

ANNUAL REPORT 2017

復星國際有限公司

FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00656)

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

RMB 13,161.3 million

Intelligence in Action

2017 marked the 25th anniversary of Fosun and our strongest financial year ever. Over these years, being a global company with Chinese roots, we are well-prepared for future opportunities with our strong industrial operations. We are dedicated to pursuing our strategy of "Centered around Family, Deeply Rooted in China, Innovating a Global Happiness Ecosystem". We have hired some of the very best global talent to execute our customer-to-maker (C2M) strategy.

We are fully confident that through Fosun's core operations, innovative technologies and ONE Fosun ecosystem spanning over 35 million families, our C2M strategy will further advance and create value for our customers. In addition, through our newly launched Youle Customer Loyalty Program ("youlè"), Fosun aims at linking its products and services in our health, happiness and wealth ecosystems to create one-stop solutions for 1 billion families around the world.

"A journey of a thousand miles begins with a single step". In the past 25 years, Fosun has continued to be bold yet humble, building its success with stability and consistency. Looking ahead, we must continue to pursue our C2M strategy, focus on core operations, and develop our pioneering technology and innovation platform so we can become not just a global company with Chinese roots, but a global operator of world-class products and services. Furthermore, Fosun's senior management and global partners* will step up their efforts to carry out more philanthropic works, with a view to doing more practical and effective initiatives to achieve our mission of helping our family customers live in a healthier, happier and wealthier life.

* It is different from the legal concept of "partner" under partnership

CONTENT

FINANCIAL SUMMARY

In RMB million	For the year ended 31 December 2017	2016 (restated)
Revenue	**88,025.2**	73,966.6
Health Ecosystem	**22,486.3**	18,170.7
Happiness Ecosystem	**11,694.4**	10,445.0
Wealth Ecosystem	**54,504.5**	45,821.4
Insurance and Finance	***27,969.5***	*27,954.7*
Investment	***4,248.6***	*2,920.4*
Hive Property	***22,286.4***	*14,946.3*
Eliminations	**(660.0)**	(470.5)
Profit attributable to owners of the parent [note]	**13,161.3**	10,268.3
Health Ecosystem	**1,371.5**	1,038.5
Happiness Ecosystem	**497.5**	468.9
Wealth Ecosystem	**11,292.3**	8,760.9
Insurance and Finance	***3,902.9***	*2,440.3*
Investment	***5,218.0***	*4,245.4*
Hive Property	***2,171.4***	*2,075.2*
Earnings per share – basic *(in RMB)*	**1.53**	1.19
Earnings per share – diluted *(in RMB)*	**1.53**	1.19
Dividend per share *(in HKD)*	**0.35**	0.21

Note: Unallocated expenses are allocated to profit attributable to owners of the parent by ratio.

2017 marked the 25th anniversary of Fosun's establishment. Every Fosuner and I would like to express our thanks to you all for your trust and being here with us all these years.

GUO GUANGCHANG
Chairman
Fosun International Limited

Dear distinguished shareholders of Fosun:

2017 marked the 25th anniversary of Fosun and our strongest financial year ever. With the support of our loyal shareholders through these years, Fosun has achieved continuous growth from a college student startup with only RMB38,000 of initial capital, to a Forbes Global Top 500 international industry group making over RMB13 billion of profit attributable to owners of the parent and managing over RMB530 billion in total assets. To this, I would like to express my sincerest gratitude for your ongoing support and confidence in Fosun and I am pleased to announce that the Board has recommended an increase in our dividend this year to HK$0.35 per share, driving shareholders' value continuously.

It's often said that running a business is similar to conquering a mountain. Over the past twenty five years, Fosun has conquered summits of various industries, one after another. I can proudly report to our shareholders that, through these conquests, Fosun has accumulated extensive experiences across a number of industries. We are enjoying leading positions in industries closely related to family life, such as pharmaceuticals and healthcare, tourism and culture, fashion and happiness, insurance and comprehensive financial services. We place great importance to technological research and development, particularly Fosun's pioneering technological products, including the CAR-T treatment that can treat and aims to provide a cure to cancer and artificial intelligence to aid lung cancer screening. Furthermore, our Customer-to-Maker (C2M) is now no longer a concept but reality. Fosun now has increasing points of market entry to reach customers and makers providing Fosun's ecosystem with highly competitive products. In addition, the recently launched Youle Customer Loyalty Program ("**youlè**") will be the glue connecting Fosun's featured products and services. More importantly, with Fosun's more robust financial strength and the best talents, we can be confident and patient in our growth.

As we keep sharpening our capabilities, I deeply believe that Fosun will move forward and advance to a higher level.

Having roots in China, I have full confidence in the Chinese economy

2018 marks the 40th anniversary of China's reform and opening-up, and where China is now the world's second largest economy with a healthier, stable, sustainable and high-quality economic growth. As a result, Chinese companies, including Fosun, are also getting stronger and can now participate in the commercial "World Cup". For this, we are extremely grateful.

Now, as China crosses the threshold into a new era, I am even more confident for the future. In my view, China will continue to present plenty of opportunities for the following reasons:

I. China has the single largest consumer market in the world with an expected middle class of 400 million people in the near future, which is unprecedented in the history of mankind. From this, an unimaginable number of opportunities will arise. I believe that demand in China will certainly flourish, and enterprises will enjoy a variety of excellent opportunities. For example, in just eight years, China has become the largest source of customers for Club Med. Such a trend will persist in more industries.

II. China has one of the best environments for scientific innovation in the world. Recently, China's total investment into research and development has been ranked second in the world, only after the United States. A large amount of investment in science and technology is now being transformed into productive results benefiting industries and customers. Fosun will definitely accelerate and increase its investment in technology and research and development.

III. The future world is a world of artificial intelligence ("**AI**"). The most important thing about artificial intelligence is not the algorithm, but the data processed through deep learning. In this, China enjoys exceptional advantages, in particular, in the amount of data that it possesses. As long as we concentrate on the scientific research and development of this data, China can enjoy a more advantageous leading position in AI.

Of course, all these opportunities are linked to the acceleration of China's economic integration into the world economy. The future will be a future driven by China and the world. Not only will the world's most successful, pioneering and innovative enterprises participate in the development of China in a more active manner, but Chinese companies will also participate more in global development, bringing together the best technologies, brands, and products to bring happiness to families in China and abroad.

This is also our mission.

The mission of Fosun is to create a happy life for a billion families worldwide!

Along the lines of "Self-improvement, Teamwork, Performance and Contribution to Society", Fosun's mission has become clearer – to create a happy life for families worldwide. If we have to set a goal for our mission, I hope to serve a billion families around the world.

This is indeed a very difficult goal. However, Fosun has a profound accumulation of both customers and makers. We have strong confidence in doing the right things, the difficult things, and doing things with patience. This is also the very meaning of Fosun's existence. We are willing to forge ahead amid numerous challenges.

I. STRATEGY IS THE FIRST STEP OF BROADER, HIGHER AND DEEPER DEVELOPMENT

The most important step in doing the right things, the difficult things, and doing things with patience is to formulate a good strategy. Fosun's strategies are also the "engines" of business development. We now have four important "engines", helping Fosun expand the scope of development to a broader, higher and deeper level:

1) Adhering to globalization to achieve industry development driven by China and the world

Firstly, Fosun benefits from the reform and opening-up in China as well as the globalization pattern in the past decade. Besides, Fosun's globalization strategy has also gained recognition and support from the governments and regulatory authorities from countries around the world.

Secondly, "Growth is Driven by China and the World" evolved from "Combining China's Growth Momentum with Global Resources". Fosun not only integrates and brings the best products to China to meet the needs of Chinese families, but also helps its portfolio companies expand globally. For example, last year, Fosun and Sanyuan Foods jointly acquired St Hubert, a centennial healthy food brand in France. The acquisition will help Sanyuan Foods achieve rapid industrial upgrade in terms of healthy food and product structure, so as to stay ahead of other domestic competitors.

Thirdly, the most important aspect in the globalization of Fosun is talent. Fosun is a global company from China, so we firmly believe in the importance of being Glocal (Global + Local). We do not provide opportunities only to Chinese people. Every Fosuner shares equal opportunities in promotion regardless of their nationalities because the local teams in different countries around the world will present broader prospects for Fosun.

2) Centering around families and focusing on their core needs such as health, happiness and wealth

To make families in the world happier is the mission of Fosun, so the strategy of Fosun also centers on families through building three family-focused ecosystems rooted in China. We pay attention to the needs of every family member at different stages of life and discover that health, happiness and wealth are the common and eternal needs of all people. Therefore, Fosun must achieve breakthroughs in these three areas.

Firstly, with respect to the integration of health, happiness and wealth ecosystems, the most important aspect for Fosun is the competitiveness of our products. I am more and more convinced that good products can speak for themselves, especially in this era of extensive channel development. Good products and content become more precious. Why was Sanya Atlantis Resort packed with people during its soft opening? This is because it offered products that were truly competitive. For example, the huge aquarium tank of the hotel lobby is thrilling to children, while young people are fascinated by new experiences such as enjoying meals at the underwater restaurants and staying in the underwater suites. Therefore, all Fosuners should be product experience officers, and I am of course obliged to become the chief product experience officer of Fosun.

At the same time, I also believe that good products must be created. Fosun will pay more attention to companies that have unique or exceptionally strong capabilities in production, and will continuously enhance the awareness of each brand of Fosun, such as Tsingtao Brewery, Gland Pharma in India, Lanvin in France, and Wolford[1] in Austria, in order to further deepen and expand the "moat" of Fosun in the manufacturing sector.

Secondly, Fosun's competitive edge is the closed-loop system of one-stop services across different boundaries based on verticals. The biggest advantage of Fosun is the profound accumulation of world-class makers. We now also concentrate on accumulating customers, and integrating customer traffic through platforms such as Qinbaobao and Dongjia. Today, Fosun serves over 35 million families around the globe. Fosun will use various platforms as its points of market entry, such as focusing on the special needs of young families, to line up markets to provide targeted products and services, including baby and maternal products, healthcare, and tourism and vacations, to create a closed-loop system of one-stop service across different boundaries for young families.

In addition, Fosun also actively engages in social projects such as the Hangzhou-Taizhou Highspeed Railway project, Besino Environment project, CN-NL Waste Solution and Spring to bring benefit to society. We are committed to building quality infrastructure for a better life of every family.

3) With advanced technology, Fosun will become a leader in global research and development to gain a competitive advantage

We firmly believe in the importance of research and development and the role it plays in corporate development since Fosun was founded. Although Fosun hasn't always had strong financials in the past, we have always insisted on increasing our investment into research.

[1] Transaction not yet completed.

In particular, Fosun has an accumulated investment of nearly RMB4.66 billion over the past five years with respect to the pharmaceutical sector. Nine years ago, Fosun set up a laboratory in Silicon Valley to create a 24/7 research and development network in the United States and China.

The research and development network has achieved initial results. For example, Shanghai Henlius has obtained investigational new drug ("**IND**") approvals for 11 indications of six products in the Chinese mainland, leading the research and development of monoclonal antibody drugs in China. Fosun Pharma has also achieved breakthroughs in various technologies, including the applications for two new type I chemical drugs and obtained a clinical approval from China Food and Drug Administration, and the application of a new drug to the Food and Drug Administration in the United States.

As we move into the future, we promise Fosun will continue to increase its investment in technological innovation.

In particular, Fosun will continue to strengthen cooperation with the top research and development companies in the world, such as Fosun Kite Biotechnology Co., Ltd. (復星凱特生物科技有限公司, "**Fosun Kite**"), whose CAR-T cell immunotherapy aims to provide a cure for cancer, and the joint investment was made with Intuitive Surgical SARL, the owner of the technology and products of Da Vinci surgical robotic system, in establishing a joint venture, namely Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (直觀復星醫療器械技術(上海)有限公司), and completed the relevant business registration, which accelerates the development and popularization of high-end medical technology in China.

At the same time, Fosun will also strengthen the accumulation of independent research and development. For example, the Proxima team is a proprietary project that makes use of artificial intelligence technology to assist in tuberculosis film reading, which greatly enhances the accuracy of lung cancer diagnosis and was awarded first place in the List of "LUNA16".

Fintech is also an area of technological innovation in which Fosun is paying more attention. For example, the NAGA Group AG in Germany has become the first listed Fintech company on the German stock exchange. Also, Fosun is actively helping Israeli Fintech company Bond I.T. Ltd. develop a more extensive Chinese market.

Of course, in addition to technological innovation in healthcare and Fintech, Fosun will also continue to pay greater attention to innovation in emerging areas such as big data, artificial intelligence, blockchain and the internet of things. Fosun will never stop learning and always concentrate on creation and innovation.

4) "Industry + Investment" to keep on enhancing the power of Fosun in the industry

I know that for many, the first impression of Fosun is that it is good at investing. Indeed, investment is a very important component of Fosun. However, investment is not the only goal of Fosun, but also an important way to supplement the industrial development of Fosun. Investment is only the first step in value creation, the real value is created from what we do after we invest.

After making an investment, Fosun often formulates a "hundred-day plan" for post-merger integration, involving professional capabilities, human resources, legal affairs, finance and others to achieve mutual empowerment through comprehensive streamlining and coordination.

For Fosun, vertical depth of industrial development and the continuous enhancement of operational capability are now more important than investment. As the operating income from our core business has achieved stable growth, we expect that this will provide one of the most important sources of income for Fosun in the future.

Our strong results in 2017 are a combination of improving core industrial operations and disciplined asset allocation. In 2017, we saw significant growth in core operations including Fosun Pharma, Club Med, Yuyuan, BCP and Nanjing Nangang. Furthermore, we executed our C2M strategy and maintained a disciplined asset allocation strategy, including investments in over 100 new projects balanced with over 50 accretive divestments and 10 successful initial public offerings ("**IPOs**").

Moreover, benefiting from our history and our unique asset accumulation at Fosun, we are now more confident and capable in seizing the ability to turn around a company in the industry.

Fosun not only can make a company better, but also can bring in opportunities of value creation for all companies by leveraging an even broader understanding of the industry, a global platform of talent, and an accumulation of experiences with companies that have encountered difficulties and have found a solution. This is the unique ability of Fosun that differentiates itself from others.

For example, after Club Med entered China, its customers continued to grow. With Fosun, the number of Club Med customers in the Greater China region has increased 10 fold. At the same time, their success in the Chinese market also fostered their development outside China. Last year, we helped Club Med open a new resort in Tomamu, Hokkaido, Japan. The resort has become highly popular, not only among local and international visitors, but particularly amongst Chinese tourists.

The above are the core strategies Fosun has built up over the past quarter century and will continue to enhance and implement in the future, so as to continuously enhance Fosun's business strengths in relevant industries. We are fully confident that through Fosun's core operations, innovative technologies and ONE Fosun ecosystem spanning over 35 million families, our C2M strategy will drive the next stage of operational growth. Our ultimate vision is therefore to significantly enhance the value of any company that enters our C2M ecosystem, helping them gain greater access to customers while producing better products and services.

Of course, our strategy will always align closely and flexibly with business cycles and the macro economy. We will never make the ultimate mistake of setting a rigid strategy that cannot be adjusted to changing conditions.

II YOULÈ, LINKING UP THE HIGH-VALUE BUSINESSES OF FOSUN

C2M enables a direct linkage between customers and makers through technological advancement. Specifically, it allows the different needs of customers to be met instantly with personalized design and adaptable manufacturing. As long as we are 0.01 second faster and 0.01% more responsible than others, Fosun will stand out over time.

In the past, Fosun's ecosystem in which the connections among enterprises and between customers and our makers were weak. Fosun is now tirelessly focused on empowering our ecosystems to build strong connections between our companies.

Accordingly, we keep on improving customer loyalty and enhancing products produced by our makers. We have set up a C2M front line office, and all companies within the ecosystem of Fosun have also set up C2M front line office. We also take the research and development of "2Link technology" between customers and makers very seriously. We have also officially released the youlè.

Fosun is determined to implement its global C2M strategy, where through technology, we can create a happiness ecosystem that serves a billion families worldwide.

I am very excited about our youlè, which was launched less than 6 months ago. Fosun possesses numerous high-value businesses in different industries that make unique products and customer platforms, and over the years, we have searched for the right medium to connect the different businesses. Today, we are proud to present youlè.

Of course, the youlè membership scheme is still at its preliminary development stage. youlè does not cover everything and needs to evolve and improve quickly. Currently, the top priority of youlè is to develop a set of united, recognized standards based on Fosun's ecosystem. By applying this set of standards, the processing functions of the membership schemes of various brands will start sharing information. Hence, the value of youlè will be gradually unlocked. In the coming five to ten years, youlè will become the single most important infrastructure within Fosun, which empowers every single enterprise under our ecosystem by providing insights into family consumption and behavior, providing accurate and important feedback to the companies and a global database on how to make the best products and services.

I sincerely ask for your tolerance and patience with Fosun and your support for the development of youlè. I am more eager than anyone else to see the success of youlè.

III. CONTINUOUSLY CONSOLIDATING AND ENHANCING OUR FINANCIAL STRENGTHS

Over the past 25 years, there have been enterprises that have overtaken us in respect of business development. However, enterprises ahead of Fosun are now fewer and fewer. I think this is because of our stable and solid growth and not because of any explosive performance. In other words, Fosun balances speed of development with stability, yet will not lag behind its industry peers. It is vital to maintain such a balance for Fosun.

This can be clearly reflected in our financial performance. In 2017, Fosun recorded very strong results. Profit attributable to owners of the parent jumped to a record high, growing 28% in 2017. More importantly, our 5-year compound annual growth rate ("**CAGR**") for profit attributable to owners of the parent is nearly 30%. I believe our shareholders are satisfied with this result and in order to share the fruits of growth with all shareholders, we are pleased to announce a significant increase of 67% in our dividends this year.

Additionally, Fosun has particularly focused on enhancing its capital strength over the years. The net gearing ratio dropped to 49.7% from 60.3% in the previous year. This improvement was recognized by credit rating agencies and Moody's Investors Service upgraded the Company's rating from "Ba3 Positive" to "Ba2 Stable" in January 2018.

IV. OUR STAFF, THE MOST VALUABLE ASSET OF FOSUN

Another reason for the continuous growth and evolution of Fosun in the past 25 years is the contribution made by our staff, our most valued asset at Fosun.

We are delighted that our global partner[2] system has been operating for three years. This year, there were ten new global partners, including two overseas partners from Japan and Germany, respectively. Fosun attaches great importance to our global teams in carrying out their functions in organizations of different localities. Our new global partners also include the chief technology officer of Fosun, and the leader of Shanghai Henlius, which is a leading company in monoclonal antibody. By having them join our global partnership scheme, the technological background and knowledge of Fosun's global partner team will be greatly enhanced.

Apart from global partners, Fosun is establishing a multi-layer partnership system. From my point of view, every Fosuner is a partner of Fosun. To become a Fosun partner, the basic requirement is to agree with the cultural value and strategic direction of Fosun. On such basis, we are willing to provide more opportunities for those who are eager to learn, willing to take responsibilities and harbour entrepreneurship. Fosun is not only a platform for entrepreneurs to show their own talents, it is, in a sense, a business school where you can find a full array of real-life commercial cases.

Fosun especially prizes training young talents. One of my rules in manpower management is that young people should take up more tasks, if they are able to bear the related responsibilities, despite the fact that they may lack experience. Fosuners, including myself, are willing to provide recommendation and assistance to young people, helping them grow faster in Fosun. For young people with outstanding performance and high potential, Fosun also offers them a series of incentives such as expediting the promotion process and granting of share options. The reason is simple – they are the future of Fosun.

I have discussed quite a lot about the development of Fosun. What is equally as important, and most important to me, are the efforts Fosun has been taking to give back to society.

I came from a village in Dongyang, Zhejiang province. Ah Wang (Wang Qunbin, CEO of the Company) also came from a village but his family was slightly better off than mine. We were admitted to study at Fudan University due to our hard work. Leveraging opportunities arising from the reform and opening-up, we established Fosun. Therefore, education is the most important factor that changed our lives.

2 It is different from the legal concept of "partner" under partnership.

Hence, we always believe that, for a society, fair process and fair chances are more important than fair results. It entails that people should have a fair chance to enjoy education and medical services as well as to innovate and start up their own businesses. The charity work of Fosun is directed towards achieving this goal.

On the last business day of 2017, Fosun commenced a charity campaign called "Rural Doctors". Our global partners joined this campaign. It is proposed to offer assistance to rural doctors in 100 counties during the next 10 years, helping them lead a more decent life and protect the health of rural citizens. That is to say, Fosun protects rural doctors, which in turn protects the citizens.

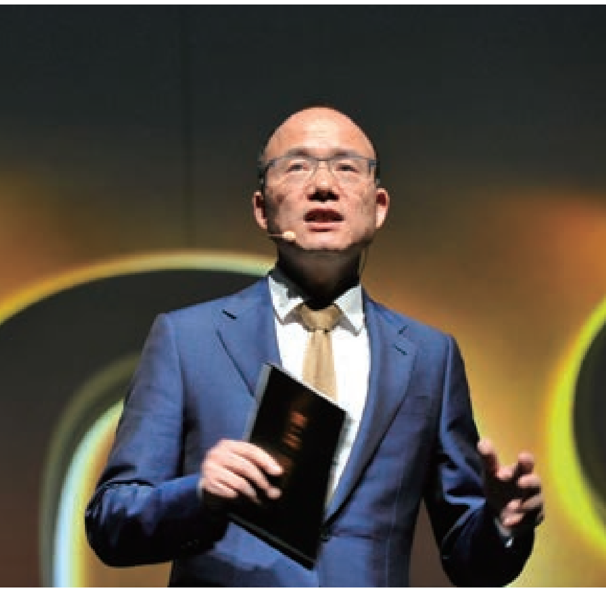
At the beginning of 2018, the Protechting Start-ups Acceleration Program was held after its success for the previous two consecutive years. Through this event, we hope to support young people in realizing their innovation dreams with strong personal growth and bringing more commercial power together to make the world better.

Despite the fact that Fosun has been working hard to support different charity activities, we know that our contribution to society doesn't surpass the support society has given to Fosun. Therefore, I, together with Fosun's global partners, will place more efforts in charity works in the future. More attention will be paid to people's practical needs. Therefore, our charity also work to fulfil the mission of helping our family customers live in a healthier, happier and wealthier life.

Lastly, I would like to extend my gratitude to all shareholders and everyone who has offered support and assistance to Fosun. Fosun has built its success with stability and consistency and I am proud to announce that over the past five years, we have managed to grow our profit on average by nearly 30% every year. I am however, even more excited about what the future holds, as we continue to pursue our C2M strategy, to grow our core industrial operations, to develop our pioneering technology and innovation platform so we can become not just a global company with Chinese roots, but a global operator of world-class products and services. 2017 was a great year, but the future will be even better.

Thank you! I wish all of you a prosperous Year of the Dog!

Guo Guangchang
27 March 2018



BOARD RECOMMENDS 67% INCREASE IN DIVIDEND TO HKD0.35 PER SHARE FOLLOWING STRONG FINANCIAL YEAR

In 2017, the revenue of the Group reached RMB88.03 billion, up 19% from the previous year. Net profit attributable to the owners of the parent stood at a record RMB13.16 billion, up 28% from the previous year. Earnings per share is RMB1.53 (approximately HKD1.77), an increase of 29% from the previous year and represents a 5-year CAGR of 21%.

Adjusted Net Asset Value (Adjusted NAV) as at 31 December 2017 was HKD33.28 per share, an increase of 28% from HKD26.01 as at 31 December 2016. Adjusted NAV includes the market value of listed investments held by the Group, fair value of unlisted investments utilizing recent transactions or comparable companies method minus the Group's net debt.

Over the past five years, the Group has focused on strengthening its balance sheet and continued to optimize its financial position. At the end of 2017, the Group's net gearing ratio had optimized to 49.7% from 86.0% in the end of 2013. The Group's average cost of funding was 4.72% and in January 2018, Moody's acknowledged Fosun's improvements by raising its rating to Ba2 Stable from Ba3 Positive.

In line with the strong financial results the Company achieved in 2017, the Board recommends the dividend per share for 2017 to be increased to HKD0.35, up 67% from 2016.

[3] Please refer to the diagram on page 12 for more information.

STRONGER CORE OPERATIONS, TURNAROUND SUCCESS AND DISCIPLINED ASSET ALLOCATION

In 2017, the Group saw stronger growth from its core operations and achieved successes in several turnaround companies[3]. The Group has been increasingly disciplined in its asset allocation by balancing capital investments with capital realization. In 2017, Fosun executed over 100 investments matched with over 50 divestments, including the disposal of Ironshore to Liberty Mutual Group Inc. for USD2.94 billion. The Group also took part in 10 IPOs in global exchanges. Other major highlights in the Group's three ecosystems include:

➢ Health Ecosystem

- In 2017, the Health Ecosystem accounting for 10.4% of profit attributable to the owners of the parent saw year-on-year growth of 32.1%, the fastest growing ecosystem.

- The Group continued to make progress in the innovation and globalization of world-class health services and products, including approved IND applications for 11 indications of 6 new products in the Chinese mainland, among which 3 projects entered into the 3rd stage of clinical tests. In 2017, Fosun Kite will bring Kite Pharma's FDA-approved CAR-T cancer treatment into China. The Company also developed its own proprietary health technology platforms, achieving new records in lung cancer diagnostic imaging and was awarded first place in the List of "LUNA16" by Fosun's FONOVA and the creation of a new AI medical imaging company called Proxima.

- The Group announced over 40 investments in 2017 including the acquisition of stakes in leading French health food company St Hubert through the Group and the acquisition of controlling stakes in India's largest generics company Gland Pharma through Fosun Pharma.

Happiness Ecosystem

- In 2017, the Happiness Ecosystem accounted for 3.8% of profit attributable to the owners of the parent and saw year-on-year growth of 6.1%. Club Med and Yuyuan recorded a significant profit growth as operations improved.

- In Club Med, new village openings include Grand Massif Samoëns Morillon in France, Tomamu Hokkaido in Japan in 2017 and a new concept brand in China, Joyview with two new resorts opening in Anji and Beidaihe in January 2018.

- In fashion, German fashion house Tom Tailor successfully turned around its business and announced net income increased to EUR17.1 million in 2017. At the beginning of 2018, the Group also announced the investment into French fashion house Lanvin and Austrian fashion house Wolford. Both deals are pending completion.

- The Yuyuan restructuring has been conditionally approved by China Securities Regulatory Commission, which upon completion will increase the Group's stake in Yuyuan from 26.45% to 68.25%.

- At the Company's Atlantis resort in Sanya, construction completed during the year. The Atlantis resort was soft launched in February 2018 and will officially open in the first half of 2018.

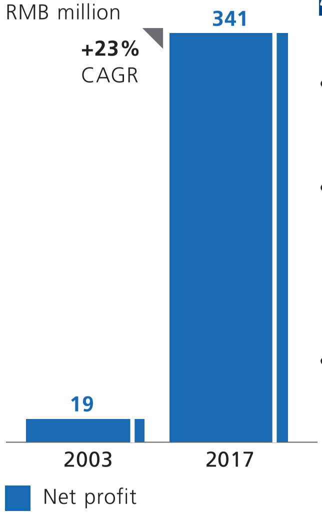
- Other key investments include a HKD6.6 billion investment by the Group and a fund managed by it into Tsingtao Brewery for a 17.99% stake in December 2017. The transaction was completed in March 2018.

Wealth Ecosystem

- The Group divides the Wealth Ecosystem into three segments: Insurance and Finance, Investment and Hive Property. In terms of profit attributable to the owners of the parent, Insurance and finance accounted for RMB3.90 billion, Investment accounted for RMB5.22 billion and Hive Property accounted for RMB2.17 billion. This represented year-on-year growth of 59.9%, 22.9% and 4.6% respectively.

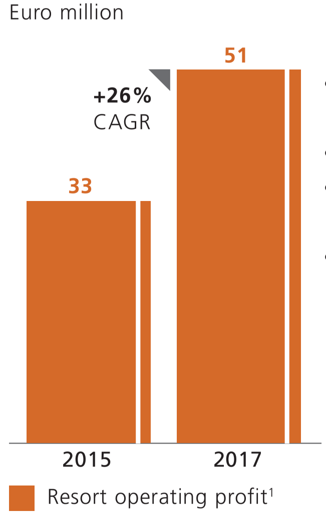
- Benefiting from the "insurance + investment" strategy, Fosun Insurance Portugal also reported a total investment yield at 3.6% in 2017, which is above market average. BCP announced a recovery from a loss in the previous year to a net profit of EUR186 million. It has also improved its overall business position with a total of 5.4 million active customers, representing an increase of 6% over the previous year, and 2.5 million digital customers, representing an increase of 16% from the previous years.

SUCCESSFUL TURNAROUND STORIES



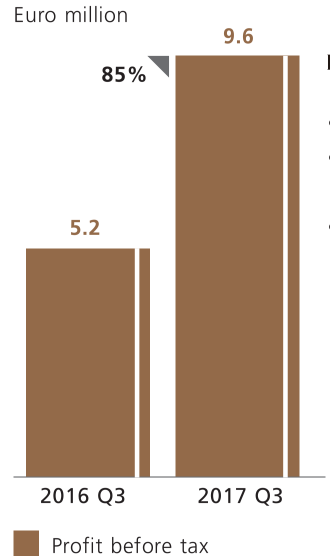
WANBANG | A Member of FOSUNPHARMA

- Greatly enhanced R&D, marketing and branding capabilities;
- Assisted Wanbang to broaden scope from a single pharmaceutical company into a group with 14 member companies;
- Provided strategy optimization and incentivization scheme to attract and retain talent



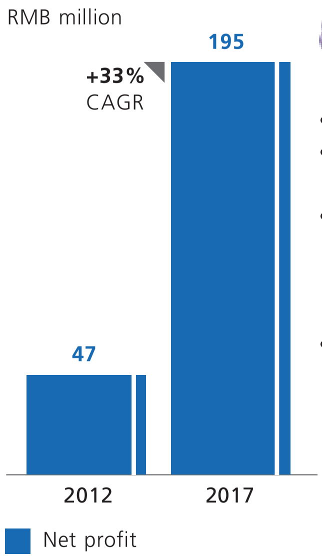
ClubMed

- Focus on performance incentives
- Enhanced digital capabilities
- Shared Fosun supply chain: one link+
- China strategy: Joyview+Miniversity asset-light strategy



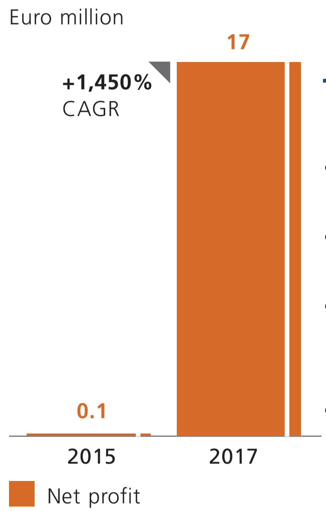
HAUCK & AUFHÄUSER PRIVATBANKIERS SINCE 1796

- Optimize management team
- Increase access to China market
- Seize the opportunities to enrich the digital service products by connected to FinTech company to create new solutions for customers



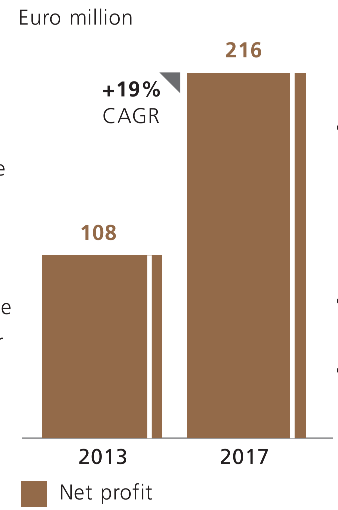
佛山市禅城中心医院 Foshan Chancheng Central Hospital

- Optimized strategy positioning
- Supported development of 'smart' hospital
- Member companies share resources and refer businesses to each other. They can also link their offline and online operations
- Created a cross-border model: cooperating with Albion in the form of "healthcare + hotel"



TOM TAILOR EST. 1962

- Reshaped and optimized the team
- Optimized operating cost control
- Enhance product mix: reduce the proportion of unpopular SKU
- New branding strategy



FIDELIDADE SEGUROS DESDE 1808

- "Insurance + Investment" strategy: return on investment in 2017 outperforms the market by more than 200bps
- An elite team, incentive scheme for the talent
- Strengthening the company through M&A

Note:1. Finance year: 1st Nov – 31st Oct of next year.

BUSINESS REVIEW

As at the end of the Reporting Period, net assets attributable to owners of the parent of the Group amounted to RMB100,960.8 million, representing an increase of 9.3% from the end of 2016. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB13,161.3 million, representing an increase of 28.2% over the same period in 2016.

ASSET ALLOCATION OF THE GROUP

Unit: RMB million

Segment	Total assets as at 31 December 2017	Total assets as at 31 December 2016 (Restated)	Change from the end of 2016
Health Ecosystem	**76,034.4**	56,963.7	33.5%
Happiness Ecosystem	**39,557.5**	30,207.3	31.0%
Wealth Ecosystem	**431,186.6**	411,669.7	4.7%
Insurance and Finance	**241,578.0**	241,019.9	0.2%
Investment	**73,461.7**	70,730.8	3.9%
Hive Property	**116,146.9**	99,919.0	16.2%
Eliminations	**(12,990.4)**	(12,061.2)	N/A
Total	**533,788.1**	486,779.5	9.7%

CORPORATE STRUCTURE[1]

Health Ecosystem

Pharmaceutical	Medical Services & Health Management	Health Products
Fosun Pharma 37.94%	Fosun United Health Insurance[2] 20.00%	Silver Cross 87.23%
Sinopharm	Chancheng Hospital	Sanyuan Foods[4] 20.45%
Gland Pharma	Luz Saúde[3] 98.79%	St Hubert[5] 98.12%
Sisram	United Family	
We Doctor	Starcastle Senior Living 50.00%	

Happiness Ecosystem

Tourism & Leisure	Fashion	Consumer & Lifestyle
Club Med[6] 90.10%	Lanvin[8]	Yuyuan 26.45%
Atlantis 99.81%	Tom Tailor[9] 28.89%	Tsingtao Brewery[14] 17.99%
Thomas Cook[7] 11.22%	Wolford[10]	AHAVA 99.46%
	Caruso[11] 73.90%	
	St. John[12] 70.00%	
	Folli Follie[13] 13.89%	

Wealth Ecosystem

Insurance and Finance		Investment		Hive Property
Fosun Insurance Portugal[15] 84.9861%	Fosun Hani Securities 100%	Fosun Capital 100%	Nanjing Nangang 60.00%	Forte 100%
AmeriTrust 100%	H&A 99.91%	IDERA 98.00%	Koller[16] 84.50%	28 Liberty 100%
Peak Reinsurance 86.93%	BCP 27.06%	Focus Media 5.00%	Besino Environment[17] 100%	Bund Finance Center 50.00%
Pramerica Fosun Life Insurance 50.00%	Mybank 25.00%	Cainiao 6.77%	ROC 100%	
Yong'an P&C Insurance 40.68%			Hainan Mining 51.57%	

Notes:

1. This simplified corporate structure illustrates the key investments of the Group only. The equity percentage reflects the total direct shareholdings held by the Group, associates, joint ventures and funds managed by the Group as at 31 December 2017. The companies marked in the dotted box are invested by Fosun Pharma. For specific information, please refer to the disclosure of Fosun Pharma. The companies marked in the shadow box are the projects remained to be completed as at the end of the Reporting Period.

2. It is listed under the segment of "Insurance and Finance" when accounting treatment is processed.

3. Fidelidade, a subsidiary of the Group held 98.79% equity interest in Luz Saúde. Therefore, the Group held 83.96% effective equity interest in Luz Saúde.

4. The Group through its wholly-owned subsidiary, and Shanghai Fosun Chuanghong Equity Investment Fund Partnership (L.P.) ("**Fosun Chuanghong**"), a fund under management of the Group held 16.67% and 3.78% equity interest, respectively, in Sanyuan Foods. The Group held Fosun Chuanghong general partnership interest and limited partnership interest of totally 36.22%, thus, the Group held 18.04% effective equity interest in Sanyuan Foods.

5. The Group co-invested with Sanyuan Foods in St Hubert in July 2017, the transaction was completed in January 2018. St Hubert is held as to 98.12% by an associate (the Group held 51% equity interest in such associate). Therefore, the Group held 50.04% effective equity interest in St Hubert.

6. Club Med is held as to 68.99% by a wholly-owned subsidiary of the Group, as to 19.53% by Fidelidade, a subsidiary of the Group, and as to 1.58% by a subsidiary (the Group held 61.88% equity interest in such subsidiary). Therefore, the Group held 86.57% effective equity interest in Club Med.

7. The Company and Fidelidade, a subsidiary of the Group held 3.996% and 7.225% equity interest in Thomas Cook, respectively. Therefore, the Group held 10.14% effective equity interest in Thomas Cook.

8. The Group signed an agreement in February 2018 to purchase a majority stake in Lanvin. The transaction was completed in early April 2018.

9. Tom Tailor was held as to 14.33% by the Company, as to 10.49% by Fidelidade, a subsidiary of the Group, and as to 4.07% by a company of Fidelidade (Fidelidade held 51% equity interest in such company). Therefore, the Group held 25.01% effective equity interest in Tom Tailor.

10. The Group signed an agreement in March 2018 to purchase a majority stake in Wolford and intended to launch a tender offer to acquire the whole equity interest in Wolford. The project remained to be completed as at the date of this announcement.

11. The Group held 43.50% equity interest in Caruso. The joint venture established by the Group and Pramerica-Fosun China Opportunity Fund managed by the Group held 30.40% equity interest in Caruso (the Group held 17.00% equity interest in the joint venture). Therefore, the Group held 48.67% effective equity interest in Caruso.

12. The joint venture established by the Group and Pramerica-Fosun China Opportunity Fund managed by the Group held 70% equity interest in St. John (the Group held 19.70% equity interest in the joint venture). Therefore, the Group held 13.79% effective equity interest in St. John.

13. The Group held 10% equity interest in Folli Follie through its wholly-owned subsidiary. In addition, Pramerica-Fosun China Opportunity Fund managed by the Group held 3.89% equity interest.

14. During the Reporting Period, the Group and the fund managed by the Group signed agreements to purchase 17.99% equity interest in Tsingtao Brewery. This transaction was completed in March 2018. The Group held 14.29% effective equity interest in Tsingtao Brewery.

15. The Group held 84.9861% equity interest in Fidelidade, 80% equity interest in Multicare and 80% equity interest in Fidelidade Assistência through its wholly-owned subsidiary.

16. Nanjing Nangang, the company's joint venture company, held 84.50% equity interest in Koller.

17. The Group and Nanjing Nangang jointly purchased 100% equity interest in Besino Environment, as to 50% held by the Group.

HEALTH ECOSYSTEM

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

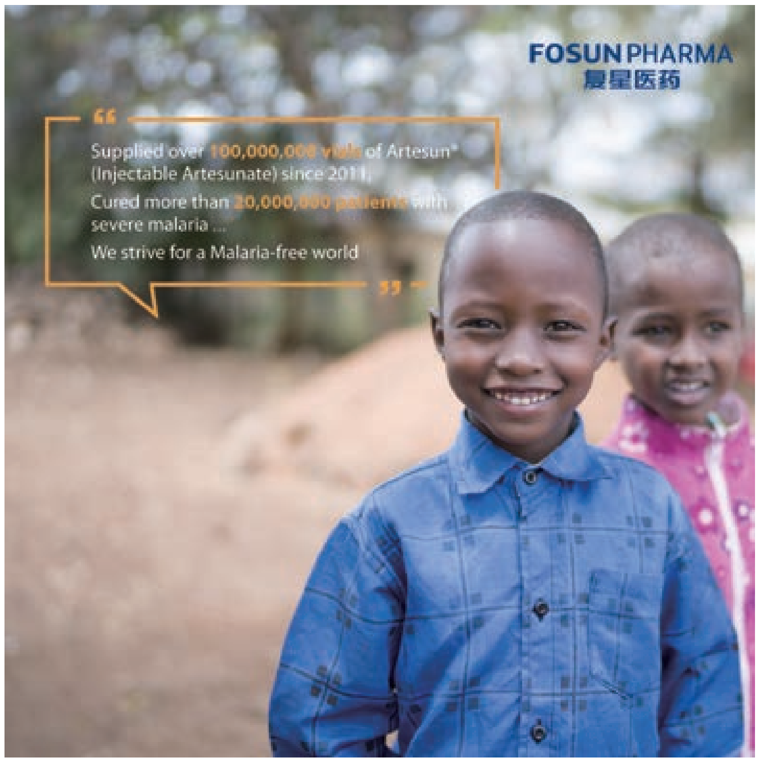
Unit: RMB million

	2017	2016 (restated)	Change year-on-year
Revenue	**22,486.3**	18,170.7	23.8%
Profit attributable to owners of the parent	**1,371.5**	1,038.5	32.1%

During the Reporting Period, the increase in revenue of the Health Ecosystem was mainly attributable to the continuous and steady growth of Fosun Pharma's revenue. The increase in profit attributable to owners of the parent was mainly due to the increase of Fosun Pharma's profit and the investment gain related to medical services and health products.

The Group's Health Ecosystem business includes three major parts: Pharmaceutical, Medical Services & Health Management and Health Products.

Pharmaceutical



FOSUN PHARMA

Fosun Pharma is a leading healthcare group in China. As of 31 December 2017, the Group held 37.94% equity interest in Fosun Pharma.

Fosun Pharma was established in 1994, the principal activities of Fosun Pharma and its subsidiaries (the "**Fosun Pharma Group**") consist of the manufacture and sale of pharmaceutical products and medical equipment and the provision of consulting and investment management services.

During the Reporting Period, the revenue of Fosun Pharma Group increased by 26.58% as compared to 2016 to RMB18,362 million, and excluding the impacts of the contributions from the new acquisition of enterprises in 2017 and the acquisitions of enterprises in 2016 as comparable factors, the revenue would have increased by 20.09% on the same basis as compared to 2016. The revenue from pharmaceutical manufacturing and research and development segment of Fosun Pharma Group amounted to RMB13,043 million, representing an increase of 28.50% as compared to 2016, and 22.16% on the same basis as compared to 2016. The revenue from healthcare service business amounted to RMB2,087 million, representing an increase of 24.52% as compared to 2016, and 14.97% on the same basis as compared to 2016.

During the Reporting Period, Fosun Pharma Group recorded total profit of RMB4,062 million and profit attributable to shareholders of Fosun Pharma of RMB3,124 million, representing an increase of 13.72% and 11.36%, respectively, as compared to 2016.

During the Reporting Period, Fosun Pharma Group has focused on innovation and research and development in the long run and continued to increase investment in research and development, the total research and development investment amounted to RMB1,529 million, representing an increase RMB423 million of 38.26% as compared to the same period in 2016.

As at the date of the Reporting Period, Fosun Pharma Group continued to increase its research and development investment in monoclonal antibody biopharmaceutical innovative drugs and biosimilars and small molecular innovative drugs and pushed forward consistency evaluation. Including 10 small molecular innovative drugs, 8 biopharmaceutical innovative drugs, 14 biosimilars, 98 generic drugs with international standards, 39 consistency evaluation projects and 2 traditional Chinese medicine drugs. During the Reporting Period, Fosun Pharma Group consecutively completed the acquisitions of equity interests in Gland Pharma and Tridem Pharma S.A.S., which continued to facilitate the industrial upgrade of its pharmaceutical manufacturing business, and the construction of the international marketing platform selling pharmaceutical products, and accelerate the internationalization.

For more information, please refer to the 2017 annual results announcement of Fosun Pharma published on the Hong Kong Stock Exchange's website on 26 March 2018.

Medical Services & Health Management

FOSUN UNITED HEALTH INSURANCE

Fosun United Health Insurance, co-established by the Group and other shareholders, was incorporated in Guangzhou, Guangdong Province in January 2017 under the formal approval of the China Insurance Regulatory Commission. The registered capital of Fosun United Health Insurance is RMB500 million, of which 20% equity interest was contributed by the Group.

Fosun United Health Insurance actively operates in medical insurance, illness insurance, disability income insurance, health care insurance and accident insurance markets in the PRC. As at the end of the Reporting Period, Fosun United Health Insurance has launched 36 short-term insurance products and 13 long-term insurance products. The new product of Kang Le launched in 2017 ranked first in premium income among all the 49 insurance products, representing 58% of the total premium income. As of 31 December 2017, Fosun United Health Insurance had commenced operations in Guangdong, and set up branches in Foshan, Dongguan and Jiangmen with more than 200 contracted agencies or brokers and more than 20 cooperative e-commerce platforms, serving more than 65,000 group and individual customers. Fosun United Health Insurance's unaudited insurance income amounted to RMB59.00 million in 2017, with an investment gain of RMB21.93 million and a total investment return of 5.55%.

In 2018, Fosun United Health Insurance will attempt to establish an online health consultation service and launching healthcare newsletters to help customers manage chronic illnesses, and to provide high quality health products to more individuals and families through the integrated youlè, a proprietary Fosun Loyalty Program that commenced in February 2018.

STAR HEALTHCARE

Star Healthcare is a wholly-owned subsidiary established by the Group through an initial capital injection of RMB50 million in 2014. Star Healthcare integrates the Group's internal and external eminent medical resources to provide one-stop and whole-process health management services and third-party insurance services for mid- to high-end members and corporate customers.

As at the end of the Reporting Period, Star Healthcare launched different one-stop healthcare management products targeting mid- to high-end customers, including planning products for employee healthcare benefits that target corporate customers, innovative products targeting insurance customers and healthcare service products focused on mothers and their children.

At the end of 2017, the revenue of Star Healthcare amounted to RMB3.25 million, representing a year-on-year increase of 50%. The direct billing network resources of Star Healthcare in China were mainly concentrated in 30 provinces, including 119 cities with approximately 500 cooperative medical and checkup institutions. By leveraging the leading insurance claim core system within the industry, Star Healthcare provided professional direct payment of medical management and claim settlement services for insurance companies.

LUZ SAÚDE

Luz Saúde is a leading private healthcare provider group in Portugal with 98.79% of its equity interests held by the Group as of 31 December 2017. Luz Saúde owns twelve private hospitals, one national health service hospital under a public private partnership, nine private ambulatory clinics and two senior residences.

As at the end of the Reporting Period, Luz Saúde's operating revenue was EUR483.8 million, representing an increase of 7.3% compared to the same period in 2016.

By the end of 2017, Luz Saúde provided 1,500 beds and continued its growth in the Portuguese private healthcare market through the acquisition of a hospital in the Madeira archipelago and the British Hospital Group in Lisbon. Luz Saúde opened the expanded area of Hospital da Luz Arrábida in the Oporto region and a new building in Hospital da Luz Oeiras, doubling its capacity and expanding the portfolio of services. Meanwhile, a new private hospital in Vila Real is under construction in order to strengthen Luz Saúde's presence in the North of Portugal.

In 2017, Luz Saúde recorded EBITDA of EUR53.7 million and an EBITDA margin of 11.1%; profit attributable to owners of the parent was EUR17.0 million, compared to EUR17.4 million in 2016.

STARCASTLE SENIOR LIVING

Starcastle Senior Living was established in July 2012. Starcastle Senior Living's first high-end senior living project for Chinese senior citizens commenced its operations in May 2013, providing one-stop and whole process services to Chinese seniors, from independent living to hospice care.

In Phase I, Starcastle Senior Living had 219 units, with an occupancy rate of 97% as of 31 December 2017. In Starcastle Senior Living's Pujiang Community there were a total of 395 units, with an occupancy rate of 31% as of 31 December 2017. Together, Phase I Starcastle Senior Living and Pujiang Community had a total of 614 units, accommodating approximately 1,200 seniors. Additionally, Phase II of Starcastle Senior Living began construction in April 2017. It will have 900 units and is expected to commence its operations in 2019.

Health Products

Fosun's health products department focuses on world-class health-care companies and in-depth industrial operations. It strives to provide families around the world with safe, high-quality and innovative health consumption platforms, products and services, including healthy foods, maternal and nursery goods, personal healthcare, senior living products and new retail.

SILVER CROSS

Fosun acquired Silver Cross in 2015 and held its 87.20% equity interest as at the end of the Reporting Period. Established in 1877, Silver Cross is one of the oldest and most iconic maternal brands in the UK.

Silver Cross is renowned for its meticulous design, high-end craftsmanship, excellent materials and attention to detail. Its traditional hand-made baby prams, travel accessories, safety seats and furniture are well-recognised and highly rated by customers worldwide. Silver Cross has international distribution channels with businesses spanning the UK, US, Europe, Russia, the Middle East and the Asia-Pacific region.

In 2017, Silver Cross acquired Micralite, a baby pram brand with a multitude of patents. The company also has a long-term authorising partnership with Aston Martin and has been licensed by Marie Chantal for product design. The first phase of the Marie Chantal jointly designed product line will be rolled out in 2018.

During the Reporting Period, Silver Cross reported operating revenue of approximately GBP48.51 million and a profit before tax of GBP5.85 million.

SANYUAN FOODS

The Group is the second largest shareholder of Sanyuan Foods with 20.45% equity interest, acquired through an injection of RMB2 billion by way of a non-public issuance in 2015.

Sanyuan Foods is one of the most renowned state-owned brands in the Chinese dairy industry, it is well-regarded for its quality and product safety and has extensive sales channels. Sanyuan Foods enjoys significant market advantages in Beijing and peripheral markets.

After acquiring shares in Sanyuan Foods, Fosun utilised its global resources to enhance the leading position of Sanyuan Foods in the Chinese dairy industry by optimising corporate strategies and introducing merger and acquisition targets. In January 2018, Fosun and Sanyuan Foods completed joint acquisition of St Hubert in France, through which they will leverage the strengths of both parties in innovative high quality healthy food products.

As of 30 September 2017, Sanyuan Foods recorded revenue of RMB4,686.2 million, and profit attributable to the shareholders of the listed company of RMB123.5 million.

JUEWEI FOOD

In March 2011, the Group invested RMB104 million in Juewei Food Co., Ltd. ("**Juewei Food**"). In March 2017, Juewei Food was listed on the SSE (stock code: 603517). As at the end of the Reporting Period, the Group held 7.02% equity interest in Juewei Food.

Juewei Food mainly engages in the research and development, production and sales of braised foods, and is a leader in the braised food products industry. Juewei Food accounts for approximately 9% of China's braised products market as at the end of the Reporting Period. Benefiting from the rapid development of the Chinese fast moving consumer goods market, Juewei Food is well positioned to enjoy significant growth in the braised foods market.

Juewei Food has an established direct sale and franchise sales network covering 29 provinces/municipalities. As at the end of the Reporting Period, Juewei Food had more than 3,000 franchisees and approximately 9,000 offline stores nationwide, leading the Chinese market in terms of both the number of stores and sales network coverage. As of 31 December 2017, Juewei Food has recorded revenue of RMB3,862.77 million, an increase of 17.98% year-on-year, and profit attributable to shareholders of the listed company of RMB503.43 million, with a year-on-year growth of 32.38%.

PROXIMA

A stand-alone entity since September 2017, Proxima is the first company incubated by Fosun that focuses on the development of medical imaging AI.

By using artificial intelligence to scan medical images, Proxima's products allow for early screening and diagnosis of diseases. It is a scalable technology that significantly improves the efficiency of diagnosis and treatment by doctor through reduction in human error. This is especially applicable to primary healthcare and early screening of certain diseases.

In 2017, Proxima launched the first AI-based diagnostic product which is able to detect lung diseases. This was also the first AI product that combined deep learning and evidence-based medicine. Furthermore, for the second time, Proxima won the first place in the renowned "LUNA16" competition, an internationally recognized analysis competition in the field of early pulmonary nodule detection for lung cancer and one of the highest profile projects related to diagnostic imaging analysis. As at 31 December 2017, Proxima's product was already able to diagnose 8 types of diseases.

Proxima is a major milestone in the Group's efforts in medical field of intelligent technology. Proxima will continue to explore new business opportunities and to build near 100 artificial intelligence models in disease area to detect various types of business model.

HAPPINESS ECOSYSTEM

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

Unit: RMB million

	2017	2016 (restated)	Change year-on-year
Revenue	**11,694.4**	10,445.0	12.0%
Profit attributable to owners of the parent	**497.5**	468.9	6.1%

During the Reporting Period, the increase in revenue of the Happiness Ecosystem was mainly due to the revenue growth as a result of business expansion of Club Med. The increase in profit attributable to owners of the parent was mainly attributable to the good performance of Club Med in 2017, and also to the investment gain related to Happiness Ecosystem. Additionally, the expense before opening of Atlantis was partially offset against the increase in profit attributable to owners of the parent of Happiness Ecosystem.

The Group's Happiness Ecosystem business includes three major parts: Tourism & Leisure, Fashion, Consumer & Lifestyle.

Tourism & Leisure

Fosun Tourism and Culture Group is dedicated to delivering quality leisure and travel experiences to its global customers. It is primarily engaged in the development, management and operation of premium leisure hotels, resorts and tourism destinations, and the provision of travel products, entertainment, and other tourism and culture related services.

DEVELOPMENT, MANAGEMENT AND OPERATION OF PREMIUM LEISURE HOTELS, RESORTS AND TOURISM DESTINATIONS

CLUB MED

The Group privatized Club Med in February 2015. As of 31 December 2017, the Group held approximately 86.57% effective equity interest in Club Med.

Club Med was founded in 1950 and is one of the world's largest leisure vacation chains with approximately 69 resorts located in 26 countries and regions. It sells and markets services in more than 40 countries and regions, including more than 20 resorts providing ski services in the winter. For the year ended 31 October 2017, Club Med recorded an annual customer base of more than 1.3 million visitors, which increased by approximately 6.6% compared to that in 2016 and is the highest since 2009. Customers from Europe, the Middle East and Africa (EMEA), Americas and Asia increased by approximately 3.0%, 19.6% and 3.9%, respectively, compared to those in 2016.

During the year ended 31 October 2017, revenue of Club Med increased by approximately 4.4% year-on-year and village operating profits increased by approximately 16.6% year-on-year. The growth in results was mainly attributable to the performance of ski resorts in terms of resorts performance, and the increase in the number of tourists for long-haul travel destinations in Europe, Asia and the Americas in terms of tourist's type.

As a leading premium all-inclusive vacation resorts service provider, Club Med continues to innovate and provide exciting new vacation experiences to its customers. Club Med opened Club Med Grand Massif Samoëns Morillon Resort in the French Alps and Club Med Tomamu Resort in Hokkaido, Japan in December 2017. In addition, Club Med has launched the new brand "Joyview", offering premium excursion resorts in China. Club Med Joyview Changli Golden Coast and Club Med Joyview Anji opened in January 2018. Club Med will continue to open new resorts, including Joyview resorts, and to make extensions/renovations of existing resorts.

Club Med continues to benefit from globalization and the increasing number of international travellers. In the future, Club Med will leverage digital platforms and improved service delivery to drive future growth and provide further upgraded facilities and enhanced experiences to its customers.

ATLANTIS

The Atlantis Resort Zone project is located in Haitang Bay National Coast of Sanya in Hainan Province. The resort commenced construction in 2013 and aims to provide a one-stop leisure and vacation experience for families worldwide. Under the operating management of Kerzner International Management Limited, Sanya Atlantis Resort includes:

– 1,314 luxury guest rooms with full ocean views;

– One of China's largest natural seawater aquariums;

– A waterpark with a total area of approximately 200,000 square meters;

– High quality food and beverages services with top restaurant designs;

– Shows and an interactive bay with dolphins; and

– Over 5,000 square meters space for MICE (Meetings, Incentives, Conferences and Exhibitions professionals) activities.

Sanya Atlantis Resort had its soft opening in February 2018 and will officially open in the first half of 2018. Atlantis also includes approximately 1,000 saleable residential vacation units, named Tang Residence, which already generated approximately RMB5,416 million in pre-sales proceeds as of 31 December 2017.

LIJIANG INTERNATIONAL RESORT PROJECT

The Group has acquired land use rights of a total area of approximately 700,000 square meters in Bai Sha Village of Lijiang, by acquiring the equity interest of Li Jiang De Run Real Estate Development Company Limited with a total cost of approximately RMB480 million in the second half of 2017. It is planned that the land will be developed into a leisure and vacation zone.

ALBION

The Group provides design, technical, operational and management services for tourism destinations in the PRC through its subsidiary, Albion. For the year ended 31 December 2017, the revenue of Albion was approximately RMB18 million.

ENTERTAINMENT AND OTHER TOURISM AND CULTURE RELATED SERVICES

The Group has been developing its culture and performing arts business, for example organizing the Avatar-inspired show "Toruk" performed by Cirque du Soleil in Sanya in early 2018. In addition, the Group has established a joint venture with Mattel, Inc., a global leader in learning and development through play and the owner of the copyrights and trademarks of Thomas the Tank Engine and Barbie, among others. The joint venture will provide one-of-a-kind learning and playing clubs for kids in both the leisure zones and modern cities.

TRAVEL PRODUCTS AND RELATED SERVICES

The Group has started to establish online distribution and service platforms for offering comprehensive travel products. These will be dedicated to providing tailor-made travel products and services based on customers' interest and will include a united customer loyalty program.

During the Reporting Period, Kuyi International Travel Agency (Shanghai) Co., Ltd. ("**KUYI**"), a joint venture established by the Group and Thomas Cook, an investee company of the Group, has developed its business operations to offer differentiated and premium tourism products as well as a number of unique packages, including sports-related travel packages. Thomas Cook is one of the world's leading leisure travel groups with a strong position in the European tourism market. As at the end of the Reporting Period, the Group held a 51% equity interest in KUYI.

THOMAS COOK

The Group invested in British travel and leisure group Thomas Cook in March 2015. As of 31 December 2017, the Group held approximately 11.22% equity interest in Thomas Cook. For the twelve months ended 30 September 2017, Thomas Cook recorded revenue of GBP9,007 million, representing an increase of 15% over the same period of last year. After eliminating the effects of exchange rates and oil prices, comparable revenue increased by 9%. The underlying EBIT was GBP330 million, representing an increase of 9.3% over the same period of last year.

Fashion

TOM TAILOR

The Group made a strategic investment in the German fashion group Tom Tailor in 2014. As of 31 December 2017, the Group held a 28.89% stake in Tom Tailor.

Founded in 1962 and headquartered in Hamburg, Germany, Tom Tailor is an international, vertically integrated fashion company focusing on casual wear in the medium price segment through its brands TOM TAILOR and BONITA, complemented by an extensive range of fashionable accessories and home textiles. It is represented in more than 30 countries with its core markets being Germany, Austria, Switzerland, South-Eastern Europe and Russia.

During 2017, the business was restructured based on the "RESET" cost and process optimisation program encouraged by Fosun, which laid the foundations for healthy growth. A new brand strategy of "modern, provocative and differentiating" was implemented, the product offering was refocused and reduced by almost a third, lines such as BONITA Men have been discontinued and non-performing stores were closed. There have also been investments in key projects such as a new e-Shop and software upgrade. Notable collaborations were established too: supermodel Naomi Campbell designed Tom Tailor's pre-Christmas collection, and will continue to support the brand in the future, whilst in January 2018, Tom Tailor launched its new collection in collaboration with German rock band Revolverheld. In 2018, Tom Tailor will continue to optimise and modernise its brands in this way.

As a result of these initiatives, Tom Tailor considerably exceeded its profitability targets for the fiscal year of 2017 and achieved the best after-tax result in the company's history. Net profit increased to EUR17.1 million, from loss of EUR73.0 million in 2016. EBITDA increased to EUR83.1 million, from EUR10.3 million in 2016. Due to consolidation of the company's product, country and store portfolio in favor of profitability, gross profit increased by 3.8 percentage points compared to 2016.

FOLLI FOLLIE

Folli Follie, a globally renowned fashion retail group, was an overseas strategic investment made by the Group in 2011. As at the end of the Reporting Period, the Group held 10.0% equity interest in Folli Follie and Pramerica-Fosun China Opportunity Fund, a fund managed by the Group, held another 3.89% equity interest, amounting to a total of 13.89% equity interest in total.

Founded in 1982, Folli Follie Group designs, produces and markets its own fashion brand Folli Follie and jeweler Links of London, and holds a leading position in the Greek and Balkan retail and wholesale market through department stores, sales and distribution. It is headquartered in Athens, Greece and operates in 31 countries with more than 900 points of sale worldwide.

During the first 3 quarters of 2017, Folli Follie realized sales revenue of EUR1,040.6 million, with EBITDA of EUR215.3 million and net profit of EUR134.9 million, showing a year-on-year growth of 8.8%, 11.9% and 20.2% respectively.

KUTESMART

The Group invested in Kutesmart in 2015 and owned 16.19% equity interest at the end of 2017.

Kutesmart is a leading enterprise in the fields of transformation and upgrading and intelligent manufacturing of the domestic textiles and garment industry. It utilizes an innovative business ecosystem that is based on "mass customization" through intelligent manufacturing, by directly linking the customers to the makers and the designers through the internet.

Kutesmart can customize clothes starting from an order size of just one piece of clothing. Kutesmart's customization production cycle is only 7 working days, whilst traditionally in the industry it is 20-50 working days. In only 7 seconds Kutesmart can use their proprietary database of customer body proportions to match a customer's data to more than a hundred trillion style combinations and a thousand trillion design combinations. One single Kutesmart production unit produces approximately 1.5 million custom-made outfits per year. It dedicates to providing high cost performance and personalized mass customization.

Aside from production, Kutesmart has also formed a digitization methodology from the experience of its own factory improvements and exported this methodology to other enterprises, which could realize the production of personalized products by means and in efficiency of industrialization. Currently, more than 70 enterprises in different industries have entered into contracts with Kutesmart.

In 2018, with increasing orders and further releasing of capacity, Kutesmart will continue growing its products into an international and personalized custom-made fashion brand.

Consumer & Lifestyle

YUYUAN

In November 2002, the Group became the largest shareholder of Yuyuan. As of 31 December 2017, Yuyuan had a market value of RMB15.43 billion and the Group held a total of 26.45% equity interest in it.

Yuyuan is a major platform in the Group's Happiness Ecosystem as it owns a range of industries with unique competitive advantages targeting the emerging middle-class consumption patterns. These include two gold and jewelry brands, "Laomiao Gold" and "Yayi Jewelry", commercial, retail and recreational real estate and popular food and beverage businesses. As at the end of the Reporting Period, the number of jewelry stores belonging to Laomiao Gold and Yayi Jewellery was 1,953. Yuyuan also holds part of the equity interest in Zhaojin Mining.

During the Reporting Period, Yuyuan recorded revenue of RMB17.11 billion representing a year-on-year increase of 9.39%; profit before tax of RMB869.2 million, representing a year-on-year increase of 21.33%; and profit attributable to the shareholders of the listed company of RMB700.2 million, representing a year-on-year increase of 46.24%.

As at the date of this announcement, Yuyuan are currently undergoing a material asset restructuring whereby the Group will sell 24 target companies to Yuyuan for a total consideration of approximately RMB22.36 billion (subject to adjustment, if any), in exchange for shares in Yuyuan. The Group will hold approximately 68.25% equity interest in Yuyuan upon completion of the transaction. The transaction is yet to be completed.

CIRQUE DU SOLEIL

The Group invested in Canada's Cirque du Soleil in July 2015. After co-investments by Yuyuan and two Fosun-managed funds, China Momentum Fund, L.P. and Hangzhou Zhejiang Momentum Equity Investment Fund Partnership LLP, they jointly held 24.81% equity interest in Cirque du Soleil at the end of the Reporting Period.

Cirque du Soleil is a Quebec-based company headquartered in Montreal, providing high-quality artistic theatre entertainment. In 2017, Cirque du Soleil launched "Volta", a new touring show, and the show "Kooza" went on its China tour in October 2017. The company also launched the National Football League Experience Times Square in New York, the first interactive and immersive attraction of its kind. Cirque du Soleil also created a new show, "Crystal", which explores the artistic attributes of ice.

In July 2017, Cirque du Soleil completed the acquisition of Blue Man Group, a global live entertainment company best known for the award-winning Blue Man Group show, performed in over 20 countries and watched by more than 35 million people worldwide since 1991. The acquisition of Blue Man Group has considerably widened Cirque du Soleil's audience, adding to their portfolio of six resident productions established across the United States and Germany, as well as a North American and a World Tour. Furthermore, as part of Fosun's Happiness Ecosystem, the Group, together with TPG VII CDS Holdings and Cirque du Soleil, will cooperate to drive the future development of Cirque du Soleil in Greater China.

STUDIO 8

Studio 8, LLC ("**Studio 8**") is an investment made by the Group in the entertainment industry. Studio 8 is a film production company led by professional filmmakers with the aim of developing and producing quality films with commercial value and unique visual experiences. As at the end of the Reporting Period, the Group held 80% equity interest in the Class A shares of Studio 8.

During the Reporting Period, Alpha and White Boy Rick (starring Matthew McConaughey), the first two projects developed independently by Studio 8, were in their post production stage. Their world premiere is expected by the end of 2018. Additionally, Studio 8 has around 40 projects in the pipeline.

TSINGTAO BREWERY

In December 2017, the Group and a fund under its management entered into an agreement with Asahi Group Holdings, Ltd. to acquire approximately 17.99% equity interest in Tsingtao Brewery with a total consideration of HKD6,617 million. The acquisition was completed in March 2018, upon which the Group and the fund holds 243,108,236 H-Shares in total, representing 37.11% in aggregate of the issued H-Shares and 17.99% in aggregate of the total issued shares of Tsingtao Brewery.

Founded in 1903 by German and British merchants, Tsingtao Brewery is one of China's oldest brewers, with a brand value as high as RMB129.762 billion. Today it is sold in more than 100 different countries and regions, producing both middle and high-end products in 60 breweries across China for Tsingtao Brewery's various brands, including *Tsingtao, Laoshan* and *Hans*. In the first three quarters of 2017, Tsingtao Brewery recorded total revenue of RMB23.38 billion and a net profit of RMB1.87 billion.

The Group will be able to bring valuable resources to Tsingtao Brewery in terms of deal-making expertise and a highly international footprint, whilst the Fosun ecosystems could allow for a variety of synergies, such as promotion through other happiness assets including sports and music.

AHAVA

The Group invested RMB539 million into Israeli cosmetic company AHAVA Dead Sea Laboratories Ltd. ("**AHAVA**") in September 2016 and the Group held 99.46% equity interest in AHAVA as of 31 December 2017.

AHAVA (Hebrew for "love") is a Dead Sea beauty and wellness brand with nearly thirty years of history. AHAVA sells its products in over twenty countries and regions and has branches in the US, Germany and China. AHAVA is the only cosmetics company with research and development and manufacturing facilities located along the shores of the Dead Sea. The company manufactures cosmetics products with unique natural resources such as water, salt and mud from the Dead Sea in addition to plants growing near the Dead Sea, which are highly rated by consumers worldwide.

In 2017, AHAVA's revenue in Israel grew by 19%. The trust of Fosun's management team, in addition to a new incentives scheme, have contributed to improving execution and to this significant growth in Israel's domestic business. Furthermore, Israel's stable political situation over the past year and an increasing number of foreign visitors also contributed to this growth. Ever since AHAVA was acquired by the Group, Fosun's post-investment team worked closely with the Israeli management team and has helped the company enter into the Chinese market.

In 2017, AHAVA's net sales grew 21%, seeing positive growth for the first time in three years and is a record growth rate since AHAVA's creation. At the end of 2017, 55 Stock Keeping Units ("**SKUs**") received China Food and Drug Administration approval and 10,000 Chinese customers were recorded in six months. In 2018, AHAVA expects further opportunities for sustainable growth in Israel with new products to be launched. Furthermore, AHAVA expects expansion opportunities in Asia, especially in China. Also, AHAVA expects that approximately 20 SKUs will be approved by the China Food and Drug Administration to enter China market in 2018 and will be sold through both online and offline channels.

WEALTH ECOSYSTEM

The Group's Wealth Ecosystem business includes three major segments: Insurance and Finance, Investment and Hive Property.

INSURANCE AND FINANCE

INVESTMENT

HIVE PROPERTY

INSURANCE AND FINANCE

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

Unit: RMB million

	2017	2016 (restated)	Change year-on-year
Revenue	**27,969.5**	27,954.7	0.1%
Profit attributable to owners of the parent	**3,902.9**	2,440.3	59.9%

Overall, during the Reporting Period, the revenue of the Insurance and Finance segment remained flat compared to the same period of last year. Even though the revenue of Fosun Insurance Portugal, Peak Reinsurance, and Fosun Hani Securities increased substantially, this was partially off-set by the disposal of the 100% equity interest in Ironshore that was completed in May 2017. The increase in profit attributable to owners of the parent was mainly caused by the increase in the profit of the insurance and finance subsidiaries, the profit share of the associates of BCP and the investment income related to insurance and finance.

Note: Financial data of individual insurance portfolio companies presented in this section are based on local general accounting standards, and all quoted numbers are unaudited management information.

Fosun Insurance Portugal

In 2014, the Group acquired a controlling stake in Fosun Insurance Portugal, consisting of Fidelidade, Multicare and Fidelidade Assistência. The Group owns 84.9861% equity interest in Fidelidade and 80.00% equity interest in Multicare and Fidelidade Assistência respectively. This platform facilitates business development in Europe and Portuguese-speaking countries and strengthens access to high-quality, long-term capital.

Fosun Insurance Portugal is a global operator in the Portuguese insurance market, selling products in all key lines of business and benefiting from the largest and most diversified insurance sales network in Portugal, including exclusive and multi-brand agents, brokers, own branches, internet and telephone channels and a strong distribution system with the post office and Caixa Geral de Depósitos S.A., a leading Portuguese bank. It also has an international presence in seven countries, with products distributed in three continents (Europe, Asia and Africa).

In December 2017, Fosun Insurance Portugal controlled a total market share in Portugal of 30.7%. In the non-life business, there was a market share increase of 0.2 percentage points over December 2016 to 27.2%. During the Reporting Period, Fosun Insurance Portugal recorded total premium income of EUR3,790.5 million, non-life business combined ratio of 99.0% and net profit of EUR232.5 million. Net assets totalled EUR2,894.1 million with investable assets of EUR14,970.4 million, and total investment return was 3.6%. Fosun Insurance Portugal's international business recorded overall premiums of EUR237.7 million, an increase of 4.2% when compared to 2016 reflecting a favorable performance from both life and non-life insurance business. In terms of non-life business, the international business accounts for 11.1% of total non-life premiums.

Fidelidade's property, life and health insurance markets are ranked first in Portugal, with premiums enjoying a fourth of the market share. In 2017, Fosun Insurance Portugal won several distinguished awards, such as the Marca de Confiança 2017 (2017 Most Trusted Brand), Escolha do Consumidor 2017 (2017 Consumer's Choice), Marktest Reputation Index 2017 (2017 Most Reputed Insurance Company) and Best Big Insurance Company (both in Life and Non-Life business, by Revista Exame).

AmeriTrust (Original MIG)

In July 2015, the Group privatized MIG by acquiring 100% of its equity interest with an aggregate transactional value of approximately USD439.0 million. As the Group's first wholly-owned property insurance company in North America, MIG established an important stand point in the North American property insurance market. In October 2017, the company officially changed its name from "Meadowbrook Insurance Group, Inc." to "AmeriTrust Group, Inc.".

AmeriTrust is a professional property and casualty insurer and an insurance administration services company focusing on niche markets. AmeriTrust markets and underwrites property and casualty insurance programs and products in the admitted and non-admitted markets through a broad and diverse network of independent retail agents, wholesalers, program administrators and general agencies that have specialized knowledge and focused expertise.

During the Reporting Period, AmeriTrust recorded premium income of USD672.2 million, net profit of USD25.1 million, combined ratio of 103.3%, investable assets of USD1,610.9 million, total investment return of 4.3%, solvency adequacy ratio of 442.9% (risk-based capital ratio, local statutory solvency ratio), and net assets as of 31 December 2017 of USD590.3 million.

In November 2016, the Group had appointed a new management team to implement a strategy of enabling innovation, optimizing operations, reducing cost, and improving performance level.

Peak Reinsurance

Based at the heart of the Asia Pacific region in Hong Kong and authorized by the Insurance Authority of Hong Kong, Peak Reinsurance is one of the few locally established reinsurance companies in Asia Pacific, underwriting both life and non-life reinsurance business.

Peak Reinsurance strives to provide innovative and forward-looking reinsurance services for customers in the Asia Pacific, Europe, Middle East and Africa and the Americas. It tailors risk transfer and capital management solutions to best fit clients' needs.

In 2012, the Group and International Finance Corporation established Peak Reinsurance. As of 31 December 2017, the Group owned 86.93% equity interest and International Finance Corporation owned the remaining 13.07% equity interest.

On 13 February 2018, Peak Reinsurance announced that a wholly-owned subsidiary of U.S.-headquartered Prudential Financial, Inc. ("**PFI**"), has signed definitive agreements to purchase a minority stake in Peak Reinsurance Holdings Limited ("**Peak Reinsurance Holdings**"), the sole and direct shareholder of Peak Reinsurance via an issuance of new shares. Prior to the transaction, the shares of Peak Reinsurance Holdings held by International Finance Corporation were purchased by the Group. Following the closing of the transaction, the Group and PFI, will hold 86.9% and 13.1% of Peak Reinsurance via Peak Reinsurance Holdings, respectively.

In 2017, Peak Reinsurance continued the global market expansion with a subsidiary established in Zurich which was licensed to accept reinsurance business from January 2017. For further market expansion in Asia, Peak Reinsurance was granted the license to carry out general reinsurance business in and through the Labuan insurance market by the Labuan Financial Services Authority (Labuan FSA) in July 2017. Meanwhile, it was authorised as a Life and General Reinsurer by the Monetary Authority of Singapore to carry on reinsurance business with effect from November 2017.

Peak Reinsurance was awarded "Asian Reinsurer of the Year" for the second consecutive year by Asian Banking and Finance magazine in 2017 and is now ranked 43 on A.M. Best's annual ranking, by gross written premium.

Since the launch of Peak Reinsurance, it has delivered a track record of year-on-year premium growth and generated a 2017 premium income of USD1,098.3 million. Peak Reinsurance continues to make consistent profit starting from the first year of operations. During the Reporting Period, net profit increased to USD29.8 million (with technical combined ratio of 105.1%), despite 2017 being one of the most difficult years for reinsurance industry. As of 31 December 2017, Peak Reinsurance's total investment return was 7.1% with investable assets and net asset grew to USD1,539.9 million and USD910.8 million respectively. Solvency remains strong with solvency adequacy ratio of 431.0%. Peak Reinsurance has steadily delivered stable and sustainable returns since its establishment.

Peak Reinsurance is an example of a successful reinsurance company that is rooted in Asia but global in nature, fully cooperating with global insurance companies. Peak Reinsurance pays more attention to risk control in the underwriting segment, actively allocates investment portfolio and steadily enhances the level of profitability. Meanwhile, taking advantages of its professional skills, Peak Reinsurance actively carried on vertical acquisition on top of its organic growth.

Pramerica Fosun Life Insurance

In September 2012, the Group worked with The Prudential Insurance Company of America to set up Pramerica Fosun Life Insurance, which marked the Group's first step into China's domestic life insurance market. As of 31 December 2017, the Group held 50% equity interest in Pramerica Fosun Life Insurance. Pramerica Fosun Life Insurance conducts sales through multiple channels including tied agency, worksite marketing, bancassurance, health insurance and intermediary channels.

In April 2017, Pramerica Fosun Life Insurance increased its registered capital of RMB1,362.1 million to RMB2,662.1 million. During the Reporting Period, Pramerica Fosun Life Insurance recorded premium income of RMB661.9 million with 470.4% year-on-year growth. Total net asset was RMB2,014.0 million, an increase of 165.7% from the start of year of 2017. Pramerica Fosun Life Insurance recorded net loss of RMB122.4 million, indicating 27.8% year-on-year reduction, solvency adequacy ratio of 682.4%, investable assets of RMB3,774.8 million, total investment return of 7.1%.

In recent years, the premium received by Pramerica Fosun Life Insurance has been growing rapidly with launches of the Beijing branch, Shandong branch, Jiangsu branch, 12 sales offices and 2 sub-branches. Pramerica Fosun Life Insurance has followed the strategy of "Sticking to the Tradition with Innovation", positioning itself with the long-term strategy of combining the rapid growth of regular-pay premium and new business value, and formed its business model dominated by regular-pay premium, with Annualized New Premium achieving 461.6% year-on-year growth during the Reporting Period.

Yong'an P&C Insurance

In 2007, the Group invested in Yong'an P&C Insurance and introduced a new management team and market-oriented management mechanisms. This marked the Group's first investment in the insurance industry. As of 31 December 2017, the Group's equity interest in Yong'an P&C Insurance was 40.68%.

Yong'an P&C Insurance is a national insurance company headquartered in Xi'an, with 27 branches throughout China. It operates all types of non-life insurance business.

During the Reporting Period, Yong'an P&C Insurance recorded premium income of RMB8,501.3 million, net profit of RMB157.4 million, investable assets of RMB10,652.5 million and net asset of RMB4,707.6 million as at the end of the Reporting Period. Yong'an P&C Insurance recorded a combined ratio of 104.4%, total investment return of 7.4% and solvency adequacy ratio of 241.4% as at the end of the Reporting Period.

Ironshore

As of 30 April 2017, Ironshore recorded net assets of USD2,112.8 million, for the period ended 30 April 2017, Ironshore recorded net profit of USD28.0 million. The Ironshore disposal transaction was completed on 1 May 2017 generating about USD2.94 billion of proceeds for the Group.

Fosun Hani Securities

Fosun Hani Securities is an integrated financial platform and the wholly owned investment institution of the Group based in Hong Kong since September 2014. In 2017, the company completed several projects, including serving as the joint global coordinator, joint bookrunner and joint lead manager to Sisram, the first ever listing of an Israeli company on the main board of the Hong Kong Stock Exchange. At the end of 2017, the net asset, total revenue and net profit of the company amounted to HKD1,247.9 million, HKD189.3 million and HKD83.1 million, respectively.

H&A

Fosun acquired 99.91% equity interest in H&A in September 2016 with a consideration of EUR210 million. H&A is a fully licensed private bank in Germany, offering financial services such as private banking, asset management and servicing as well as investment banking. H&A is a market leader in custodian banking services and capital market services for small and mid-sized institutional clients in German speaking countries.

Founded in 1796, H&A is headquartered in Frankfurt with offices in Munich, Dusseldorf, Hamburg and Cologne, branches in Luxembourg and London, a subsidiary in Zurich and a representative office in Paris.

With Fosun's support, H&A acquired a Luxembourg-based company Oppenheim in December 2017, reaching an important strategic milestone in its growth strategy. The acquisition gives H&A the opportunity to expand its products and services in the European Union. Furthermore, H&A's Investment Banking division reached the No. 1 position for IPOs and capital increases in the Small and Mid Cap segment[4] in Germany. Additionally, H&A has also gained the recognition of the public. H&A's asset management was also named among the top 3 most dynamic asset managers in the segment of EUR10 million to 100 million assets under management due to above-average net new money growth, in part enabled by synergies with Fosun.

In 2018, H&A will continue to expand its business by embedding FinTech technology and other third-party solutions into its value chain to enrich its digital service products offering and meet changing customer demands. It will also further strengthen its cooperation with Fosun to expand its institutional and corporate customers.

As at the end of the third quarter of 2017, H&A's assets under control reached EUR74 billion, representing a year-on-year increase of 28%, whilst the total assets grew to EUR3,971 million. H&A also recorded a gross income of EUR99 million by the end of the third quarter, which corresponds to an increase of 12.3% compared to the same period in 2016. Profit before tax at the end of the third quarter stood at EUR9.6 million, representing an increase of EUR4.4 million compared to the same period last year.

BCP

In November 2016, the Group invested in BCP. As of 31 December 2017, the Group's shareholding in BCP reached 27.06%. BCP is the largest Portuguese listed bank with a market capitalization of approximately EUR4.1 billion as of 31 December 2017. BCP is a distinguished leader in various areas of financial business in Portugal with 17.5% market share in loans and 17.3% market share in deposits.

Established in 1985, BCP offers banking products and financial services in Portugal and abroad, including retail banking, corporate and investment banking, private banking, and owns a leading internet bank called ActivoBank. BCP also holds a prominent position in Poland, Switzerland, Mozambique and Angola, and has operated in Macau Special Administration Region through a fully-licensed branch and the Chinese mainland market through its Guangzhou representative office since 2010.

[4] Market capitalization ≤ EUR 750 million

In 2017, BCP improved its capital structure and finalized a process of restructuring. It has also improved its overall business position with a total of 5.4 million active customers, representing an increase of more than 6% over the previous year, and 2.5 million digital customers, representing an increase of 16% from the previous years. Furthermore, rating agencies have improved their outlook on the bank to positive, as at the end of the Reporting Period the stock price had increased by 47% (and increased by 97% since the rights issue date) and BCP won awards including "Consumer Choice Bank" in Portugal and "Best Consumer Digital Bank" in Portugal and Poland by Global Finance. With Fosun's support, BCP also signed a memorandum of understanding for Membership License with UnionPay International Co., Ltd, which could make BCP the first non-Chinese issuer of UnionPay cards in Europe (except Russia).

As of 31 December 2017, BCP's net profit was EUR186.4 million (EUR23.9 million in 2016). Active customer amounted to 5.4 million as at 31 December 2017, an increase in excess of 300,000 customers from the same period of last year.

Mybank

In May 2015, the Group, as one of the founders, injected registered capital of RMB1,000 million to acquire 25% equity interest in Mybank.

Commencing operations in June 2015, Mybank is a joint-stock commercial bank which provides financial services to small and micro enterprises, individual entrepreneurs and individual consumers on the internet, through a cloud-based financial platform. Mybank's mission is provide inclusive finance and it is committed to using technology, data and internet innovations to help small and micro enterprises, individual entrepreneurs, and farmers solve issues linked to financing difficulties and a lack of rural financial services.

As of October 2017, Mybank has provided loans to 4.97 million small business enterprises across 32 provinces, municipalities and autonomous regions of China. Cumulatively, Mybank has issued RMB441,295.6 million worth of loans, RMB348,396.5 million of which were issued between January and October 2017. Between January and October 2017, the average amount of each loan was RMB8,000, the loan balance of each household was RMB28,000, and the non-performing loan ratio remained at around 1%.

In June 2017, Mybank began to expand its offline micro-business. After 6 months, the loan service for micro-operators covered 1.55 million merchants, and the amount of loans has exceeded RMB10 billion. The average loan issued was RMB7,615.

INVESTMENT

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

Unit: RMB million

	2017	2016	Change year-on-year
Revenue	**4,248.6**	2,920.4	45.5%
Profit attributable to owners of the parent	**5,218.0**	4,245.4	22.9%

During the Reporting Period, the increase in revenue and profit attributable to owners of the parent of the Investment segment were mainly due to the continuous expansion of investment scale and increase in investment income.

In 2017, the Group split the previous category of "Investment" into their respective ecosystems to allow for greater transparency and simpler understanding of the Group for investors. The Investment segment includes primary market investments, asset management and others.

Primary market investments

CAINIAO

In May 2013, the Group invested RMB500 million into Cainiao as one of the founding shareholders. Cainiao is the official logistics partner for Alibaba with a vision to develop a smart logistics network that can help deliver online shopping within 24 hours to all cities across China and 72 hours worldwide.

Cainiao has currently developed five key networks, including express delivery, warehouse distribution, cross-border logistics, and urban and rural last mile logistics. Cainiao achieved rapid growth in 2017, including network coverage, product penetration, package volume and timeliness of delivery. The brand awareness of Cainiao Alliance has also witnessed significant enhancement. Cainiao has already brought in over 100 logistics partners and intends to better serve merchants within the e-commerce ecosystem by building an open platform.

Cainiao processed 812 million logistic orders generated on Singles Day in 2017 from Alibaba China retail marketplaces. The delivery of the first 100 million orders only took 2.8 days, more efficient than during the same period last year, where it took 3.5 days. Singles day, celebrated on 11 November, is China's biggest shopping day and is comparable to Black Friday. Alibaba's e-commerce business recorded online sales of almost USD25.3 billion in 24 hours on 2017 Single's Day, representing a 39% increase compared to last year's sales.

Asset Management

The asset management business of the Group mainly targets domestic and international high-end large institutional clients and high net worth individuals, and actively seeks institutional investors, large enterprises and family capital to become limited partners for long term cooperation. During the Reporting Period, the management fee derived from the asset management business amounted to RMB384 million. As at the end of the Reporting Period, the scale of the asset management business of the Group reached RMB117,871.3 million and net assets attributable to the Group of RMB6,404.0 million. The asset management of the Group includes equity funds, real estate funds and asset management platforms:

Equity Fund

As at the end of the Reporting Period, the scale of the equity funds managed by the Group amounted to RMB29,081.0 million, invested in 81 projects. 6 projects, namely Poten Environment (stock code: 603603), Jinneng Science & Technology (stock code: 603113), Eurocrane (stock code: 603966), Shenzhen Megmeet (stock code: 002851), Dongzhu Landscape (stock code: 603359) and Yunda (stock code: 002120) completed their IPOs in 2017.

Fosun Capital is an equity investment and management company, established and wholly owned by the Group. Established in April 2007, the current total paid-in capital is RMB600.0 million.

For a decade, based on the global vision and industrial background of the Group, Fosun Capital has provided high-quality equity investment and management services for investors such as well-known family funds, insurance companies, listed companies, large investment institutions and high net worth individuals across the world. Assets being launched and managed include fund of funds, private equity funds, venture capital funds, industrial funds of listed companies and equity investment funds covering industries such as advanced manufacturing, energy and environmental protection, modern services, fashion consumption, healthcare and information technology.

In 2017, Fosun Capital was selected among "China's Top 10 Private Equity Investment Institutions" by the Zero2IPO Group. During the Reporting Period, a total of six investees were listed on the A-share market through initial public offerings, while an investment successfully exited due to the merger and acquisition by another listed company. At the end of the Reporting Period, assets under management (AUM) were RMB12,833.8 million.

Real Estate and Asset Management Platform

As at the end of the Reporting Period, the scale of the real estate fund and asset management platform under management of the Group, amounted to RMB88,790.3 million, including the Japan real estate asset management company IDERA, the French listed real estate fund management company Paris Reality Fund SA, the European real estate asset management company Resolution Property Investment Management LLP, the Russian real estate asset management company Fosun Eurasia Capital Limited Liability Company, and the Brazil fund asset management company Rio Bravo. The highlights of IDERA, the subsidiary of the Group, are stated below.

IDERA

In May 2014, the Group had completed the acquisition of IDERA, a Japanese real estate capital management company, at a consideration of JPY6,811.0 million. As at the end of the Reporting Period, the Group held 98% equity interest in IDERA. IDERA is a leading Japanese independent real estate capital management and fund platform. As at the end of the Reporting Period, it managed over JPY260,468.3 million (representing approximately RMB15,075.9 million) assets. During the Reporting Period, IDERA recorded unaudited revenue of JPY3,040.0 million (approximately RMB183.2 million) according to the Japanese Accounting Standards.

Others

ROC

The Group offered to acquire ROC, an Australian oil and gas company, in August 2014. In January 2015, ROC was wholly-owned by the Group and officially delisted from the Australian Securities Exchange.

The Group intends to utilise ROC as its strategic platform in the oil and gas sector. Leveraging ROC's leading operational and management capabilities and business development potential, together with its existing business bases in the PRC, Southeast Asia and Australia, the Group is posed to capture new investment opportunities in the global oil and gas industry.

During the Reporting Period, ROC had realized sales revenue of USD130.7 million, net profit of USD38.9 million and net cash inflow from operating activities of USD66.6 million.

HAINAN MINING

The Group invested in Hainan Mining in 2007. As of 31 December 2017, the Group held 51.57% equity interest in Hainan Mining through its subsidiaries. The Group engages in iron ore production and operation through Hainan Mining, a subsidiary of the Group which owns an open-pit, high-grade iron ore mine in China. Its core business includes mining and sales of iron ore. By investing in existing mining projects and other mining companies, Hainan Mining aims to accelerate the expansion of its scale and enhance its position in the industry. In 2017, Hainan Mining's profit attributable to owners of the parent was RMB45.5 million.

The main product of Hainan Mining is iron ore and its key production data during the Reporting Period was as follows:

	Finished iron ore output (thousand tons)	Iron ore reserves Note (million tons)
2017	**4,002.9**	**264**
2016	2,905.8	268
Year-on-year change	37.76%	

Note: According to the "Solid Minerals Geological Prospecting Standards" of the PRC, the figures in 2017 were estimated figures.

NANJING NANGANG

As of 31 December 2017, the Group in total held 60% equity interest in Nanjing Nangang. Nanjing Nangang through its investment in Nanjing Iron & Steel, carries out operations in the iron and steel industry and invests in areas such as energy and environmental protection. Located in Eastern China, Nanjing Iron & Steel is an integrated steel company that covers the complete production process including mining, coking, sintering, iron smelting, steel smelting and steel rolling. Nanjing Iron & Steel has the capacity to produce 10 million tons of steel, 9 million tons of iron and 9.4 million tons of steel materials annually. It is the single largest Chinese manufacturer of medium-size plates. In 2017, Nanjing Iron & Steel realised a revenue of RMB39,079.57 million, representing a year-on-year increase of 63.04% and a total profit of RMB4,294.61 million, representing a year-on-year increase of 633.05%. This year's performance is the best amongst the corresponding periods since 2009.

In August 2017, Nanjing Nangang announced that it had completed its investment in Koller Beteiligungs GmbH ("**Koller**"), making it the controlling shareholder. Koller is a German supplier of lightweight parts for the automotive industry, and with Nanjing Nangang as a partner, it will expand its overseas industrial business, especially into Asia. In 2017, the Group and Nanjing Nangang acquired 100% shareholding of Metito-Berlin (Shanghai) Investment Co. Ltd. from Metito China Holdings Limited, which is an indirect subsidiary of Metito Utilities Limited. After the acquisition, Metito-Berlin (Shanghai) Investment Co. Ltd. was renamed to Besino Environment Ltd.

HANGZHOU-TAIZHOU HIGHSPEED RAILWAY

In September 2017, Fosun led the construction of China's Hangzhou-Taizhou Highspeed Railway. As a private consortium, Fosun led the signing with the Zhejiang government on the Hangzhou-Taizhou project, with private capital accounting for 51% of the shares. The project started construction in December 2017.

The railway is from Hangzhoudong to Wenling. Its total length is 269 km and the length of the new main line is 224 km. The target speed of the railway is 350km/h. The estimated total investment is RMB44.89 billion.

As the main railway system in the Big Bay Area, the Hangzhou-Taizhou Line serves to fill the gap between the Hangzhou metropolitan circle and the cities of Wenzhou and Taizhou, creating a 1-hour-high-speed-railway circle between Hangzhou, the provincial capital of Zhejiang, and Taizhou, and integrates the cities of Wenzhou and Taizhou into the Yangtze River economic zone. It is significant in fostering regional economic development and the development of the tourism industry along the line, and setting an example for the reformation of an investment and financing regime to fund railway infrastructure construction.

Hive Property

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

Unit: RMB million

	2017	2016	Change year-on-year
Revenue	**22,286.4**	14,946.3	49.1%
Profit attributable to owners of the parent	**2,171.4**	2,075.2	4.6%

During the Reporting Period, the increase in revenue and profit attributable to owners of the parent of the Hive Property segment was mainly due to the property area (booked area) increased compared with the same period of last year.

FORTE

In 2017, Forte localised its strategies, and accelerated its destocking drive to cash in on new sales with a sound sales performance over the year. In terms of investment and operation, the Group continued its "dynamic Hive Cities" strategy, and combined it with the Group's first-tier assets such as Club Med to speed up the launch of Hive products in finance, health, culture and tourism. The Group also significantly expanded its premium land bank. In addition, the Group worked on consolidating its foothold in key first and second-tier cities to further expand its business reach. For finance control, Forte actively tapped into the capital markets, and continuously carried out debt restructuring to provide multiple sources of funding for business development. Meanwhile, Forte participated in the restructuring of Yuyuan.

I. Project development

	Total GFA (Unit: sq.m.)			Total Attributable GFA (Unit: sq.m.)		
	2017	2016	Change year-on-year	2017	2016	Change year-on-year
Projects under development	**7,052,161.6**	6,470,867.6	9.0%	**4,577,360.5**	4,203,432.1	8.9%
Newly commenced projects	**1,453,448.5**	2,048,744.3	-29.1%	**834,296.4**	1,616,797.9	-48.4%
Completed projects	**1,320,170.8**	1,051,849.5	25.5%	**1,016,222.1**	606,248.1	67.6%

II. Project reserves

	Total Planned GFA (Unit: sq.m.)			Total Attributable GFA (Unit: sq.m.)		
	2017	2016	Change year-on-year	2017	2016	Change year-on-year
Newly added projects (8)	**3,342,412.8**	268,089.0	1,146.8%	**3,234,607.1**	129,445.0	2,398.8%
All projects (64)	**13,030,423.2**	11,008,181.1	18.4%	**9,171,736.1**	6,953,351.1	31.9%

III. Property sales

	Contract sales area (Unit: sq.m.)	Contract sales revenue (Unit: RMB million)	Attributable contract sales area (Unit: sq.m.)	Attributable contract sales revenue (Unit: RMB million)
2017	**1,274,776.5**	**26,619.5**	**986,077.2**	**19,653.5**
2016	1,679,787.2	23,682.0	1,243,226.4	17,917.2

IV. Property booked

	Area booked (Unit: sq.m.)	Amount booked (Unit: RMB million)	Attributable contract sales area (Unit: sq.m.)	Attributable amount booked (Unit: RMB million)
2017	**1,395,792.4**	**22,331.9**	**993,857.1**	**16,379.4**
2016	1,110,895.4	15,757.8	804,282.6	11,651.1

	Area sold but not booked (Unit: sq.m.)	Amount sold but not booked (Unit: RMB million)	Attributable area sold but not booked (Unit: sq.m.)	Attributable amount sold but not booked (Unit: RMB million)
2017	**1,466,055.2**	**27,500.8**	**1,120,409.5**	**19,538.5**
2016	1,587,071.1	23,213.2	1,128,189.4	16,264.4

28 LIBERTY

In December 2013, the Group acquired a 100% equity stake in 28 Liberty with freehold for investment purposes, at a consideration of USD725 million. Located in the north of the financial district in Lower Manhattan, New York City, 28 Liberty is a 60-storey Grade A landmark office building with a leasable area of 2,200,000 sq.ft. During the Reporting Period, the rental revenue of the 28 Liberty project amounted to USD45 million, on par with that of the previous year. The property valuation has increased by 55%.

THE BUND FINANCE CENTER

The Bund Finance Center is a high-end complex project located in the core district of the Bund in Shanghai at 600 Zhongshan No.2 Road (E), Shanghai 200010, China. The Bund Finance Center is a comprehensive financial complex in the Bund financial zone and this project comprises of four different types of properties, including Grade A offices, a shopping center, the Fosun arts center and a boutique hotel. Therefore all the functions ranging from finance to commerce, tourism, culture and arts are included.

The Shanghai office of the Group was relocated to The Bund Finance Centre in March 2017.

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

Name of project	Floor	Area (sq.m.)
GFA		425,392
Grade A offices	S1	106,926
	S2	103,092
	N1	21,425
	N2	25,462
	N4	10,410
Shopping center		117,520
Boutique hotel		36,346
Fosun arts center		4,211

Name of project	Usage	Land area (sq.m.)	Total GFA (sq.m.)	Ownership ratio	Land cost (RMB million)	Development progress	Construction and installation costs (RMB million)
The Bund Finance Center	Office, commercial, hotel	45,472	425,392	50%	9,836.2	The north side was completed in 2016, the south side was completed in May 2017	3,519.1

CLOUDJET

Shanghai Cloudjet Information Technology Co., Ltd. ("**Cloudjet**") was established in 2015. It is a smart technology innovation platform wholly-owned by the Group. It focuses on the innovations in the four areas of cloud computing, big data, artificial intelligence, and digital customer operations. It is designed to empower the ONE Fosun ecosystem by providing intelligent, context-based and personalized service experiences for global families.

Cloudjet has been developing industrial connectivity and technological capabilities. Firstly, this involves using smart technologies to help companies upgrade their online operations, build digital operating platforms, and redefine their corporate model through smart technology capabilities. For example, Cloudjet's data services enable the creation of business scenarios, in-depth analyses and categorizations of customer profiles. This allows for more accurate marketing and refined operations, and has helped Yuyuan and Yong'an P&C Insurance enhance their product strength. Secondly, it involves the use of industrial connectivity and research in areas such as smart healthcare. As the first company to focus on artificial intelligence medical imaging diagnostics, Proxima for example was incubated by Cloudjet and is now an independent company.

In 2017, Cloudjet completed more than 100 online upgrade projects for bidirectional driving with big data and cloud services, serving more than 80 large and medium-sized enterprises and listed group companies. As at the end of the Reporting Period, their data processing capabilities have reached a level of one petabyte, whilst its database can reach many customers through approximately 700 million independent devices. This will enable the construction of an industry ecosystem and upgrade the families' experience. In the future, Cloudjet will continue to develop the incubation of smart technology innovations and tap into opportunities for industrial upgrading.

RECENT DEVELOPMENT

ST HUBERT

In January 2018, Fosun and Sanyuan Foods successfully acquired a 98.12% stake in the French leading healthy food company St Hubert.

Established in 1904, St Hubert has annual sales of circa 35,000 tons. St Hubert has a leading edge in research and development and innovation and is a pioneer in the industry. Its product lines include vegetable spreads, vegetable yogurts, vegetable drinks and desserts and are free of hydrogenated fats, trans fats and genetically modified ingredients.

St Hubert and its sub-brand Valle' are both leaders of their local spreads market. In 2017, St Hubert's market share reached 44% in France, ahead of the worldwide groups Unilever and Lactalis, while Valle' market share amounted to 70% in Italy.

Upon completion, the Group and Sanyuan Foods will initially assist St Hubert in introducing its existing spread and soy-based product lines into the Chinese market. The Group and Sanyuan expect to establish retail and corporate customer channels in China, as well as sharing logistics resources and jointly developing new health product lines, such as vegetable spreads and other plant-based products.

HELLOBIKE

In December 2017, the Group lead the bike-sharing platform Hellobike's D2 round of financing with total size of RMB1 billion, injecting RMB661.8 million into the start up. The deal was closed in January 2018. The D1 round of financing had been led by Ant Financial.

Hellobike is a leader in the bike-sharing sector across China's second and third-tier cities and completed 6 rounds of funding in 2017. In January 2018, Hellobike signed a cooperation agreement with the Group to promote scenic travel and smart cycling, and integrated this into Fosun's C2M ecosystem. By combining the resources and travel data that each party owns, the plan is to develop a comprehensive smart travel platform – including online tour preparation, user security, bike rental and route planning.

As of January 2018, Hellobike has 90 million registered users in more than 160 cities. It has already rolled out 4.5 million bicycles and has deployed electric bikes in more than 10 cities in the provinces of Shandong, Henan, Fujian and Jiangsu.

Lanvin

In February 2018 the Group invested in France's oldest luxury couture house, Lanvin, becoming its controlling shareholder. The transaction was completed in early April 2018. This investment was a major step in developing the Fosun Fashion Group, Fosun's pure-play fashion platform.

Founded in 1889 by Jeanne Lanvin, Lanvin has long been synonymous with Parisian elegance and style. Lanvin operates in more than 50 countries, designing, producing and selling womenswear, menswear, kidswear and accessories including footwear and leather goods.

By combining Lanvin's heritage and Fosun's global resources, the two companies can explore new opportunities in the Chinese market, operational improvements and further global expansion.

Wolford[Note]

In March 2018, Fosun entered into an agreement to purchase a majority stake of 50.87% in Wolford for EUR12.80 per share. Wolford is a well-known Austrian textiles manufacturer focusing on high-end tights, bodysuits and underwear. Upon signing, Fosun has disclosed its intention of launching an anticipatory mandatory takeover offer to the remaining shareholders of Wolford for the acquisition of such remaining shares, up to a 100% stake in the company.

Guide[Note]

In February 2018, the Group signed an agreement to acquire Guide Investimentos ("**Guide**"), a fast-growing Brazilian brokerage and wealth management firm based in Sao Paulo, with more than 50 years of history in the market. It used to be a subsidiary of Banco Indusval S.A., a Brazilian bank that will retain a 0-20% stake in Guide. The Group will pay approximately USD52 million for this acquisition, in addition to a maximum of around USD37 million depending on Guide's future performance.

This deal follows the Group's strategy of investing and building operations in emerging markets, especially in Latin America. It is the second milestone in the creation of a Brazilian Financial Group platform, after the 2016 acquisition of local asset management company Rio Bravo. Rio Bravo will therefore act as a product manufacturer and Guide as a distribution platform for the Group. By combining Guide's technology and innovation capabilities with the Group's global resources, this partnership will aim to offer the best services to Brazil's families.

[Note] Transaction not yet completed.

FINANCIAL REVIEW

NET INTEREST EXPENDITURES

Net interest expenditures, net of capitalized amounts of the Group, increased to RMB5,133.4 million in 2017 from RMB4,433.5 million in 2016. The increase in net interest expenditures in 2017 was mainly attributable to the growth in scale of borrowings. The interest rates of borrowings in 2017 were approximately between 0.45% and 8.33%, as compared with approximately between 0.13% and 8.50% for the same period of last year.

TAX

Tax of the Group increased to RMB6,175.0 million in 2017 from RMB3,594.6 million in 2016. 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 RMB1.53 in 2017, representing an increase of 28.6% from RMB1.19 per share in 2016. Diluted earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB1.53 in 2017. The weighted average number of shares was 8,573.4 million shares for 2017, which was 8,600.7 million shares for 2016.

EQUITY PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

As at 31 December 2017, equity per share attributable to owners of the parent was RMB11.76, representing an increase of RMB1.02 per share from RMB10.74 per share as at 31 December 2016. The increase in equity per share attributable to owners of the parent was primarily due to the difference between RMB10,113.6 million and RMB1,614.0 million, which were the total comprehensive income attributable to owners of the parent in 2017 and the dividend distributed on 17 July 2017, respectively.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a proposed final dividend of HKD0.35 per ordinary share for the year ended 31 December 2017. Subject to the approval of the Company's shareholders at the Company's annual general meeting to be held on 6 June 2018, the proposed final dividend will be paid to the Company's shareholders on or around 16 July 2018. 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 expenditure of the Group mainly consists of additions to property, plant and equipment, prepaid land lease payments, exploration and evaluation assets, mining rights, intangible assets, investment properties and oil and gas 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. With an aim to further strengthen our leading role in the Happiness Ecosystem, we have made extra efforts in the Happiness Ecosystem business. The amount of capital expenditures of the Group during the Reporting Period was RMB10,337.3 million. Details of capital expenditures of each business segment are set out in note 5 to financial statements.

As at 31 December 2017, the Group's capital commitment contracted but not provided for was RMB31,995.6 million. These were mainly committed for property development, addition of plant and machinery and investments. Details of capital commitment are set out in note 61 to financial statements.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

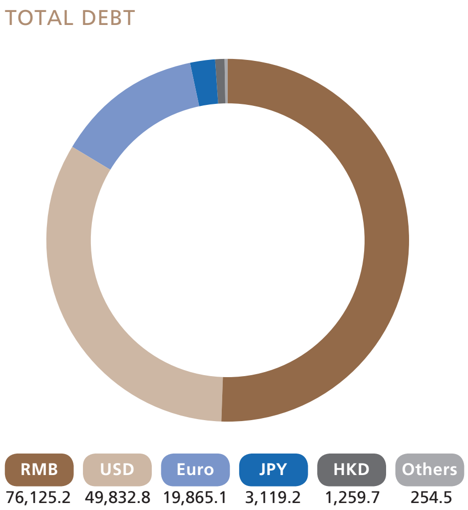
As at 31 December 2017, the total debt of the Group was RMB150,456.5 million, representing an increase over RMB126,276.8 million as at 31 December 2016, which was mainly due to the increase in borrowings as a result of business expansion of various segments of the Group. As at 31 December 2017, mid-to-long-term debt of the Group accounted for 61.4% of total debt, as opposed to 65.3% as at 31 December 2016. As at 31 December 2017, cash and bank and term deposits increased by 58.4% to RMB82,616.1 million as compared with RMB52,156.4 million as at 31 December 2016.

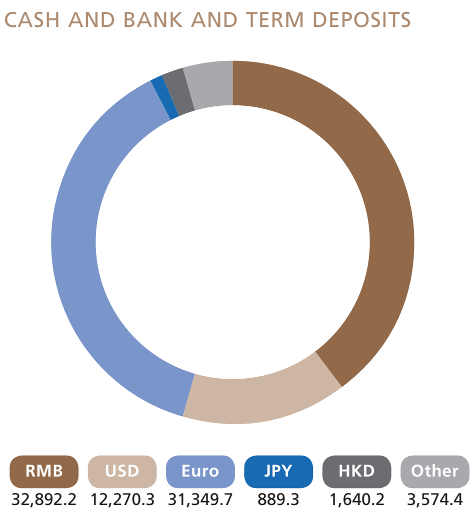
Unit: RMB million

	31 December 2017	31 December 2016
Total debt	**150,456.5**	126,276.8
Cash and bank and term deposits	**82,616.1**	52,156.4

The original denomination of the Group's debt as well as cash and bank and term deposits by currencies, equivalent in RMB, as at 31 December 2017, is summarized as follows:

Unit: RMB million equivalent





TOTAL DEBT TO TOTAL CAPITALISATION RATIO

As at 31 December 2017, the ratio of total debt to total capitalisation was 52.4% as compared with 50.7% as at 31 December 2016. This ratio has increased as a result of the increase of the total debt. 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.

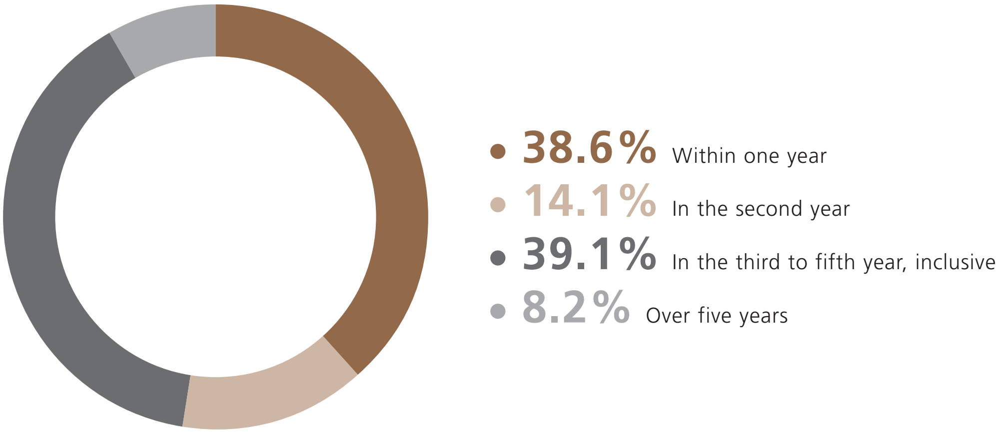
BASIS OF CALCULATING INTEREST RATE

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 2017, 55.1% of the Group's total borrowings bore interest at a fixed interest rate.

THE MATURITY PROFILE OF OUTSTANDING BORROWINGS

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

Outstanding borrowings classified by year of maturity as at 31 December 2017 are as follows:



AVAILABLE FACILITIES

As at 31 December 2017, save for cash and bank and term deposits of RMB82,616.1 million, the Group had unutilized banking facilities of RMB161,668.7 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 2017, available banking facilities under these arrangements totalled RMB263,031.3 million, of which RMB101,362.6 million was utilized.

CASH FLOW

In 2017, net cash flow used in operating activities was RMB30,453.1 million. Profit before tax for the year was RMB22,971.0 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 RMB15,965.0 million. However, owing to the increase in deposits from customers, accrued liabilities and other payables, investment contract liabilities and provision for outstanding claims of RMB11,387.2 million, RMB8,618.9 million, RMB4,807.2 million and RMB4,151.1 million, respectively, the decrease in completed properties held for sale of RMB11,765.4 million, cashflow generated from operating activities increased. The increase in properties under development of RMB17,014.1 million contributed to an decrease in the cash flow from operating activities. The increase in deposits from customers was mainly due to the increase in H&A's deposits from customers; the increase in accrued liabilities and other payables was mainly due to the increase in Atlantis's and Club Med's advances from customers; the increase in investment contract liabilities and provision for outstanding claims was mainly due to the expansion of insurance business; the decrease in completed properties held for sale was mainly due to the sales of Forte; the increase in properties under development was mainly due to Forte's capital expenditure on the properties under development.

In 2017, net cash flow used in investing activities was RMB16,462.1 million, mainly used for the purchase of property, plant and equipment, purchase and construction of investment properties, purchase of intangible assets, purchase of investments at fair value through profit and loss and available-for-sale investments, acquisition of subsidiaries, associates and jointly-controlled entities, and increase in pledged bank balances and time deposits with original maturity of more than three months, which was partly offset by proceeds from disposal of investments at fair value through profit and loss, available-for-sale investments and investment properties, disposal of subsidiaries, dividends received from associates, dividends and interests received from available-for-sale investments.

In 2017, net cash flow from financing activities was RMB15,871.2 million, mainly generated from the new bank and other borrowings, as well as capital contribution from non-controlling shareholders of subsidiaries, 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 2017, the Group had pledged assets of RMB50,343.5 million (31 December 2016: RMB37,718.1 million) for bank borrowings. Details of pledged assets are set out in note 40 to financial statements.

CONTINGENT LIABILITIES

The Group's contingent liabilities of RMB6,317.0 million as at 31 December 2017 (31 December 2016: RMB6,540.0 million), Details of contingent liabilities are set out in note 62 to financial statements.

INTEREST COVERAGE

In 2017, EBITDA divided by net interest expenditures was 6.0 times as compared with 5.4 times in 2016, the increase was mainly due to the 28.9% increase of the Group's EBITDA during the Reporting Period compared with 2016.

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 well monitored and financial resources are being effectively applied. To maintain multiple financing channels, the Group tries to obtain funds from different channels through banks and capital markets. Finance arrangements are organised to meet the needs of business development and match the Group's cash flow.

FOREIGN CURRENCY EXPOSURE

RMB is the functional and presentation currency of the Group. As a result of the launching of global strategy, the proportion of assets denominated in currencies other than RMB held by the Group had continuously 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. Since the exchange rate reform in August 2015, the exchange rate of RMB against USD depreciated for a time and the volatility increased. We are uncertain of the trend of the exchange rate 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.

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 subjected to the risk of interest rate fluctuation. Since a certain amount of the Group's borrowings is provided at floating interest rates which are subjected 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 Chinese mainland, 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 conditions, results and businesses of the Group. These forward-looking statements are the Group's expectation or beliefs on 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	2013	2014	2015	2016	**2017**
Total equity	61,299.8	75,684.5	99,553.1	122,873.8	**136,412.3**
Equity attributable to owners of the parent	39,628.2	49,408.4	75,744.3	92,367.0	**100,960.8**
Equity per share attributable to owners of the parent (in RMB)	6.17	7.14	8.80	10.74	**11.76**
Indebtedness					
Total debt	69,084.4	95,834.2	115,110.0	126,276.8	**150,456.5**
Total debt/Total capitalization (%)	53.0%	55.9%	53.6%	50.7%	**52.4%**
Interest coverage (times)	5.3	5.1	5.4	5.4	**6.0**
Capital employed	108,712.6	145,242.6	190,854.3	218,643.8	**251,417.2**
Cash and bank balances	16,387.2	40,338.6	47,219.2	52,156.4	**82,616.1**
Property, plant and equipment	30,215.7	36,037.9	18,023.6	20,672.0	**25,413.2**
Investment property	9,896.3	16,883.9	40,898.7	30,493.3	**32,438.4**
Property under development	30,859.9	37,101.8	35,882.4	32,068.6	**41,367.6**
Prepaid land lease payments	1,994.0	2,921.4	2,143.9	2,105.3	**2,359.8**
Mining rights	794.6	784.9	564.5	531.3	**542.2**
Interest in associates	20,369.7	26,976.4	31,579.7	44,115.6	**61,721.9**
Available-for-sale investments	10,050.3	77,237.8	118,954.6	128,175.4	**136,692.5**
Equity investments at fair value through profit or loss	13,466.0	14,867.2	10,716.2	8,328.7	**17,158.2**
Profit attributable to owners of the parent[Note]	5,518.9	6,853.9	8,038.3	10,268.2	**13,161.3**
Health Ecosystem	748.7	955.8	938.4	1,038.5	**1,371.5**
Happiness Ecosystem	304.0	412.9	149.5	468.9	**497.5**
Wealth Ecosystem	4,466.2	5,485.1	6,950.4	8,760.9	**11,292.3**
Insurance and Finance	581.7	1,238.8	2,305.2	2,440.3	**3,902.9**
Investment	1,974.6	2,155.4	2,089.6	4,245.4	**5,218.0**
Hive Property	1,909.9	2,090.9	2,555.6	2,075.2	**2,171.4**
Basic earnings per share (in RMB)	0.86	1.02	1.06	1.19	**1.53**
Diluted earnings per share (in RMB)	0.86	0.99	1.05	1.19	**1.53**
EBITDA	14,163.2	18,682.1	24,422.5	23,891.3	**30,789.2**
Proposed dividend per share (in HKD)	0.150	0.170	0.170	0.210	**0.350**

Note: Unallocated expenses are allocated to profit attributable to owners of the parent by ratio.

The Board is pleased to present the corporate governance report of the Group for the year ended 31 December 2017.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

During the Reporting Period, the Company applied the principles of and fully complied with all code provisions as set out in the CG Code. 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, risk management and internal control systems, material transactions (in particular those that may involve conflicts of interest), financial information, appointment of Directors and other significant financial and operational matters.

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

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

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

c) Board Composition

The Board for the year ended 31 December 2017 comprised the following Directors:

Executive Directors[1]

Mr. Guo Guangchang *(Chairman)*

Mr. Wang Qunbin *(Chief Executive Officer)* [2]

Mr. Chen Qiyu *(Co-President)* [3]

Mr. Xu Xiaoliang *(Co-President)* [3]

Mr. Qin Xuetang

Mr. Wang Can[4]

Ms. Kang Lan[4]

Mr. Gong Ping[4]

Independent Non-Executive Directors

Mr. Zhang Shengman

Mr. Zhang Huaqiao

Mr. David T. Zhang

Mr. Yang Chao

Dr. Lee Kai-Fu[4]

Notes:

(1) Mr. Liang Xinjun and Mr. Ding Guoqi resigned as Executive Directors of the Company with effect from 28 March 2017

(2) Re-designated as the Chief Executive Officer of the Company with effect from 28 March 2017

(3) Appointed as the Co-President of the Company with effect from 28 March 2017

(4) Mr. Wang Can, Ms. Kang Lan and Mr. Gong Ping have been appointed as Executive Directors and Senior Vice Presidents of the Company and Dr. Lee Kai-Fu has been appointed as an Independent Non-Executive Director of the Company, all with effect from 28 March 2017

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

The Board has assessed the independence of all the Independent Non-executive Directors of the Company and considers all of them to be independent having regard to (i) their annual confirmation on independence as required under the Listing Rules, (ii) the absence of involvement in the daily management of the Company and, (iii) the absence of any relationships or circumstances which would interfere with the exercise of their independent judgement. Throughout the year, the number of Independent Non-Executive Directors on the Board meets the one-third requirement under the Listing Rules.

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

d) Appointment and Re-election of Directors

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

All Directors (including the Independent Non-Executive Directors) have entered into service contracts with the Company for a term of 3 years from 28 March 2017. No Director has a service contract with the Company which is not terminable by the Company within one year and without payment of compensation (other than statutory compensation).

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

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

e) Continuous Professional Development of Directors

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

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

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

	Training Matters		
Name of Directors	**Legal and Regulatory**	**Business Update**	**Corporate Governance**
Executive Directors			
Mr. Guo Guangchang	✓	✓	✓
Mr. Wang Qunbin(1)	✓	✓	✓
Mr. Chen Qiyu(2)	✓	✓	✓
Mr. Xu Xiaoliang(2)	✓	✓	✓
Mr. Qin Xuetang	✓	✓	✓
Mr. Wang Can(3)	✓	✓	✓
Ms. Kang Lan(3)	✓	✓	✓
Mr. Gong Ping(3)	✓	✓	✓
Independent Non-Executive Directors			
Mr. Zhang Shengman	✓	✓	✓
Mr. Zhang Huaqiao	✓	✓	✓
Mr. David T. Zhang	✓	✓	✓
Mr. Yang Chao	✓	✓	✓
Dr. Lee Kai-Fu(3)	✓	✓	✓

Notes:

(1) Re-designated as the Chief Executive Officer of the Company with effect from 28 March 2017

(2) Appointed as the Co-President of the Company with effect from 28 March 2017

(3) Mr. Wang Can, Ms. Kang Lan and Mr. Gong Ping have been appointed as Executive Directors and Senior Vice Presidents of the Company and Dr. Lee Kai-Fu has been appointed as an Independent Non-Executive Director of the Company, all with effect from 28 March 2017

f) Board Meetings

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

g) Practice and Conduct of Board Meetings

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

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting (or such other period as agreed) to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior 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.

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

h) Directors and Officers Liability Insurance

The Company has arranged the directors and officers liability insurance in respect of legal action against the Directors, the insured clause and scope of coverage of year 2017/2018 have been reviewed and renewed.

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, the post of Chairman was held by Mr. Guo Guangchang and the post of Chief Executive Officer was held by Mr. Liang Xinjun until 28 March 2017 and Mr. Wang Qunbin has been re-designated as Chief Executive Officer on the same date. 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 that Directors receive adequate information in a timely manner, and the relevant information is accurate, detail, complete and reliable; to lead the Board; to ensure the Board operates effectively, performs its duties, and discusses all important and appropriate matters in a timely manner; to be primarily responsible to decide and approve the agenda of each Board meeting and add other items into the agenda upon request from other Directors (where applicable), this responsibility can be delegated to other Directors or the Company Secretary; to ensure the Company to adopt a sound corporate governance code and procedure; to encourage all Directors devoting themselves to the Board's matters and to ensure the Board acts in the best interest of the Company by making himself an example; to encourage Directors with different opinions to express their concerns and give adequate time to discuss and to ensure the decisions of the Board reflect consensus of the Board; to meet with the Non-Executive Directors (including the Independent Non-Executive Director) at least once annually, without the presence of the Executive Directors; to ensure appropriate procedures to keep effective communication with the shareholders and to ensure shareholders' opinions are delivered to the whole Board; to promote open and positive culture to discuss, to promote Directors (especially Non-Executive Directors) to make effective contribution to the Board, and to ensure constructive relationship between Executive Directors and Non-Executive Directors.

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

C. BOARD COMMITTEES

The Board has established the Audit Committee, Remuneration Committee and Nomination 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.

Audit Committee

The Audit Committee comprises five Independent Non-Executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Zhang Huaqiao, Mr. David T. Zhang, Mr. Yang Chao and Dr. Lee Kai-Fu, who has been appointed as a member of the Audit Committee on 28 March 2017. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

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

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

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

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

The Company's annual results for the year ended 31 December 2017 have been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises six Directors, namely Mr. Zhang Huaqiao (Chairman), Mr. Wang Qunbin, Mr. Zhang Shengman, Mr. David T. Zhang, Mr. Yang Chao and Dr. Lee Kai-Fu and the majority of them are Independent Non-Executive Directors. On 28 March 2017, Mr. Liang Xinjun has resigned as a member of the Remuneration Committee while Mr. Wang Qunbin and Dr. Lee Kai-Fu have been appointed as members of the Remuneration Committee.

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

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

Nomination Committee

The Nomination Committee comprises six Directors, namely Mr. David T. Zhang (Chairman), Mr. Wang Qunbin, Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. Yang Chao and Dr. Lee Kai-Fu, who has been appointed as a member of the Nomination Committee on 28 March 2017. The majority members of the Nomination Committee are Independent Non-Executive Directors.

The main duties of the Nomination Committee include the following:

- To review the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

- To identify individuals suitably qualified to become Board members and nominate and select or make recommendations to the Board on the selection of individuals nominated for directorships;

- To assess the independence of Independent Non-Executive Directors; and

- To make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee held one meeting during the Reporting Period to review the structure, size, composition and diversity of the Board, the independence of the Independent Non-Executive Directors and make recommendation to the Board in relation to the re-appointment of retiring Directors at the 2017 annual general meeting. The attendance records of each member of the Nomination Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

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.

Board Diversity Policy

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

D. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings, and annual general meeting and extraordinary general meeting of the Company held for the year of 2017 is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**	**Extra-ordinary General Meeting**
Guo Guangchang	5/5	–	–	–	1/1	1/1
Wang Qunbin	5/5	–	–	1/1	1/1	1/1
Chen Qiyu	5/5	–	–	–	1/1	1/1
Xu Xiaoliang	5/5	–	–	–	1/1	1/1
Qin Xuetang	5/5	–	–	–	1/1	1/1
Wang Can (appointed on 28 March 2017)	5/5	–	–	–	1/1	1/1
Kang Lan (appointed on 28 March 2017)	5/5	–	–	–	1/1	1/1
Gong Ping (appointed on 28 March 2017)	5/5	–	–	–	1/1	1/1
Zhang Shengman	5/5	3/3	1/1	1/1	0/1	0/1
Zhang Huaqiao	5/5	3/3	1/1	1/1	1/1	1/1
David T. Zhang	5/5	3/3	1/1	1/1	1/1	1/1
Yang Chao	5/5	3/3	1/1	1/1	1/1	1/1
Lee Kai-Fu (appointed on 28 March 2017)	5/5	3/3	1/1	1/1	1/1	1/1

Note: Both Mr. Liang Xinjun and Mr. Ding Gouqi resigned as Executive Directors of the Company with effect from 28 March 2017. No meetings of the Board or Board committees has been convened during their tenure in 2017.

E. MODEL CODE FOR SECURITIES TRANSACTIONS

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

F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Board is responsible for presenting a balanced and clear assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2017. 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 Auditor's Report" of this annual report.

During the Reporting Period, the remuneration paid to Ernst & Young, the external auditors of the Company, in respect of professional audit services, amounted to RMB10.2 million and no significant non-audit services were provided by Ernst & Young to the Company.

H. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees the management in the design, implementation and monitoring of the risk management and internal control systems efficiently, and the management provides a confirmation to the Board on the effectiveness of these systems. The Company identifies, evaluates and monitors significant risks faced by the Company and builds up its risk management and internal control system, taking into consideration (i) the findings of internal audits and issues revealed during operation and management, (ii) audit findings of external auditors to achieve the goal of risk control, (iii) the changes, since the last review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment; (iv) the scope and quality of management's ongoing monitoring of risks and of the internal control systems and the work of the internal audit function, (v) the extent and frequency of communication of monitoring results to the Board or Board Committee(s) which enables it to assess control of the Company and the effectiveness of risk management; (vi) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and (vii) the effectiveness of the Company's processes for financial reporting and regulatory compliance. Such significant risks include decision-making risks of operation, financial control risks, and the risks arising from changes in business environment. We reviewed the risk management and internal control systems of the Company on a regular and ad hoc basis.

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

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

I. COMPANY SECRETARY

Ms. Sze Mei Ming has been the Company Secretary of the Company since March 2009. During the Reporting Period, Ms. Sze has received no less than 15 hours of relevant professional training to refresh her skills and knowledge.

J. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions. The Group delivers its most updated information through announcements made on the 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 Chairman 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 Articles of Association during the Reporting Period. The up-to-date version of the 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.

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

K. 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 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 shareholders' 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 general 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.

Key Shareholder Dates

Key shareholder dates for 2018 are:

- June 2018: annual general meeting;
- August 2018: release of announcement of interim results in respect of the six months ending 30 June 2018; and
- September 2018: release of interim report in respect of the six months ending 30 June 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Guo Guangchang   Wang Qunbin   Chen Qiyu   Xu Xiaoliang

Guo Guangchang, aged 50, is an Executive Director and Chairman of the Company. Mr. Guo is the founder of the Group and has been director of various companies within the Group since 1994. As at the end of the Reporting Period, he has also been a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE) and a director of both Fosun Holdings and Fosun International Holdings (the direct and indirect controlling shareholders of the Company, respectively). Mr. Guo was a non-executive director of China Minsheng Banking Corp., Ltd. (listed on the Hong Kong Stock Exchange and the SSE) and a director of Club Med. As at the end of the Reporting Period, Mr. Guo has been vice chairman of The Zhejiang Chamber of Commerce, chairman of The Zhejiang Chamber of Commerce in Shanghai, etc.. Mr. Guo was a deputy to the 10th and 11th National People's Congress of the PRC, a member of the 9th and 12th National Committee of the Chinese People's Political Consultative Conference, etc.. Mr. Guo was awarded, among others, "Lifetime Achievement Award" at the 16th CNBC Asia Business Leaders Award Ceremony, "2016/17 Nobel Laureates Series-Asian Chinese Leaders Award" by Asian College of Knowledge Management, "Lifetime Achievement Award" in the 8th Annual World Chinese Economic Summit in 2016, "2015 Most Influential Corporate Leader in China" issued by China Entrepreneur Summit and Chinese Entrepreneur 30th Award Ceremony, and named, among others, in the "50 Most Influential Individuals of the Portuguese Economy in 2015" by the Portuguese mainstream media Jornal de Negócios. Mr. Guo received a bachelor's degree in philosophy in 1989 and a master's degree in business administration ("MBA") in 1999, both from Fudan University.

Wang Qunbin, aged 48, is an Executive Director and Chief Executive Officer (CEO) of the Company. Mr. Wang is the founder of the Group and has been a director of various companies within the Group since 1994. As at the end of the Reporting Period, he has also been a director of Yuyuan (listed on the SSE) and non-executive director of Sinopharm (listed on the Hong Kong Stock Exchange) and Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE). Mr. Wang was a director of Henan Lingrui Pharmaceutical Co., Ltd. (listed on the SSE with stock code: 600285). Mr. Wang was listed in the "Hot 100 List in 2016" by the American insurance magazine *Insurance Business*, awarded "Asia Pacific Outstanding Entrepreneur Awards" issued by Enterprise Asia in 2014 and "Best Asian Corporate Director" at the Asian Excellence Recognition Awards 2014 by *Corporate Governance Asia*, etc., and was named one of "China's 50 Top-performing Corporate Leaders" by *Harvard Business Review*. Mr. Wang received a bachelor's degree in genetic engineering from Fudan University in 1991.

Chen Qiyu, aged 45, is an Executive Director and Co-President of the Company. Mr. Chen joined the Group in 1994 and as at the end of the Reporting Period he has also been an executive-director and chairman of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), a non-executive director and vice chairman of Sinopharm (listed on the Hong Kong Stock Exchange), a director of Zhejiang D.A. Diagnostic Company Limited (listed on the Growth Enterprise Market Board of the Shenzhen Stock Exchange with stock code: 300244), Sanyuan Foods (listed on the SSE) and various companies within the Group. Mr. Chen was a director of Maxigen Biotech Inc. (listed on the Taiwan Stock Exchange with stock code: 1783). As at the end of the Reporting Period, Mr. Chen has been the chairman of China Medical Pharmaceutical Material Association, a vice president of China Pharmaceutical Innovation and Research Development Association, the chairman of Shanghai Biopharmaceutical Industry Association, vice council chairman of Shanghai Society of Genetics and a member of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference. In January 2018, Mr. Chen is a member of the 13th Shanghai Standing Committee of the Chinese People's Political Consultative Conference. Mr. Chen received a bachelor's degree in genetics from Fudan University in 1993 and an EMBA degree from China Europe International Business School in 2005.

Xu Xiaoliang, aged 44, is an Executive Director and Co-President of the Company. Mr. Xu joined the Group in 1998, and as at the end of the Reporting Period, he has also been the chairman of Yuyuan (listed on the SSE), a non-executive director of Zhaojin Mining (listed on the Hong Kong Stock Exchange), a director of Resource Property (listed on the NEEQ) and Shanghai Foyo Culture & Entertainment Co., Ltd. (listed on the NEEQ with stock code 831472) and the director of various companies within the Group. Mr. Xu was a non-executive director of Shanghai Zendai (listed on the Hong Kong Stock Exchange). As at the end of the Reporting Period, Mr. Xu has been a deputy to the 15th Shanghai Municipal

Qin Xuetang Wang Can Kang Lan Gong Ping

People's Congress, the co-chairman of Real Estate Association of The Zhejiang Chamber of Commerce, a member of Shanghai Youth Federation and a vice chairman of China Real Estate Chamber of Commerce. Mr. Xu was successively awarded the "Shanghai 4 May Youth Medal" and "Shanghai Top Ten Youth Business People". Mr. Xu graduated from the Innova Education School of Singapore with a diploma in 1995 and received a master's degree in business administration from the East China Normal University in 2002.

Qin Xuetang, aged 54, is an Executive Director and Senior Vice President of the Company. Mr. Qin is also serving as the director of various overseas companies within the Group. Since joining the Group in 1995, Mr. Qin has been in charge of the legal and internal control affairs of the Company, possessing in-depth knowledge in the area of mergers and acquisitions, as well as in corporate governance affairs of listed companies. In addition, Mr. Qin oversees all matters related to the Company's audit, compliance, risk control and information disclosure systems. Mr. Qin received a bachelor's degree in law in 1985 from the Southwest University of Political Science and Law and was admitted to practice law in the PRC in 1990. Prior to joining the Group, Mr. Qin worked in the Law School of Fudan University.

Wang Can, aged 38, is the Executive Director, Senior Vice President and the Chief Financial Officer (CFO) of the Company. Mr. Wang joined the Group in 2012, and as at the end of the Reporting Period, he has also been the general manager of Investment Management Support Center, the co-director of Fosun Technology Innovation Center, the non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), the director of Shanghai Ganglian E-Commence Holdings Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code 300226) and the director of various companies within the Group. He once worked as the general manager of Investment Management Department, deputy CFO and general manager of Financial Planning & Analysis Department of the Group. Prior to joining the Group, Mr. Wang worked in Kingdee Software (China) Co., Ltd., PricewaterhouseCoopers Zhong Tian LLP, Standard Chartered Bank (China) Limited and China Lodging Group, Limited (listed on NASDAQ with stock code: HTHT). Mr. Wang is a non-practicing member of Chinese Institute of Certified Public Accountants (CICPA) and a member of The Association of International Accountants (AIA). Mr. Wang graduated from Anhui University in 1997 and received an EMBA degree from China Europe International Business School in 2014.

Kang Lan, aged 48, is the Executive Director, Senior Vice President of the Company. Ms. Kang joined the Group in 2010, and as at the end of the Reporting Period, she has also been the Chief Human Resources Officer of the Company and the President of Fosun Insurance segment, the non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), chairperson of AmeriTrust and director of various insurance companies and other companies within the Group. Prior to joining the Group, Ms. Kang worked in Nanjing High Technology Industry Development Company, Memorial Sloan-Kettering Cancer Center in the United States, Wyeth, McKinsey & Company, Korn/Ferry International (listed on the NASDAQ with stock code: KFY). Ms. Kang received the honor of "2017 China Human Resources Management Person of the Year" at the 10th China Human Resources Management Conference 2017. Ms. Kang received her bachelor's degree in biological sciences and biotechnology from Zhejiang University in 1991, master's degree in biochemistry from Tulane University in the United States in 1995, and MBA degree from the Wharton School of the University of Pennsylvania in 2002.

Gong Ping, aged 42, is the Executive Director and Senior Vice President of the Company. Mr. Gong joined the Group in 2011 and as at the end of the Reporting Period, he has also been CEO of Fosun Property Holdings, the chairman of Paris Reality Fund SA (listed on the Euronext Paris with stock code PAR), the vice chairman of Yuyuan (listed on the SSE), a non-executive director of Shanghai Zendai (listed on the Hong Kong Stock Exchange), a director of Resource Property (listed on the NEEQ), as well as director of various companies within the Group. As at the end of the Reporting Period, Mr. Gong has been council member of Shanghai Association For Youth Entrepreneurship And Employment. He used to serve as senior assistant to president of the Group, and general manager of Corporate Development Department. Prior to joining the Group, Mr. Gong worked at Pudong branch and the headquarters of Bank of Shanghai as well as the PRC headquarters of Standard Chartered Bank. Mr. Gong also served as global strategist at the headquarters of Samsung Group in Korea, carrying out special assignments across various sectors including financial services, technology and real estate worldwide. Mr. Gong graduated from Fudan University in 1998 with a bachelor's degree in international finance, and then obtained his master's degree in finance from Fudan University in 2005. Mr. Gong also received his MBA degree from International Institute for Management Development (IMD) in Lausanne, Switzerland in 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman Zhang Huaqiao David T. Zhang Yang Chao Lee Kai-Fu

Zhang Shengman, aged 60, has been an Independent Non-Executive Director of the Company since December 2006. As at the end of the Reporting Period, Mr. Zhang has also been a non-executive director of Future Land Holdings Co., Ltd. (listed on the SSE with stock code: 601155). Mr. Zhang worked in the PRC Ministry of Finance as deputy director and vice secretary from 1994 to 1995. From 1994 to 2005, Mr. Zhang served as an executive director for China, vice president and chief secretary, senior vice director, a managing director and chairman of the operations committee, the sanctions committee and the corporate committee on fraud and corruption policy of the World Bank. Mr. Zhang joined Citigroup (listed on the New York Stock Exchange with stock code: C) in February 2006, and up to May 2016 once served as the chairman of the Public Sector Group, chairman and president of Asia Pacific of Citigroup. 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 54, has been an Independent Non-Executive Director of the Company since March 2012. As at the end of the Reporting Period, Mr. Zhang has also been a non-executive director and chairman of China Smartpay Group Holdings Limited (stock code: 08325), 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 Hotel Development Company Limited (stock code: 00169), all of which are listed on the Hong Kong Stock Exchange, an independent non-executive director of Sinopec Oilfield Service Corporation (listed on the SSE with stock code:600871 and on the Hong Kong Stock Exchange with stock code: 01033), China Rapid Finance Limited (listed on the New York Stock Exchange with stock code: XRF) and Yancoal Australia Ltd. (listed on the Australian Stock Exchange 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 CEO of Man Sang International Limited (listed on the Hong Kong Stock Exchange with stock code: 00938) from September 2011 to April 2012, a director of Nanjing Central Emporium (Group) Stocks Co., Ltd. (listed on the SSE with stock code: 600280) from February 2013 to June 2015. 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 1991.

David T. Zhang, aged 55, has been an Independent Non-Executive Director of the Company since June 2012. Mr. Zhang has also been 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, a 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 67, has been an Independent Non-Executive Director of the Company since December 2014. 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, the president and secretary of party committee of China Life Insurance (Group) Company from May 2005 to May 2011 and an independent non-executive director of SRE Group Limited (listed on the Hong Kong Stock Exchange with stock code: 01207) from November 2013 to December 2015. As at the end of the Reporting Period, Mr. Yang has been a member of the 12th National Committee of the Chinese People's Political Consultative Conference and its Social and Legislative Committee. Mr. Yang, a Senior Economist, has more than 40 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 received a master's degree in business administration.

Lee Kai-Fu, aged 56, has been an Independent Non-Executive Director of the Company since March 2017. As at the end of the Reporting Period, Dr. Lee has also been the chairman of Sinovation Ventures (Beijing) Enterprise Management Co., Ltd. (listed on the NEEQ with stock code: 835966), a co-founder and the managing partner of Sinovation Ventures Development Funds, the chairman and chief executive officer of Innovation Works Limited, a non-executive director of Meitu, Inc. (listed on the Hong Kong Stock Exchange with stock code: 01357), an independent director of LightInTheBox Holding Co., Ltd. (listed on the New York Stock Exchange with stock code: LITB), an independent non-executive director of Shangri-La Asia Limited (listed on the Hong Kong Stock Exchange with stock code: 00069) and Hon Hai Precision Industry Co., Ltd. (listed on the Taiwan Stock Exchange with stock code: 2317). Dr. Lee has also been a director of various companies in the internet, artificial intelligence and other industries. From 1988 to 1990, Dr. Lee worked at Carnegie Mellon University, where he served as an assistant professor; between July 1990 and April 1996, Dr. Lee worked at Apple Inc. (listed on NASDAQ with stock code: AAPL), serving as a vice-president from December 1995; from July 1998 to July 2005, Dr. Lee was the vice president of Microsoft Corporation (listed on NASDAQ with stock code: MSFT); from July 2005 to September 2009, Dr. Lee was the president of Google China of Google Inc. (listed on NASDAQ with stock code: GOOGL), and he was responsible for launching the Google China R&D Center. Dr. Lee received his bachelor of arts degree and Ph.D. in computer science from Columbia University in May 1983 and Carnegie Mellon University in May 1988, respectively.

SENIOR MANAGEMENT OF THE COMPANY (IN ALPHABETICAL ORDER OF LAST NAME)

Li Haifeng, aged 59, is the Senior Vice President of the Company. Mr. Li joined the Group in 2001 and set up the Beijing office of the Group. As at the end of the Reporting Period, he has also been the director of various companies within the Group. Mr. Li is responsible for integrating and maintaining public resources of the Group through building long-term cooperation in public sector, attending major foreign affairs and important activities on behalf of the Group, and conducting daily operational management and internal resources sharing of the Group's general functions. Mr. Li also takes lead on substantial collaboration and projects involving mixed ownership reform, participates in the decision-making process of major foreign affairs, and deals with unexpected events of the Group. Mr. Li received a graduation certificate in Marxist theory from East China University of Science and Technology in 1996, a postgraduate certificate in Marxist philosophy from Fudan University in 2009 and a master's degree in business administration from Tsinghua University in 2013.

Pan Donghui, aged 48, is the Senior Vice President of the Company, the Chairman of TMT & Entertainment Investment Group, New Technology and New Economy Investment Group, Gaming Industry Development Department and Fosun Capital. Mr. Pan joined the Group in 1994. As at the end of the Reporting Period, he has also been the director of various companies within the Group. For the past twenty more years, he served as a project manager of Forte, the chief representative of the Hong Kong office, the general manager of Investor Relations Department of the Company and senior assistant to president of Fosun High Technology. Mr. Pan has helped the Group achieve exponential growth and high turnarounds by managing investments in telecom, media and technology, venture capital and secondary market investments, directing investor relations affairs, and leading several large real estate development projects as well as pharmaceutical projects. Mr. Pan has substantive experience in effective execution and value creation in respect of leverage buyout (LBO) and initial public offering (IPO). 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.

Qian Jiannong, aged 55, is the Senior Vice President of the Company and the Chairman and President of Fosun Tourism and Culture Group. As at the end of the Reporting Period, Mr. Qian has also been a director of Club Med and Folli Follie, chairman of Thomas Cook JV China, co-president of CMF and the director of other companies within the Group. Mr. Qian joined the Group in 2009 and took the lead of the team in completing a series of investments, such as Club Med (France), Folli Follie (Greece), Atlantis (Sanya), Vigor Kobo (Taiwan), Secret Recipe (Malaysia), CITS (PRC), Osborne (Spain) and Thomas Cook (UK), etc. Mr. Qian was a lecturer of Shanghai University of Finance and Economics, a senior manager of Metro Group of Germany, a vice general manager of Wumart Stores, Inc. (had been listed on the Hong Kong Stock Exchange) and the CEO and director of China Nepstar Chain Drugstore Ltd. (had been listed on the New York Stock Exchange). Mr. Qian has more than 20 years of experience in domestic and overseas retail and investment industries. Mr. Qian graduated from Shandong University with a bachelor's degree in economics in 1983 and obtained a master's degree in the economics in 1992 from University of Essen (currently known as University of Duisburg-Essen) in Germany.

Tang Bin, age 46, is the Senior Vice President of the Company. Mr. Tang joined the Group in 2003. As at the end of the Reporting Period, he has been Co-Chairman of the CMF, Chairman of the Fosun Fashion Group, Fosun Capital, Fosun Energy, Industrial and Utility Group, ROC and the director of other companies within the Group. Mr. Tang once held the positions of chief representative of the Jiangxi office and the Beijing office, and investment director at Shanghai Fosun Industrial Investment Co., Ltd., and vice president, executive vice president, as well as president of Fosun Capital. Prior to joining the Group, Mr. Tang worked as principle staff member in the Personnel Division of the Jiangxi Provincial Economic and Trade Commission, and as the deputy county head of the People's Government of Jiujiang County, Jiangxi Province. Mr. Tang received a bachelor's degree in national economic management from Nanchang University in 1995, a MBA degree from Jiangxi University of Finance and Economics in 2001, and an EMBA degree from the China Europe International Business School in 2013.

Zhang Houlin, aged 49, is the Senior Vice President of the Company. As at the end of the Reporting Period, Mr. Zhang has also been the General Manager of Treasury Management Center of the Group, the chairman of Shanghai Fosun High Technology Group Finance Co., Ltd. and the director of other companies within the Group. Mr. Zhang joined the Group in 2000 and takes comprehensive responsibility of the overall financing management of the Group, including capital strategic planning and capital risk control. Mr. Zhang worked at Agricultural Bank of China, Waigaoqiao sub-branch from December 1993 to October 2000. Mr. Zhang received a bachelor's degree in history in 1991 and a master's degree in business administration (MBA) in 1998, both from Fudan University.

Gu Xiaoxu, aged 47, is the Vice President of the Company and the President of Fosun Financial Group. Ms. Gu joined the Group in 2011. As at the end of the Reporting Period, she has also been the director of Mybank and other companies within the Group. Ms. Gu has been responsible for the financial investments and industrial operations of Fosun Financial Group. Ms. Gu has a wealth of management experience and broad financial and technological vision. The team she leads had won the Outstanding Investment Team Award of the Group for 3 consecutive years. Ms. Gu had won the Outstanding Managers Award of the Group, etc.. Prior to joining the Group, Ms. Gu worked for Huaxia Bank Shanghai Branch and Shanghai Tonglian Finance Co., Ltd.. Ms. Gu obtained a bachelor's degree in transport administration from Shanghai Railway University (currently known as Tongji University) in 1992 and a master's degree in business administration from East China Normal University in 2000, and got the qualification of securities and funds in November 2004.

Li Tao, aged 45, is the Vice President of the Company. Mr. Li joined the Group in March 2017. As at the end of the Reporting Period, Mr. Li has also been the Co-President of Fosun Insurance Segment. Mr. Li served as CFO of China Taiping Insurance Group Co., Ltd. from November 2008 to February 2017. After the reorganization and overall listing of China Taiping Insurance Group Co., Ltd. in August 2013, Mr. Li served as CFO of China Taiping Insurance Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 00966), in charge of the financial lines, and also managed the actuarial, investment lines and overseas insurance business. From September 2001 to November 2008, Mr. Li served as the founding senior management and CFO of Taiping Life Insurance Co., Ltd.. From September 1993 to September 2001, Mr. Li worked for the financial accounting department of China People's Insurance Company, the London Financial and Insurance Division of Coopers & Lybrand (currently known as PricewaterhouseCoopers), the finance department of China People's Insurance Group, the regulatory office for personnel insurance department of China Insurance Regulatory Committee, the internal audit and the finance department of AIA Insurance Co., Ltd. Shanghai Branch. Mr. Li obtained a bachelor's degree in English from Wuhan University in 1993. He received a master's degree in business administration from Fudan University in 2010 and became a member of the Association of Chartered Certified Accountants (ACCA) in 1999.

Yao Wenping, aged 49, is the Vice President of the Company and the President of Fosun Technology & Finance Group. Mr. Yao joined the Group in 2009. As at the end of the Reporting Period, he has also been the chairman of Fosun Hani Securities, Tebon Securities Co., Ltd. and Tebon Fund Management Co., Ltd.. Prior to joining the Group, Mr. Yao worked in Nanjing University, Huatai Securities Co., Ltd., Donghai Securities Co., Ltd., in charge of securities brokers, investment banks, fixed income, asset management, etc., and carried out pioneering works in aspects of wealth management, asset securitization, fund of hedge fund, etc. Mr. Yao has published 4 monographs, 1 translation, awarded the first prize in Selection of Member Research Results of the Shenzhen Stock Exchange, the first prize in Research Project of Securities Association of China, and the Best Innovation Award in China Securities and Futures Industry Science and Technology Award. Mr. Yao received a bachelor's degree in science in 1991 and a master's degree in economics in 1998, both from Nanjing University.

Yao Ziping, aged 43, is the Vice President of the Company and the CEO of Fosun Resources Group. Mr. Yao joined the Group in November 2017. Mr. Yao was the deputy general manager and general manager of the Enterprise Planning and Development Department of China Minmetals Corporation, assistant president, vice general manager and chief information officer of China Minmetals Corporation from August 1996 to March 2017, the general manager and chairman of Minmetals Development Co., Ltd. (listed on the SSE with stock code: 600058) from August 2010 to March 2017. Mr. Yao has served as a senior manager of listed companies for many years with rich experience in capital operation, investment and post-investment restructuring and management. During his tenure, he focused on the promotion of the industry transformation and reform in the field of metal mineral circulation. As at the end of the Reporting Period, Mr. Yao has been the vice president of Chinese Youth Entrepreneurs Association. Mr. Yao was president of China National Association of Metal Material Trade, vice president of China Federation of Logistics & Purchasing and executive council member of China Association for Public Companies, etc.. Mr. Yao received a bachelor's degree in economics from Nankai University in 1996, a master's degree in business administration (MBA) from Tsinghua University in 2006, and a doctor's degree in management from Graduate University of Chinese Academy of Sciences in 2011.

Company Secretary

Sze Mei Ming, aged 40, has been the Company Secretary of the Company since March 2009. Ms. Sze joined the Group in 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 2017.

PRINCIPAL ACTIVITIES

The Company's principal business is to create customer-to-maker (C2M) ecosystems in health, happiness and wealth, providing high-quality products and services for families around the world. The Health Ecosystem includes three major parts: Pharmaceutical, Medical Services & Health Management and Health Products; the Happiness Ecosystem includes three major parts: Tourism & Leisure, Fashion and Consumer & Lifestyle while the Wealth Ecosystem includes three major segments: Insurance and Finance, Investment and Hive Property.

BUSINESS REVIEW OF THE GROUP IN 2017

A fair view of the business of the Group in 2017 and a discussion and analysis of the material factors underlying the Group's performance, results and financial position during the year are provided in the sections headed "Business Review" and "Financial Review" under "Management Discussion and Analysis" in this annual report respectively. Description of the major risks and uncertainties faced by the Group can be found throughout this annual report, particularly in the Directors' Report. Particulars of important events affecting the Group that have occurred since the end of the financial year 2017, can also be found in the above mentioned sections and the Notes to Financial Statements. The outlook of the Group's business is discussed throughout this annual report including the section headed "Letter to Shareholders".

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2017 and the state of affairs of the Group at that date are set out in the financial statements and the accompanying notes of this annual report.

The Board has recommended the payment of a final dividend of HKD0.35 per Share for the year ended 31 December 2017 to the shareholders of the Company whose names appear on the register of members of the Company on 14 June 2018. Subject to approval by the shareholders of the Company at the annual general meeting of the Company to be held on 6 June 2018 (the "**AGM**"), the proposed final dividend is expected to be paid on or around 16 July 2018 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 1 June 2018 to Wednesday, 6 June 2018, 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, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "**Share Registrar**"), for registration no later than 4:30 p.m. on Thursday, 31 May 2018.

The register of members of the Company will also be closed from Tuesday, 12 June 2018 to Thursday, 14 June 2018, 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 for registration no later than 4:30 p.m. on Monday, 11 June 2018.

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 13 and 14 to financial statements, respectively.

ISSUED SHARES

Details of movements in the Company's Share during the Reporting Period are set out in note 54 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 40 to financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2017, the Board considered repurchases of Shares will lead to an enhancement of the net asset value per Share and/or earnings per Share, thus the Company repurchased a total of 34,765,500 Shares on the Hong Kong Stock Exchange at an aggregate consideration of HKD415,445,959.73. All the repurchased Shares were cancelled.

Details of the repurchase are summarized as follows:

Month of Repurchase	Total number of Shares repurchased	Highest price paid per Share (HKD)	Lowest price paid per Share (HKD)	Total purchase price paid (HKD)
March 2017	11,710,500	11.70	11.44	135,967,120.00
June 2017	10,059,000	12.30	11.80	121,165,609.90
July 2017	11,894,000	12.04	11.50	140,940,029.69
December 2017	1,102,000	15.94	15.56	17,373,200.14
Total	**34,765,500**	**–**	**–**	**415,445,959.73**

Save as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2017.

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 (the "**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 and represented premium of approximately 40.25% (i.e. HKD7.13) on closing price quoted on the Hong Kong Stock Exchange on 22 November 2013) 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.

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 base 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, Convertible Bonds with principal amount of HK$272,000,000 was exercised, 27,200,000 Shares were converted at the conversion price of HKD10.00 per share. The remaining Convertible Bonds with principal amount of HKD97,000,000 have not yet been exercised. Upon the conversion of the remaining Convertible Bonds (i.e. 9,700,000 Shares), the shareholding of the existing shareholders (excluding the substantial shareholder of the Company and the Directors) of 2,420,319,581 shares at the end of the Reporting Period will be diluted from appropriately 28.18% to 28.15%.

SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 25 March 2015, unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the circular of the Company dated 19 May 2017.

The purposes of the Share Award Scheme are (i) to align the interests of the eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares; and (ii) to encourage and retain the eligible persons to make contributions to the long-term growth and profits of the Group.

On 4 May 2017, the Board resolved to award an aggregate of 5,275,000 award shares to 65 selected participants under the Share Award Scheme. The award shares were settled by way of (i) issue and allotment of 4,605,200 Shares (the "**New Award Shares**") pursuant to a specific mandate obtained in the extraordinary general meeting; and (ii) 669,800 award Shares which were lapsed before vesting under the 2015 Award and 2016 Award. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the New Award Shares shall be transferred from the trustee, Computershare Hong Kong Trustee Limited (the "**Trustee**") to the selected participants upon expiry of the respective vesting period. As at the end of the Reporting Period, the New Award Shares have been fully issued to the Trustee.

The total number of non-vested award Shares granted to a selected participant under the Share Award Scheme shall not exceed 0.3% of the total number of issued Shares from time to time.

Details of the movement of the award Shares during the Reporting Period were as follows:

Name of Director	Date of grant	Vesting period[Note 1]	Number of award Shares: Outstanding as at 1 January 2017	Vested during the Reporting Period	Granted during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Outstanding as at 31 December 2017
Chen Qiyu	4 May 2017	3 May 2018 to 3 May 2020	497,500	191,400	375,000	–	681,100
Xu Xiaoliang	4 May 2017	3 May 2018 to 3 May 2020	457,300	171,600	375,000	–	660,700
Qin Xuetang	4 May 2017	3 May 2018 to 3 May 2020	544,300	211,200	325,000	–	658,100
Wang Can	4 May 2017	3 May 2018 to 3 May 2020	205,200	74,250	190,000	–	320,950
Kang Lan	4 May 2017	3 May 2018 to 3 May 2020	320,500	122,100	190,000	–	388,400
Gong Ping	4 May 2017	3 May 2018 to 3 May 2020	150,200	56,100	190,000	–	284,100
Zhang Shengman	4 May 2017	3 May 2018 to 3 May 2020	41,700	14,850	35,000	–	61,850
Zhang Huaqiao	4 May 2017	3 May 2018 to 3 May 2020	41,700	14,850	35,000	–	61,850
David T. Zhang	4 May 2017	3 May 2018 to 3 May 2020	41,700	14,850	35,000	–	61,850
Yang Chao	4 May 2017	3 May 2018 to 3 May 2020	35,000	11,550	35,000	–	58,450
Lee Kai-Fu	4 May 2017	3 May 2018 to 3 May 2020	–	–	35,000	–	35,000
Ding Guoqi [Note 3]	–	–	592,700	229,350	–	–	363,350
Sub-total			**2,927,800**	**1,112,100**	**1,820,000**		**3,635,700**
Other selected participants	4 May 2017	3 May 2018 to 3 May 2020	5,136,100	1,833,150	3,455,000	(859,850)	5,898,100
Total			**8,063,900**	**2,945,250**	**5,275,000** [Note 2]	**(859,850)**	**9,533,800**

Notes:

(1) Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the award Shares shall be transferred from the Trustee to the selected participants upon expiry of the following vesting periods:

Percentage of Award Shares to be vested	Vesting Date
33%	3 May 2018
33%	3 May 2019
34%	3 May 2020

(2) including the 669,800 Shares which had lapsed before vesting under the 2015 Award and 2016 Award.

(3) Mr. Ding Guoqi resigned as Executive Director with effect from 28 March 2017.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 19 June 2007 and was expired on 18 June 2017 (the "**Old Share Option Scheme**"). All outstanding options granted under the Old Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the Old Share Option Scheme. The Company adopted a new share option scheme at the general meeting of the Company held on 6 June 2017 (the "**New Share Option Scheme**"). The major terms of the New Share Option Scheme are as follows:

1) The purpose of the New 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 New Share Option Scheme are any Director (including independent non-executive Director), employee (whether full-time or part-time), consultant or advisor of the Group 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 New Share Option Scheme and any other schemes of the Company 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 New Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 857,897,014 Shares, being 10% of the issued Shares in issue as at the date of the shareholders' approval of the New Share Option Scheme, unless separate shareholders' approval has been obtained. The total of 857,897,014 Shares available for issue under the New Share Option Scheme representing approximately 9.99% of the issued Shares as at the end of the Reporting Period.

4) The maximum entitlement of each participant under the New 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 New Share Option Scheme must not be more than 10 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 higher of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average of the closing prices of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant.

8) Subject to earlier termination by the Company in a general meeting or by the Board, the New 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 New Share Option Scheme and expiring on the last day of the ten-year-period.

In order to promote the Company's values of entrepreneurship, encourage value creation, and reward contributions by its core management staff, the Company has decided to grant share options (the "**Options**") under the Old Share Option Scheme to the global core management staff (the "**Grantees**") during the Reporting Period, as part of its continuing efforts to develop a multi-layered and long-term incentives mechanism for ongoing management innovations and cultural heritage.

During the Reporting Period, the Company has granted accumulated 167,400,000 Options to subscribe for an aggregate of 167,400,000 Shares under the Old Share Option Scheme. As at the end of the Reporting Period, 145,400,000 effective Options were outstanding except for the expired, lapsed or cancelled Options. The aggregate fair value of the Options granted amounted to approximately HKD471,008,000.

The following table discloses movements in the Company's outstanding Options under the Old Share Option Scheme during the Reporting Period.

			Number of the Options					
Name of Grantee	Date of grant of the Options	On 1 January 2017	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	On 31 December 2017	Exercise period of the Options[1]	Exercise price of the Options per Share (HKD)
Chen Qiyu	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026	11.53
	4 May 2017	–	1,500,000	–	–	1,500,000	4 May 2022 to 3 May 2027	11.75
Xu Xiaoliang	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026	11.53
	4 May 2017	–	1,500,000	–	–	1,500,000	4 May 2022 to 3 May 2027	11.75
Qin Xuetang	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026	11.53
Wang Can	8 January 2016	4,000,000	–	–	–	4,000,000	8 January 2021 to 7 January 2026	11.53
	4 May 2017	–	4,900,000	–	–	4,900,000	4 May 2022 to 3 May 2027	11.75
Kang Lan	8 January 2016	7,000,000	–	–	–	7,000,000	8 January 2021 to 7 January 2026	11.53
	4 May 2017	–	1,900,000	–	–	1,900,000	4 May 2022 to 3 May 2027	11.75
Gong Ping	8 January 2016	4,000,000	–	–	–	4,000,000	8 January 2021 to 7 January 2026	11.53
	4 May 2017	–	4,900,000	–	–	4,900,000	4 May 2022 to 3 May 2027	11.75
Other Grantees	8 January 2016	52,000,000	–	–	8,000,000	44,000,000	8 January 2021 to 7 January 2026	11.53
	4 May 2017	–	41,700,000	–	–	41,700,000	4 May 2022 to 3 May 2027	11.75
Ding Guoqi[2]	8 January 2016	10,000,000	–	–	10,000,000	–	–	–
Total		**107,000,000**	**56,400,000**	**–**	**18,000,000**	**145,400,000**		

Notes:

1. The Options are exercisable by each Grantee in three tranches as set out below:

   (a) up to the first 20% of the Options, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing on the date of the grant of Options (the "**Option Period**");

   (b) up to a further 30% of the Options, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period; and

   (c) in respect of the remaining 50% of the Options, which, for the avoidance of doubt, comprise those Options which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period.

2. Mr. Ding Guoqi resigned as Executive Director with effect from 28 March 2017.

The exercise of the Options by the Grantees is conditional upon the fulfilment of certain performance targets relating to the Group (the "**Performance Target**"). The Performance Target has been determined by the Board and specified in the respective grant letters of each Grantee. Unless the Performance Target is met, the Options granted to the Grantees will lapse.

SISRAM MEDICAL PLAN

The shareholders of the Company and Fosun Pharma approved the adoption of the Sisram Medical Plan on 28 May 2015 and 29 June 2015 respectively (the relevant details of the Sisram Medical Plan under the following paragraphs are set out in the circular of the Company dated 24 April 2015 ("**Sisram Circular**"), unless otherwise defined, the capitialized terms set out herein shall have the same meanings as set out in the Sisram Circular).

The purpose of Sisram Medical Plan is to enhance the management participation in Alma Lasers Ltd., which is important that they would be offered an opportunity to obtain ownership interest in Sisram and to enjoy the results of Sisram attained through their efforts and contributions. The persons eligible for participation in the Sisram Medical Plan shall include any Sisram employees and/or non-Sisram employees of Sisram or any of its associates, and the basis for their eligibility shall be determined by the board of directors of Sisram based on such participant's contribution or potential contribution to the development and growth of Sisram.

The total number of Sisram Shares which may be issued upon exercise of all options to be granted under the Sisram Medical Plan is 106,500 Sisram Shares, representing approximately 0.02% of the issued share capital of Sisram as at the end of the Reporting Period. The maximum number of shares in Sisram issued and to be issued upon the exercise of the options granted under the Sisram Medical Plan and any other share option schemes of Sisram to the participation in the Sisram Medical Plan (including both exercised and outstanding options), in any twelve-month period up to the date of grant shall not exceed 1% of the number of shares in Sisram in issue as at the date of grant subject to approval of the respective shareholders of Fosun Pharma and the Company. No consideration is payable to Sisram upon acceptance of the option in accordance with the terms of the Sisram Medical Plan. The exercise price of the options shall be determined by the board of directors of Sisram or its committee at its sole and absolute discretion in accordance with applicable law, and shall not be less than the fair market value of shares in Sisram on the date of grant. The Sisram Medical Plan shall terminate at the end of ten years from the date of adoption, unless terminated earlier in accordance with the terms of the Sisram Medical Plan.

On 30 August 2017, the board of directors of Sisram resolved to terminate the Sisram Medical Plan, which was subject to the completion of the global offering of Sisram Shares. On 19 September 2017, the Sisram Shares were listed and traded on the Main Board of the Hong Kong Stock Exchange. As of 19 September 2017, the Sisram Medical Plan was terminated, no options were granted under the Sisram Medical Plan.

SHANGHAI HENLIUS SHARE OPTION INCENTIVE SCHEME

The shareholders of the Company and Fosun Pharma approved the adoption of the Shanghai Henlius Share Option Incentive Scheme on 6 June 2017 and 29 June 2017 respectively (the relevant details of the Shanghai Henlius Share Option Incentive Scheme under the following paragraphs are set out in the circular of the Company dated 19 May 2017 ("**Shanghai Henlius Circular**"), unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the Shanghai Henlius Circular).

The purpose of Shanghai Henlius Share Option Incentive Scheme is to provide the participants of the Shanghai Henlius Share Option Incentive Scheme with the opportunities to acquire interests in Shanghai Henlius, which will encourage the participants to work towards enhancing the values of Shanghai Henlius and in turn benefiting Shanghai Henlius, Fosun Pharma and the Company and their respective shareholders as a whole. The basis of eligibility of the participants, which include employees of Shanghai Henlius and its subsidiaries and other person who made outstanding contribution to Shanghai Henlius, shall be determined by the board of directors of Shanghai Henlius in accordance with the requirements of relevant laws and regulations.

The total number of new option shares which may be issued upon exercise of all share options to be granted under the Shanghai Henlius Share Option Incentive Scheme is 22,750,000 shares, representing approximately 5.06% of the total issued shares of Shanghai Henlius as at the end of the Reporting Period. Unless approved by the shareholders of Shanghai Henlius, Fosun Pharma and the Company, the total number of shares in Shanghai Henlius issued and to be issued upon exercise of the options granted and to be granted under the Shanghai Henlius Share Option Incentive Scheme and any other effective share option scheme(s) (if any) of Shanghai Henlius to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of issued shares of Shanghai Henlius in the same class. No consideration is payable to Shanghai Henlius upon acceptance of the option in accordance with the terms of the Shanghai Henlius Share Option Incentive Scheme. Subject to the adjustment to be made based on the price of shares in Shanghai Henlius of further financing rounds should such price is higher than the exercise price, the exercise price of each share subject to the initial tranche of options to be granted under the Shanghai Henlius Share Option Incentive Scheme shall be RMB9.21 per share, which was determined by the board of directors of Shanghai Henlius based on the market value of the shares of Shanghai Henlius taking account of the incentive effect, which is equivalent to the market price of the shares of Shanghai Henlius that arrived at based on the consideration of the latest financing round of Shanghai Henlius, such consideration was determined based on the assessed value of Shanghai Henlius considering a discounted cash flow model and the negotiation between Shanghai Henlius and the third party investors. The exercise price of the remaining tranche of options will be determined by the board of directors of Shanghai Henlius based on the specific situations thereof on the date of grant in accordance with the terms of Shanghai Henlius Share Option Incentive Scheme. The Shanghai Henlius Share Option Incentive Scheme shall terminate at the end of 10 years from the date of adoption, unless terminated earlier in accordance with the terms of the Shanghai Henlius Share Option Incentive Scheme.

During the Reporting Period, no share option of Shanghai Henlius were granted under the Shanghai Henlius Share Option Incentive Scheme.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the Consolidated Statement of Changes in Equity of this annual report and details of movements in the reserves of the Company during the Reporting Period are set out in note 70 to financial statements.

On 31 December 2017, 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 RMB4,982,836,000, of which RMB2,512,496,000 has been proposed as a final dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

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

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

DIRECTORS

The Directors during the Reporting Period were:

Executive Directors(1)

Mr. Guo Guangchang *(Chairman)*
Mr. Wang Qunbin *(Chief Executive Officer)* (2)
Mr. Chen Qiyu *(Co-President)* (3)
Mr. Xu Xiaoliang *(Co-President)* (3)
Mr. Qin Xuetang
Mr. Wang Can(4)
Ms. Kang Lan(4)
Mr. Gong Ping(4)

Independent Non-Executive Directors

Mr. Zhang Shengman
Mr. Zhang Huaqiao
Mr. David T. Zhang
Mr. Yang Chao
Dr. Lee Kai-Fu(4)

Notes:

(1) Mr. Liang Xinjun and Mr. Ding Guoqi resigned as Executive Directors of the Company with effect from 28 March 2017
(2) Re-designated as the Chief Executive Officer of the Company with effect from 28 March 2017
(3) Appointed as the Co-President of the Company with effect from 28 March 2017
(4) Mr. Wang Can, Ms. Kang Lan and Mr. Gong Ping have been appointed as Executive Directors and Senior Vice Presidents of the Company and Dr. Lee Kai-Fu has been appointed as an Independent Non-Executive Director of the Company, all with effect from 28 March 2017

According to Articles 106 and 107 of the Articles of Association, Mr. Wang Qunbin, Mr. Chen Qiyu, Mr. Xu Xiaoliang, Mr. Qin Xuetang and Mr. Zhang Shengman shall retire by rotation at the AGM. All of the above five retiring Directors, being eligible, will offer themselves for re-election at the same meeting.

Pursuant to A.4.3 of the CG Code, it is, inter alia, stated that if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by the shareholders. Mr. Zhang Shengman had served the Company as an Independent Non-Executive Director for over nine years since 1 December 2006. At the 2016 AGM, it was approved by the shareholders through a separate resolution to re-elect Mr. Zhang as an Independent Non-Executive Director. The Company considers Mr. Zhang to continue to be independent.

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 OF SUBSIDIARIES

As at 31 December 2017, the names of all the directors who serve the subsidiaries of the Company or act as the sole director of subsidiaries of the Company are published on the Company's website.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

All Directors have entered into service contracts with the Company for a term of 3 years from 28 March 2017. 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 2017 interim report and up to the end of the Reporting Period are set out below:

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

Name of Director	Date of changes	Original position	Current position
Guo Guangchang	8 November 2017	Chairman of Fosun High Technology	–
Wang Qunbin	8 November 2017	Director of Fosun High Technology	–
Chen Qiyu	8 November 2017	Director of Fosun High Technology	Chairman of Fosun High Technology

(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
Chen Qiyu	6 November 2017	Director of Maxigen Biotech Inc.	–
Xu Xiaoliang	12 July 2017	–	Director of Shanghai Foyo Culture & Entertainment Co., Ltd
Gong Ping	20 July 2017	–	Director of Paris Reality Fund SA
Zhang Huaqiao	15 September 2017	Executive Director and Chairman of China Smartpay Group Holdings Limited	Non-Executive Director and Chairman of China Smartpay Group Holdings Limited

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2017, 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 2017, 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	6,155,972,473 (1)	Corporate	71.68%
Chen Qiyu	Ordinary	16,328,000	Individual	0.19%
Xu Xiaoliang	Ordinary	13,895,000	Individual	0.16%
Qin Xuetang	Ordinary	15,147,640	Individual	0.18%
Wang Can	Ordinary	9,415,000	Individual	0.11%
Kang Lan	Ordinary	9,460,000	Individual	0.11%
Gong Ping	Ordinary	9,360,000	Individual	0.11%
Zhang Shengman	Ordinary	530,000	Individual	0.01%
Zhang Huaqiao	Ordinary	80,000	Individual	0.00%
David T. Zhang	Ordinary	80,000	Individual	0.00%
Yang Chao	Ordinary	70,000	Individual	0.00%
Lee Kai-Fu	Ordinary	35,000	Individual	0.00%

(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/Amount of debentures	Type of interests	Approximate percentage in relevant class of shares/ debentures
Guo Guangchang	Fosun Holdings	Ordinary	1	Corporate	100.00%
	Fosun International Holdings	Ordinary	32,225	Individual	64.45%
	Fosun Pharma	A Shares(2)	114,075	Individual	0.01%
		A Shares(2)	936,575,490	Corporate	46.57%
		H Shares	9,989,000	Corporate	2.06%
	Sisram	Ordinary	330,558,800	Corporate	74.76%
Wang Qunbin	Fosun International Holdings	Ordinary	5,555	Individual	11.11%
	Fosun Pharma	A Shares(2)	114,075	Individual	0.01%
Chen Qiyu	Fosun Pharma	A Shares(2)	114,075	Individual	0.01%
Qin Xuetang	Fosun Pharma	A Shares(2)	114,075	Individual	0.01%
	Fortune Star (BVI) Limited	N/A	2,000,000	Individual	0.14%

Notes:

(1) Pursuant to Division 7 of Part XV of the SFO, 6,155,972,473 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 SSE.

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

As at 31 December 2017, 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	6,155,972,473 (2)	71.68%
Fosun International Holdings(1)	6,155,972,473 (2) (3)	71.68%

Notes:

(1) Fosun International Holdings is owned as to 64.45%, 24.44% and 11.11% by Messrs. Guo Guangchang, Liang Xinjun and Wang Qunbin, 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 64.45%, 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 2017, 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 2017, the Company entered into the following connected transaction:

1. On 4 May 2017, the Board has resolved to award an aggregate of 5,275,000 award shares to 65 selected participants, including Directors and directors of significant subsidiaries of the Company who are connected persons of the Company, under the Share Award Scheme. The award shares will be settled by way of: (i) issue and allotment of 4,605,200 New Award Shares pursuant to a specific mandate obtained in the extraordinary general meeting held on 6 June 2017; and (ii) 669,800 award shares which were lapsed before vesting under the 2015 Award and 2016 Award (the "**Existing Award Shares**"). Upon issuance and allotment of the New Award Shares, the Trustee will hold the New Award Shares on trust for the selected participants and such New Award Shares, together with the Existing Award Shares, shall be transferred to the selected participants upon satisfaction of the vesting conditions. The number of award shares granted to each of the selected participants was determined in accordance with their respective contributions to the Group. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, the trustee is an associate of a connected person of the Company and the issue of the New Award Shares to the Trustee shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details about the Share Award Scheme are set out in the section headed "Share Award Scheme" under the Directors' Report in this annual report, the announcement of the Company dated 4 May 2017 and the circular of the Company dated 19 May 2017.

MATERIAL TRANSACTIONS

For the year ended 31 December 2017, the Company entered into the following material transactions:

1. On 9 January 2017 (Portugal time), Chiado (Luxembourg) S.à r.l. ("**Chiado**") has issued a subscription order (as defined in the announcement of the Company dated 10 January 2017, the "**Subscription Order**"). After completion of the Subscription Order in February 2017, Chiado held approximately 23.92% of the share capital of BCP. The total consideration paid for the transactions is approximately EUR549 million. Further details are set out in the announcements of the Company dated 31 July 2016, 20 November 2016, 10 January 2017, 25 January 2017 and 7 February 2017, and the circular of the Company dated 22 June 2017.

2. On 1 May 2017, as all the conditions precedent set out in the stock purchase agreement that was entered into among Mettlesome Investments Limited and Mettlesome Investments (Cayman) III Limited, both of which are indirect wholly-owned subsidiaries of the Company as sellers (the "**Sellers**"), Liberty Mutual Group Inc. as purchaser, Ironshore and the Company in relation to the sale of all of the issued and outstanding ordinary shares of Ironshore by the Sellers (the "**Disposal**"), have been fulfilled, the Disposal has been completed. Following the completion of the Disposal, the Group has ceased to hold any interest in Ironshore and accordingly, Ironshore has ceased to be a subsidiary of the Company. Further details are set out in the announcements of the Company dated 5 December 2016 and 1 May 2017.

3. On 31 May 2017, Shanghai Pingju Investment Management Co., Ltd., an indirect non-wholly owned subsidiary of the Company (the "**Purchaser**") entered into the share purchase agreement with Polyus Gold International Limited (the "**Seller**") relating to the acquisition of 12,561,868 shares of Public Joint Stock Company Polyus and an option to purchase all or some of the call option shares as disclosed in the announcement dated 31 May 2017. On 15 January 2018, the Purchaser and the Seller entered into a deed of release and agreed to terminate the share purchase agreement immediately, due to the non-satisfaction of certain condition precedent under the share purchase agreement. Each party irrevocably and unconditionally released and discharged the other party absolutely from all claims, liabilities and demands under or in connection with the share purchase agreement. Further details are set out in the announcements of the Company dated 31 May 2017 and 15 January 2018.

4. On 6 June 2017, the Company and Fosun Pharma announced that a joint application was made to the Hong Kong Stock Exchange for the approval of the proposed spin-off and separate listing of Sisram, a non wholly-owned subsidiary of Fosun Pharma, on the Main Board of the Hong Kong Stock Exchange. On 17 August 2017, the Company announced that qualifying shareholders of the Company (the "**Qualifying Shareholders**") will be provided with an assured entitlement to the shares of Sisram (the "**Sisram Shares**") by way of a preferential application in the proposed global offering of the Sisram Shares (the "**Global Offering**"). The basis of the assured entitlement of the Qualifying Shareholders is one (1) Sisram Share for every 1,560 shares of the Company held by Qualifying Shareholders on the record date. On 12 September 2017, the Company and Fosun Pharma announced that the final offer price in respect of the Sisram Shares under the Global Offering is HK$8.88 per Sisram Share. The Company and Fosun Pharma announced that on 19 September 2017, Sisram was successfully listed on the Hong Kong Stock Exchange with stock code of 1696. Further details are set out in the joint announcements of the Company and Fosun Pharma dated 6 June 2017, 17 August 2017, 20 August 2017, 30 August 2017, 5 September 2017, 12 September 2017, 19 September 2017 and 8 October 2017.

5. On 3 October 2017, since all conditions precedent of the acquisition of the controlling interest in Gland Pharma have been satisfied, in accordance with the terms of the transaction documents and the amendments thereto, the acquisition of the controlling interest in Gland Pharma has been completed (the "**Completion**"). Following the Completion, the Gland Pharma became an indirect non-wholly owned subsidiary of Fosun Pharma and the Company (Fosun Pharma and the Company (via Fosun Pharma) indirectly held approximately 74% equity interest in Gland Pharma), and the financial results of Gland Pharma will be consolidated into the financial statements of Fosun Pharma and the Company. Further details are set out in the joint announcements of the Company and Fosun Pharma dated 28 July 2016, 24 April 2017, 27 July 2017, 17 September 2017 and 3 October 2017, the announcements of Fosun Pharma dated 4 August 2016, 30 March 2017 and 1 August 2017, the circular of Fosun Pharma dated 11 August 2016 and the poll results announcement of Fosun Pharma dated 29 September 2016.

6. On 20 November 2017, the Group and Yuyuan agreed to terminate the initial sale and purchase agreement entered into on 25 May 2017, and replace it with a formal sale and purchase agreement. On 12 January 2018, the Group and Yuyuan entered into a supplemental agreement to amend certain terms of the formal sale and purchase agreement. On 18 January 2018, the Group and Yuyuan entered into a second supplemental agreement to amend certain terms of the formal sale and purchase agreement and the supplemental agreement. Pursuant to the formal sale and purchase agreement, the supplemental agreement and the second supplemental agreement, the vendors in the Group have conditionally agreed to sell and Yuyuan has conditionally agreed to purchase the entire equity interest held by the vendors in 24 target companies with a total consideration of approximately RMB22.36 billion (subject to adjustments, if any), which will be settled by way of issue of shares by Yuyuan. Further details are set out in the announcements of the Company dated 25 May 2017, 15 June 2017, 20 November 2017, 27 December 2017, 12 January 2018, 19 January 2018 and 31 January 2018.

7. On 20 December 2017, Fosun Industrial Holdings Limited, Peak Reinsurance Company Limited, Fidelidade, Star Insurance Company and China Momentum Investment (BVI) Limited (the "**Buyers**") have entered into the relevant share purchase agreements separately with Asahi Group Holdings, Ltd. (the "**Seller**"), pursuant to which the Buyers agreed to purchase and the Seller agreed to sell 243,108,236 sale shares, representing 37.11% in aggregate of the issued H-Shares and 17.99% in aggregate of the total issued shares of Tsingtao Brewery Company Limited at HKD27.22 per sale share for a consideration of approximately HKD6,617 million in total. The acquisition was completed on 19 March 2018. Further details are set out in the announcements of the Company dated 20 December 2017 and 19 March 2018.

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 (the "**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 and Mr. Wang Qunbin (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 63 to financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the Reporting Period of the Group are set out in note 68 to financial statements and the section headed "Recent Development" under Management Discussion and Analysis in this annual report.

ENVIRONMENT POLICY AND THE PERFORMANCE

The Company actively fulfils social responsibility, protects and cares for the environment, makes good use and cherishes resources, adopts more environment-friendly design and technology, enhances the sense of environmental protection among employees, cooperative partners and customers, and strives to minimize the impact of the Company's businesses on the environment.

The Company published the "Fosun Group's Safety, Quality and Environmental Policy" in 2012 and further published an update policy in 2016, and made undertakings that the policy will be fully implemented in companies within the Group. The EHSQ performance of various enterprises will be enhanced through supervision by the Group and self-management by the enterprises. Details are set out in the section "Environmental, Social and Governance Report" in this annual report.

RELATIONSHIP WITH ITS EMPLOYEES, CUSTOMERS, SUPPLIERS AND INVESTORS

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

The Company adopts a variety of ways to communicate with its employees, such as Fosun Morning Assembly (once a week), Fosun Luncheon Session (non-regular), HR Hotline "A La Ding" (阿拉釘), and their performance review and feedback from management heads in different tiers. These communication channels allow the Company to understand its employees and at the same time to deliver the Company's strategies and culture to its employees, through which the latest information of the country, industries and enterprises is also shared with our employees, thus a diverse platform for learning and development is provided. Our employees are also encouraged to attend charitable activities for upholding Fosun's value and brand.

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

MAJOR RISKS AND RESPONSIVE MEASURES

The Group adopts a prudent attitude in the course of investment and operation, and minimizes the costs of risks for the Group and dynamically manages the risk exposure through a scientific investment decision-making process, a stringent pre-investment assessment and post-investment management system. As the Group increases global investments, particularly the investment in the financial sector, the Group has further strengthened risk management and control at the group level in 2017 and improved the enterprise risk management system in the aspects of, among other things, organization structure, management system and workflow to enhance the risk management standards. Nevertheless, the Group is still fully aware of the risks and uncertainties faced in its operations, such as:

1. Strategic risk

Strategic risk refers to the risk that corporate strategy is not compatible with market environment or corporate capabilities due to the ineffectiveness in the formulation and implementation of strategies or the changes of the business environment. As the Group's investments cover a wide range of industries and are distributed worldwide, certain uncertainties exist in judging the development trends of industries, and also deviation from expectations may be encountered in the course of integrating global industrial resources and promoting synergy.

The Group formulates long-term development strategies for the Group on the basis of sufficient research on the development trends of domestic and overseas markets and national industrial policies to ensure the strategic objectives of the Group and its subsidiaries coordinated with each other, reviews the development strategies of the Group periodically and makes dynamic adjustments to the strategies in a timely manner according to changes in external conditions. The Group drives the implementation of established strategies through the preparation of annual budget and operation plans. Accomplishments status of the plans are tracked by monthly meetings, operation analysis meetings and post-investment risk alert mechanism, guidance is provided to all subsidiaries to facilitate strategic risk management and avoid negative impact arising from the lack of strategic synergies among subsidiaries of the Group.

2. Market risk

Market risk refers to the risk of unexpected losses suffered by the Group arising from adverse movements in, among other things, interest rates, equity prices, real estate prices and exchange rates.

The Group adheres to the core concept of "value investing" and has established different asset allocation principles for investments according to sources of capital and characteristics of different entities surrounding the Group's key development directions of "Health, Happiness and Wealth". Meanwhile, a market risk management system with multilayer has been established to enhance the capabilities on market risk identification, assessment, measurement, analysis and response on an ongoing basis. The strategic asset allocations of all independent legal entities, such as core financial enterprises and non-financial industry operating entities, are coordinated and considered at the group level, asset allocation plans for annual investments are prepared by incorporating group financing, rating constraints and overall risk tolerance capacity to coordinate the instant monitoring of foreign exchange risk and interest rate risk exposures at the group level and adjust hedging strategies dynamically. All subsidiaries will establish various types of investment risk limit systems by incorporating its own characteristics of assets and liabilities. Core financial enterprises perform scientific and effective assessment and management on the market risk based on asset liability management strategies, investment risk reports will be issued on a regular basis by generally adopting, among other things, scenario analysis, value at risk computation and stress testing, while adopting various types of hedging measures to control interest rate risk and exchange rate risk effectively. Non-financial industry operating entities focus on synergies between industries to strike a balance on essential factors such as return, risk and long-term strategic objectives.

3. Credit risk

Credit risk refers to the risk of unexpected losses stemming from counterparty's failure to perform obligation, or adverse change of counterparty's credit standing. The credit risk faced by the Group is mainly related to the deposits at the commercial banks, loans issuance, investment in bonds, reinsurance arrangement for operating insurance business and receivables, etc.

The Group has established a credit risk management system with multilayer, annual rating and allocation recommendations are prepared for fixed-income investments at the group level and provisions for impairment are timely made with full amount for investments with impairment signs. Core financial enterprises have established a credit risk management mechanism with credit rating as its core, and targeted management and control measures will be implemented respectively on their credit risk and counterparty concentration risk according to the characteristics of the different natures and risks of their own businesses. Through setting classification standards on credit ratings, industries and regions, credit risk exposures of the underlying assets are monitored on a regular basis so that their risk conditions are reflected timely to the relevant business departments and the management for taking risk responsive measures in a timely manner. Non-financial industry operating entities manage and control credit risk of receivables through measures, such as assessment of counterparties, regular aging analysis and timely recovery calls.

4. Liquidity risk

Liquidity risk refers to the risk of being unable to pay the due obligations or perform other payment obligations due to the inability to get enough capital in time or at a reasonable cost.

The Group adopts a stable and sound liquidity risk management and control strategy. Group Treasury Management Department closely monitors the liquidity conditions of core subsidiaries, it also monitors, controls and forecasts the cash position and capital needs within a certain period in the future at the group level and among core subsidiaries, and conducts stress tests with different scenarios according to the different sources of funds. Funding plans will be prepared to meet immediate or possible emerging cash gaps on the basis of maintaining independent operations among all subsidiaries. Core financial enterprises have established a daily monitoring and detecting mechanism for liquidity risk, by adopting risk management tools such as scenario analysis and stress testing to monitor liquidity risk in a dynamic manner. Non-financial industry operating entities adjust the liquidity contingency plan in a timely manner in accordance with the forecast of liquidity needs on the liability side.

5. Insurance risk

Insurance risk refers to the risk of losses to insurance companies caused by deviation of actual mortality, morbidity, loss ratio, lapse rate, etc. from the assumptions used in pricing.

All insurance subsidiaries of the Group assess and monitor insurance risks by adopting sensitivity analysis, scenario analysis and stress testing, and evaluate the impacts of different actuarial assumptions, such as discount rate, investment yield, mortality, morbidity, lapse rate and expense ratio, on insurance technical reserves, solvency ratio or profitability etc..

6. Compliance risk

Compliance risk refers to the potential of an enterprise and its employees and agents being subject to legal obligations, regulatory penalties, financial or reputation losses due to failure to comply with laws or regulations. With businesses distributed around the world, the Group is also subject to the laws and regulatory rules of different jurisdictions.

The Group deeply understands the importance of compliance in operation to the development of a corporation and always regards environmental protection, occupational health, safety in production and quality control (EHSQ) as the key contents of performing social responsibility. The Group complies with the information disclosure requirements of the Hong Kong Stock Exchange and stock exchanges in places where the investment enterprises operate and performs disclosure obligations in a timely manner. With an increasing proportion of investments in financial enterprises by the Group, and the background of tightened supervision and regulation over the global financial industry, the Group has strengthened its tracking on regulatory changes and issues compliance risk alerts of the financial sectors to timely analyze and assess the effects of new supervisory and regulatory rules on the operation of the financial enterprises of the Group, as well as to trace the effects of implemented measures to control compliance risk.

7. Operation risk

The Group has made investments in the areas of "Health, Happiness and Wealth" in a number of countries and regions around the world. After completion of acquisitions, with subsidiaries acquired globally, the Group is faced with post-investment execution and consolidation risks in the aspects of, among other things, operational management, cultural integration and sense of identity among employees.

While pursuing globalization, the Group drives progress in the localization of our investment team, core management members and platforms. By maintaining understanding of the local market through quality management measures, in-depth development of the invested industry is realized. The Group also enhances mutual interflow and communication between subsidiaries and the Group through programs such as the CEO conference of global insurance companies and the star ambassador program, various types of measures are also adopted to enhance cultural identity, manage and control operation risk.

8. Reputation risk

Reputation risk refers to the risk of losses resulting from the stakeholders' negative evaluation on the corporation consequent to its own business operations or external events. The Group has established a reputation risk management mechanism comprising pre-event reputation risk alert, responsive measures to risk in progress, post-event risk review and restoration of reputation.

9. Capital management

The key objective of capital management of the Group is to maintain a capital adequacy level in line with the Group's overall risk position, while maximizing the return for shareholders. The business development of the core financial enterprises of the Group is limited by adequacy of the capital or solvency. With the implementation of Solvency II in European Union and the C-ROSS (China Risk Oriented Solvency System) in the PRC, the Group has established and improved solvency management system focusing on capital constraints in the insurance sector to implement asset liability management, monitor the evolving trend of solvency ratios on a regular basis, analyze the composition and changes of risk capital in core insurance companies and support the optimization of asset allocation in order to achieve a better balance among risk, capital and return.

10. Risk contagion

Risk contagion refers to a situation where the risk created by a member of the group spreads to another member of the group by means of intra-group transactions or other activities, causing losses to such other member.

While developing synergies, the Group has also established a clear and complete legal entity governance structure to improve the risk- oriented internal control system for the implementation of prudent management policies. Meanwhile, the firewalls have been established and improved continuously to enhance risk segregation within the Group.

FUTURE DEVELOPMENT OF THE GROUP

Future development of the Group is set out in the "Letter to Shareholders" 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

27 March 2018

MESSAGE FROM THE MANAGEMENT

This environmental, social and governance report aims to illustrate the Group's policies, performance and measures on environment, employment, health and safety, development and training, labor standards, supply chain management, product liability, anti-corruption and community investment in an objective and balanced manner and covers the main businesses operated by the Group and its important investees. The report has been prepared in accordance with the revised "Environmental, Social and Governance Reporting Guide" published by the Hong Kong Stock Exchange in December 2015.

SOCIAL RESPONSIBILITY OF FOSUN

Since its inception, the Group has been fulfilling deep-down its corporate social responsibilities by upholding the values of "Self-improvement, Teamwork, Performance and Contribution to society", and working tirelessly to serve the society, the people and the nation.

Founded in November 2012, the Fosun Foundation is a corporate foundation with our Group as the major donor. Fosun Foundation's projects include: natural disaster relief; poverty alleviation and helping the physically challenged people; financial assistance offered for cultural and educational corporate social responsibility ("**CSR**") projects, to young entrepreneurs and for youth employment and other CSR causes. In recent years, Fosun Foundation mainly focuses on areas such as culture, education and healthcare. In 2017, the Foundation made donations to more than 40 CSR projects, with a total donation of over RMB54 million.

Since 2015, Fosun Foundation has been expanding its overseas CSR projects. CSR activities were launched successively in New York, Lisbon and Berlin, etc. Fosun Foundation has also registered and launched related organisations in Hong Kong and U.S.. Looking ahead, Fosun Foundation will strive to continually work on promoting Fosun's values, and to consolidate public recognition of Fosun as a leading global citizen with the interest of the community at heart.

Major CSR projects:

Rural Doctors Poverty Alleviation Program

On 29 December 2017, the "Rural Doctors Poverty Alleviation Program" was officially launched. The program included segments such as a New Rural Medical Care Revitalization Program, capability building and training programs for Rural Doctors and health care provision for Rural Doctors. The program aimed to build up and retain a team of outstanding Rural Doctors in impoverished areas and to enhance the capacity of and accessibility of primary medical care services, so as to guarantee the availability of primary healthcare services to impoverished population in rural areas.

Fosun Foundation, together with Fosun Pharma, Wanbang, United Family Healthcare, Fosun United Health Insurance, Pramerica Fosun Life Insurance, Chancheng Hospital, We Doctor and other member companies within Fosun, plans to help at least 15,000 Rural Doctors in 100 impoverished counties through comprehensive development of targeted medical assistance projects such as medical training assistance, medical subsidies for the poor, doctors and patient supplementary health insurance, and quick referrals, and other dissemination and promotion activities such as the "Most Beautiful Rural Doctor Award" to guarantee retention of Rural Doctors and improve their professional skills, and re-poverty in an effort to effectively curb sickness-induced poverty in state-level poverty-stricken counties. It is estimated that the initiative would benefit at least 15 million rural residents, thereby effectively achieving poverty alleviation through healthcare and helping to reach China's 2020 poverty alleviation goal. In the early stage of the program, 24 state-level poverty-stricken counties in 12 provinces and autonomous regions including Yunnan, Xinjiang, Sichuan, Guizhou, Shaanxi and Hainan were selected as demonstration sites.

Fosun Foundation (Shanghai)

In 2017, Fosun Foundation (Shanghai) completed its first year of operation since its commencement. This shiny pearl on the bund of Huangpu River had brought forth an unique cultural and arts experience to Shanghai.

From 20 December 2016 to 20 February 2017, Fosun Foundation (Shanghai) presented *Twenty*, a special exhibition including 20 art works by 20 representative artists in the Chinese contemporary art history, to overview the development of Chinese contemporary art in the past 20 years. From 28 March 2017 to 10 June 2017, Julian Opie, one of the most respected contemporary artists in the UK, debuted his first exhibition in China. From 13 August 2017 to 7 October 2017, *Refurnishing Thoughts*, the solo exhibition of Swiss artist Yves Netzhammer, was held in conjunction with *The Mirage of Mountains and Seas*, the solo exhibition of Chinese artist Qiu Anxiong. Yves Netzhammer integrates and re-configures various arts elements to playfully subvert human understanding of time, space, and the world more generally: *joy and pain coexist*; *life and death cycle endlessly*. On the other hand, a work of ten painstaking years in the making, Qiu Anxiong's ink film trilogy *New Classic of Mountains and Seas I*, *New Classic of Mountains and Seas II,* and *New Classic of Mountains and Seas III* were showcased together for the first time in this exhibition. From 9 November 2017 to 7 January 2018, the first major global exhibition on A. R. Penck was launched since his death in May 2017. This exhibition had put on parade the colorful life of A. R. Penck, one of the greatest contemporary artists.

In addition to the four themed exhibitions, Fosun Foundation (Shanghai) also held more than 10 public education programs on art, including meetings with artists, junior artists graffiti camps, public art lectures, and student art experience activities.

Artesunate helps malaria treatment in Africa

On 5 October 2015, the Karolinska Institute in Sweden announced that the 2015 Nobel Prize in Physiology or Medicine was awarded to Chinese pharmacologist Tu Youyou and others for their achievements in the treatment of parasite diseases. Tu Youyou was honored for the pioneered discovery of artemisinin by a team of Chinese scientists under her lead, which created a new method for malaria treatment.

In malaria treatment, Fosun Pharma has injectable artesunate Artesun®, a proprietary innovative drug with full intellectual property rights. According to incomplete statistics, Fosun Pharma supplied more than 100 million injectable artesunate to the international market by the end of 2017. It was expected that nearly 20 million patients around the world with severe malaria would benefit from treatment by Artesunate. Malaria morbidity and mortality continue to decline in Africa. Malaria mortality rate has reduced by 29% in all age groups worldwide, while the malaria mortality rate of children under five years old has reduced by 35%. The worldwide use of injectable artesunate Artesun® can save additional approximately 100,000 lives, most of whom are African children each year.

In the past ten years, Fosun Pharma had organized 8 consecutive sessions of seminar on Malaria Control for Developing Countries and 9 consecutive sessions of seminar on Pharmaceutical Quality Management for Developing Countries, covering more than 30 countries. 42 batches of foreign aid projects (antimalarial drugs) initiated by the Ministry of Commerce of the PRC were duly delivered. At the same time, the injectable artesunate as well as artesunate and amodiaquine hydrochloride tablets, etc. have long been the key innovative drugs in the Chinese government's assistance programmes to Africa.

As an official member of the Roll Back Malaria initiative advocated by the World Health Organization, Fosun Pharma is committed to raising the awareness of malaria prevention among the local population in Africa, reducing the morbidity of malaria, and ultimately realising the target of a malaria-free world.

Tai Chi adjuvant therapy

Fosun Foundation has long been supporting the promotion of the Tai Chi culture through hosting CSR programs like Tai Chi adjuvant therapy program for Parkinson's disease and sharing with the public the latest progress of Tai Chi adjuvant therapy for Parkinson's disease. Since 2014, Fosun Foundation has been partnering with Ruijin Hospital to conduct scientific research on "sports therapy for Parkinson's disease", and successfully conducted four free Tai Chi classes so far that covered more than 200 patients with Parkinson's disease (PD) in total.

As at the end of 2017, the Tai Chi adjuvant therapy program for Parkinson's disease had been extended to 4 cities. Fosun Foundation will further mobilize its resources and promote Tai Chi activities to more communities in 2018, so as to improve public health across China. In addition, Fosun Foundation will also finance courses on Tai Chi and traditional culture at New York University Shanghai, among other universities, bringing Tai Chi to youth.

Protechting Start-ups Acceleration Program

Fosun seeks to promote Protechting Start-ups Acceleration Program globally. At the beginning of 2016, Fosun, upholding the principle of being "innovation is about people", together with Fidelidade supports youth innovation in the fields of protection, service, healthcare and savings.

Building upon the success of the first Protechting Start-ups Acceleration Program, Fosun further incubated "Protechting 2.0". Working along with all members of the Fosun family, Fosun forged the cradle for cultivating "Unicorns", thoroughly supported the European entrepreneurship ecosystem and assisted more youth in various realms of entrepreneurship and innovation. In November 2016, "Protechting 2.0" was revealed at the Websummit Conference. In February 2017, the project officially commenced and received applications of 119 youth entrepreneurship teams from 33 countries. In May, 22 teams successfully went through multiple rounds of screening to qualify for the Bootcamp, where they were trained and appraised by enterprise mentors so as to consolidate their start-ups in various fields, including health, insurance, financial innovation and wealth management. After two years of development since its debut as a CSR brand, the "Protechting" project has received recognition from the European Union, G20 and APEC.

For its next step, "Protechting" will be expanded to, among others, Macau, Brazil, UK and the U.S., so as to become a world-class youth entrepreneurship innovation program.

Fudan-Fosun Health Dream Fund

The entire founding team of Fosun was made up of Fudan University alumni. As a gesture of gratitude for their alma mater, on the occasion of the 110th anniversary of Fudan University in 2015, Fosun donated RMB100 million to Fudan University through Fosun Foundation to establish the "Fudan-Fosun Health Dream Fund". The fund is mainly used for the construction of the No. 1 Medical Research Building at Fenglin Campus of Fudan University (named as the "Fosun Building") and for awarding teams and individuals for their outstanding contributions in such fields as medical research, innovation management, results transformation and educational development.

On 18 November 2017, on the 90th anniversary of the Shanghai Medical College of Fudan University (formerly Shanghai Medical University), "Fosun Building", the No. 1 Medical Research Building at Fenglin Campus, was officially unveiled.

Pramerica-Fosun Spirit of Community Awards

In 2013, Fosun Foundation in joint effort with Prudential Financial, Inc., had launched the "Pramerica-Fosun Spirit of Community Awards" in Chinese mainland. As of today, the "Pramerica-Fosun Spirit of Community Awards" has been successfully held for four consecutive years. The competition had received approximately 2,000 effective applications and granted awards to approximately 200 teenage volunteers for their outstanding contributions to social welfare. The programme managed to significantly advance the development of youth voluntary activities in the PRC and has become one of the most prestigious awards in youth social responsibility.

The awarding ceremony for Pramerica-Fosun Spirit of Community Awards 2017 was held at Fudan University, with attendance by remarkable volunteers from Beijing and Shanghai. Furthermore, it was revealed at the ceremony that the award would further cover Shandong and Jiangsu Provinces.

H&A CSR Project – Düsseldorf Children's table

During the Reporting Period, we supported the "Düsseldorf Children's table" (Düsseldorfer Kindertafel). The "Düsseldorfer Children's table" focuses on the nutrition of children who grow up in socially disadvantaged families. Healthy and balanced nutrition of these children is often not possible due to the lack of funds from their parents. At this point, the Düsseldorfer Kindertafel stepped in and in cooperation with manufacturers and retailers, made it possible for needy children to receive a warm and healthy lunch every day.

Supporting and developing local farming: a unique partnership with Agrisud

Finding that in some cases local supply was inadequate to meet its villagers' demand for fresh produce, Club Med decided to help strengthen this network, thereby playing an active role in the economic development of the regions where it operates.

This decision led to a partnership with the NGO Agrisud, signed in late 2008, to enable local producers to supply Club Med villages, and to guide them towards more sustainable land use, based on the principles of agro-ecology.

The benefits of this are multiple and this will contribute to several of the Sustainable Development Goals. With 407 very small businesses supported and about 2,500 beneficiaries in four countries, cumulative financial support of EUR640,000, and over 129 tons of produce delivered at the end of 2017, Club Med is Agrisud's largest partner in the tourism sector and its second private partner.

Celebration of the 10th Anniversary of Listing of the Company and the 25th Anniversary of the Establishment of the Group – Maintaining close communication with stakeholders and organizing charity fundraising activity

2017 was a significant year for Fosun as it marked the 10th anniversary of the listing of the Company in Hong Kong and the 25th anniversary of Fosun's establishment. Under the theme "Gratitude, Development and Sharing", Fosun held an annual general meeting in the morning, which was followed by its investment forum in the afternoon and a celebration ceremony in the evening, thereby maintaining close communication with its stakeholders including shareholders, investors, media, business partners and entrepreneurs. During the event, Fosun introduced its latest strategy of "Centered around Family, Deeply Rooted in China, Innovating a Global Happiness Ecosystem" that could help its family customers live in a healthier, happier and wealthier life. The move also helped enhance the transparency of the Company.

During the event, Fosun initiated a matching donation campaign to encourage the guests to join the charity fundraising activity. Fosun Foundation donated a sum of money equal to the total donations made by the guests that day. All the money was donated to the Hong Kong Committee for UNICEF. Fosun firmly believes that every charitable act brings value to the well-being of humankind. Therefore, the souvenirs for shareholders and guests at Fosun's celebration event were cookies handmade by employees with different abilities from iBakery, a social enterprise of Tung Wah Group of Hospitals. Fosun hopes that even the smallest act of kindness can make a little contribution to the community.

Fosun and Hong Kong University of Science and Technology (HKUST) jointly organized "Fosun-HKUST MBA Technopreneur Program"

"Fosun-HKUST MBA Technopreneur Program" was launched to coincide with the 10th anniversary of the Company's listing in Hong Kong and the 25th anniversary of the establishment of the Group to foster the entrepreneurial spirit of Hong Kong's university students. The business proposals presented by the teams of university students were aligned closely with Fosun's strategy of "Creating a happy life with advanced technology". The Group tried to inspire students' creativity and to encourage them to accomplish more commercially viable projects by leveraging its resources in technological innovation and various businesses such as healthcare, tourism, finance and insurance. The business plans by the five finalists included those for a green purifier, automated microfluidic platform for oocytes and embryo cryopreservation by freezing, and a portable ultrasound scanner for breast cancer, etc. These business ideas are arduous work of contributing to a healthy and happy life of mankind.

The Technopreneur Program marks the start of the cooperation between Fosun and HKUST. The two parties will work together to promote technological innovation and foster talent. They will also continue to motivate the young people in Hong Kong and other regions to hone their entrepreneurship by conceiving more innovative ideas and converting such ideas into entrepreneurial projects that can be applied to business, thus creating more astonishing products and services for families around the world.

Fosun fulfils corporate social responsibility by participating in voluntary work in Hong Kong

As a renowned non-state-owned Chinese company listed in Hong Kong, Fosun has always been focusing on the sustainable development for the interests of its shareholders, investors, media, community and other stakeholders. This year, Fosun received the "Caring Company" logo from The Hong Kong Council of Social Service in recognition of its long-term commitment to promoting corporate social responsibility and its continued efforts in three aspects, namely "Caring for the Community", "Caring for the Employees" and "Caring for the Environment".

商界展關懷
caringcompany® 2016-18
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

In 2017, Fosun fulfilled its corporate social responsibility by participating in the charitable work of The Hong Kong Federation of Youth Groups (HKFYG). For instance, Fosun participated in the "Heart to Heart Project" organized by The HKFYG and became one of the "Heart to Heart Companies". Through sponsoring Hong Kong teenagers and schools to take part in voluntary activities in the neighbourhood, Fosun promoted the values that a company should give back to society and serve the community.

In addition, Fosun sponsored HKFYG's community project "Neighbourhood First", and organized Lunar New Year reunion dinner for the neighbourhood to let the elderly who lived alone, low-income families, families which were living on Comprehensive Social Security Assistance and physically challenged people feel cared for during the festive season. This is one of Fosun's ways to express its care for the underprivileged community. Meanwhile, Fosun also gave its support to HKFYG's voluntary work scheme called "Neighbourhood First – Giving Rice as Economic Aid to People". It organized some of its staff members into groups of volunteers who assisted in delivering rice as economic aid to the people living in elderly care centres of public housing estates on a number of weekends. This was how Fosun dedicated itself to showing its care for the elderly and the low-income individuals and families in Hong Kong, spreading its positive energy of "creating a happy life" in Hong Kong.

SUPPLY CHAIN MANAGEMENT

The overall strategy for procurement management of the Group is: accommodation, evolution, cost reduction, efficiency enhancement. Accommodation and evolution are strategic measures whereas cost reduction and efficiency enhancement are strategic goals. The basic principles of the Group for procurement practices are: openness, fairness and impartiality. The basic principles of the Group for selection of suppliers are: meeting the technical and business requirements and winning the bid at the lowest price.

The "Procurement White Paper" on group procurement management policy and procedure executed by the Group from 2017 to the present includes: "Basic Guidelines for Procurement Management", "Basic Guidelines for Supplier Management", "Management Measures for Strategic Procurement", "Procurement Management Assessment and Red, Yellow and Green Light Management Measures", "Management Measures For Procurement System" and "Procurement-related Complaints Handling Management Regulations". In order to achieve the further standardization, systematization, sharing of procurement, transparency and informationization, management of the Group and its subsidiaries, the Group plans to upgrade "Procurement White Paper" by recompiling "Basic Guidelines for Procurement Management", "Basic Guidelines for Supplier Management" and "Management Measures for Strategic Procurement" in 2018.

The Group actively improves its procurement informationization. Centering on the strategic goal of cost reduction and efficiency enhancement and leveraging its ability to share resources by implementing strategic and central procurement, the Group launched the "onelink+" (www.onelinkplus.com) in 2016, a platform through which the Group's procurement and tendering work would be promoted in a transparent and online way. By the end of 2017, more than 200 enterprise demanders were solicited to explore online services and a vast supplier resource pool covering more than 30,000 suppliers was formed on the platform. The Group intends to set up three business segments such as online procurement and tendering, contract execution and fulfilment and B2B shopping mall on the platform in 2018, and realize the penetration and integration of logistics, supply chain management, comprehensive services and other specific contents.

ANTI-CORRUPTION AND SUPERVISION

In the year of 2013, the Company formally established the Anti-Corruption and Supervision department which specializes in the investigation, handling and prevention of cases of corrupt practice of staff such as corruption, abuse of power or dereliction of duty. The main mission of this department is to investigate and handle corrupt practice and control risks in an independent, impartial and keen manner. The Anti-Corruption and Supervision department of the Company has established professional investigation teams with extensive work experience in public security economic investigations and procuratorate anti-corruption investigations which are able to discover, investigate, handle major corruption cases of the Group and core enterprises and transfer the cases to judicial organs.

The Company adopts a zero tolerance policy for bribery, embezzlement and other corruption acts of all staff. By means of the Company's website, "Fosun Anti-Corruption", the official Wechat public account and other channels to publicize extensively the way to report any incident of corruption, the Company supervises the integrity and diligence of its staff. We have various regulations and systems for staff integrity, the protection and reward procedures of the informants and witness, and internal investigation procedures which include: "Incorruptible Working Regulations for Employees", "Management Measures for Cash Gifts and Gifts Received during Business Activities", "Regulations regarding Personal Matters Reporting for Key Position Cadres of Fosun Group", "Measures for the Protection and Reward of the Informants and Witness", "Several Provisions on Anti-corruption and Supervision Line Case Investigation and Punishment", "Evaluation Measures for Anti-corruption and Supervision Line's Performance", "Guideline for Tender Activities Regulation and Supervision", "Regulations for Anti-corruption Inspection", "Management Measures for Anti-corruption and Supervision Lines", "Anti-corruption Assessment and Red, Yellow and Green Light Management Measures", etc.

The Company strictly complies with the laws and regulations of the PRC and other countries in which its investment is located, including laws and regulations such as prevention of bribery, blackmail, fraud and money laundering, and has various internal control systems to ensure such compliance in operations.

Preventive measures: First, publish online the code of conduct on anti-corruption, incorporate it into the Staff Handbook and publicize extensively the reporting methods and the results of punishing relevant staff through "Fosun Anti-Corruption", the official Wechat public account and other channels, expanding the influence of anti-corruption investigation within the Group; second, seriously punish the fraudulent employees and maintain the high pressure of investigation regarding the fraudulent behavior, promoting the atmosphere of anti-corruption and creating a culture of anti-corruption in the Group and all core enterprises that all corruption cases will be investigated; furthermore, actively participate in the activities of China Enterprise Anti-fraud Alliance and bring dishonest staff into the Alliance's blacklist, increasing the social costs of acts without good faith.

Reporting procedure: Anti-corruption supervision telephone numbers and mail boxes are published at the Company's website, "Fosun Anti-Corruption", the official Wechat public account and in the process of each tender and subsidiary inspection to receive internal and external report information, and designated staff are assigned to collect, assess and investigate each piece of report information.

Implementation and monitoring methods: (1) Anti-corruption institution construction: establish an Anti-Corruption and Supervision department, form a professional investigation team, and conduct performance appraisals on departments of subsidiaries exercising the functions of anti-corruption and supervision and their responsible persons; (2) fraud case investigation and punishment: choose a subsidiary every year for focused inspection and examination while continuing to investigate and punish key fraud cases of the Group and other investees, transfer alleged criminal cases to a judicial organ; and (3) operation risk management and control: identify, rectify and prevent relevant operation risks in the process of investigating and punishing fraud cases, restore economic losses while punishing the responsible persons and block the relevant anti-corruption and management loopholes.

ENVIRONMENTAL HEALTH, SAFETY AND QUALITY

1. Policies and Guidelines

"Self-improvement, Teamwork, Performance and Contribution to Society" constitutes the cultural values of the Group. We have always regarded environmental protection, occupational health, production safety and quality management ("**EHS&Q**") as the important parts of our corporate social responsibility and they permeate the Group's strategy for sustainable development. In 2017, based on the new situation, the Group renewed the "Fosun Group Environmental, Health, Safety & Quality Policy", which was issued jointly by the chairman of the Company and seven executive directors, and would be fully implemented in all companies under the Group.

Our commitments reflect the Group's insistence on the following aspects:

1. To comply with environmental protection laws and regulations and government emission standards, and continuously improve management and adopt advanced technologies during the life cycle of the Company's operations to reduce air emission, wastewater, solid waste, and greenhouse gases, and strive to minimize the impact on the environment;

2. To make good use of and cherish resources, improve production technology to use natural resources efficiently, carry out energy conservation and emission reduction, and continue to adopt more environmentally friendly raw materials;

3. To reduce the impact of production and operation on natural resources, protect the environment of mining area, and actively carry out geological disasters and environmental governance in the mines;

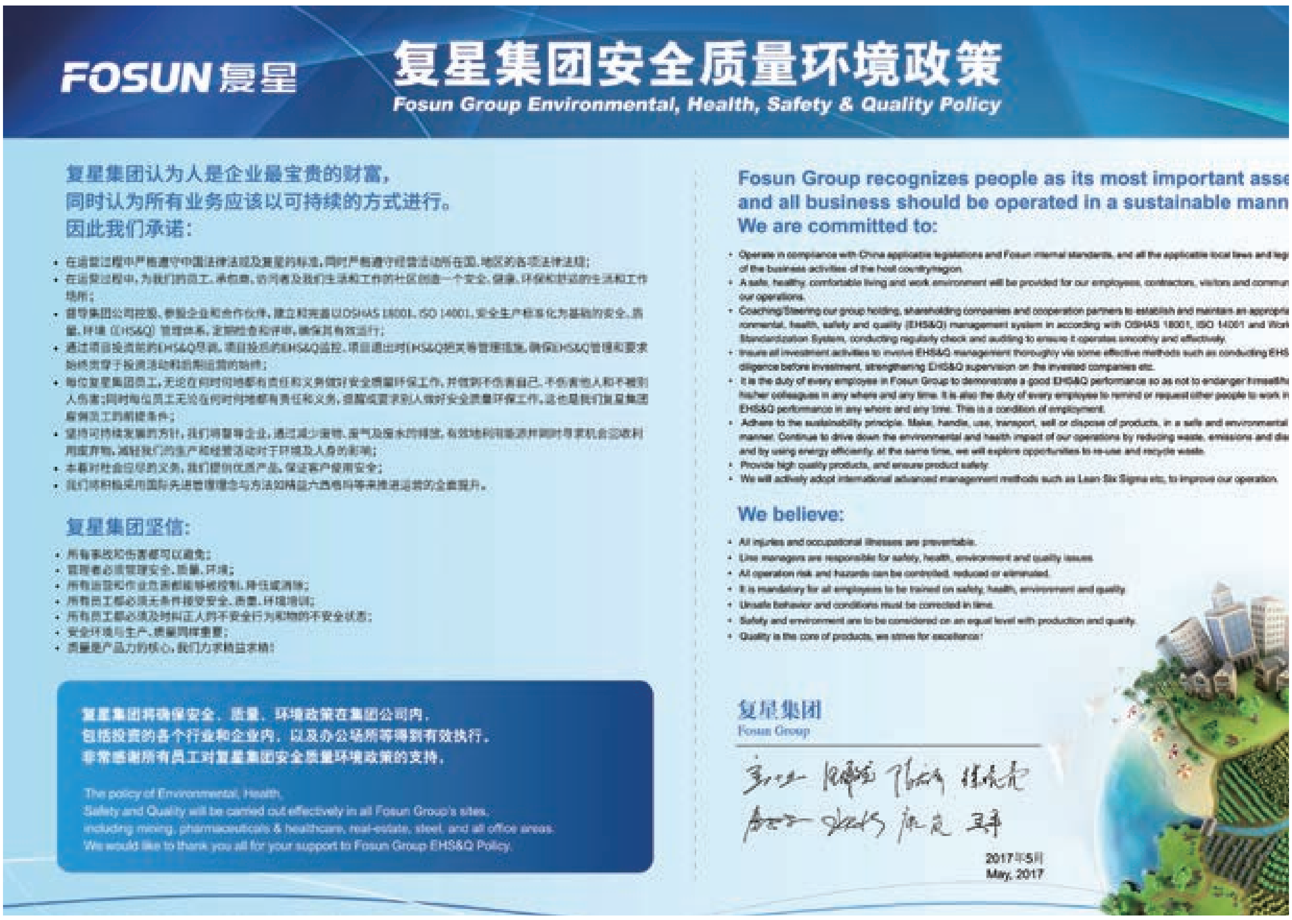
4. To provide employees with a safe working place and protect employees and contractors' employees from occupational injuries;

5. To provide customers with safe products and services and strive for excellence; and

6. To actively adopt international advanced management concepts and methods such as Lean Six Sigma to promote the overall improvement of operations.

The Group's environmental, health, safety and quality policy are as follows:

A comprehensive analysis was made with reference to the industry's EHS&Q risk level and the proportions of investment, holding companies to the Group's assets, income ratio and other factors. Information related to EHS&Q aspects disclosed in this report was presented with focuses on Health Ecosystem – Fosun Pharma, Happiness Ecosystem – Club Med, and Wealth Ecosystem – Nanjing Iron & Steel, Hainan Mining and Hive Property.



2. Responsible Investment

In 2013, the Group issued Guidelines on EHS&Q Due Diligence of Investment Projects of Shanghai Fosun High Technology (Group) Company Limited (《上海復星高科技（集團）有限公司投資項目環境健康安全質量盡職調查指引》) and the Manual of Fosun Group

EHS Management System (《復星集團EHS管理體系手冊》). Through the pre-investment due diligence on the EHS&Q of target company, the post-investment EHS&Q management and consulting services, exit-phase EHS&Q checks and other measures, the Group ensures that EHS&Q risk control and management pervades the entire investment and business activities. The Group adheres to value investment and insists on not investing in companies that are not committed to good quality and their related industries are at odds with the green development strategy of the country.

3. Environmental Protection

The Group has achieved near-term results and made long-term plans for sustainable development strategies. The Group requires and actively supports the improvement and upgrading of the invested companies in environmental protection, and asks them to commit themselves to investing in that aspect in order to ensure that they meet the discharge standards and comply with laws and regulations. Through the implementation of the Group's EHS management framework system, the Group's environmental protection work is systematically arranged and standardized, and enterprises under the Group are encouraged and promoted to obtain ISO14001 certification. As of the end of 2017, 13 companies have achieved ISO14001 certification.

1) HEALTH ECOSYSTEM – FOSUN PHARMA

Fosun Pharma's environmental protection policy is "Implement the strategies for sustainable developments of both environment and society, by preventing contaminants and pollutions, saving energies, reducing emission, protecting ecological diversity, and building environment-friendly communities." Fosun Pharma adopts the principle of industrial value chain life cycle management and strictly enforces the environmental protection policy throughout the whole process from new project activation, internal operations to pollutant discharge. During the Reporting Period, Fosun Pharma had not received any official punishment for major environmental, health and safety (including fire) incidents and did not cause serious environmental, health and safety impacts.

Major environmental pollutants produced by Fosun Pharma include three categories, namely wastewater (including industrial wastewater, hospital wastewater and domestic wastewater, the major pollutant factors of which are COD, NH_3-N, SS, mineral oil and escherichia coli, etc.), air emissions (including process waste gas, furnace flue gas, and non-organized emission source, the major pollutant factors of which are SOx, NOx, VOCs and particles, etc.) and solid wastes (general industrial waste, domestic waste, and various types of hazardous waste). During the Reporting Period, Fosun Pharma actively complied with the relevant requirements of the Interim Provisions on Management of Pollutants Discharge Permits (《排污許可證管理暫行規定》) newly issued by the state, and thoroughly carried out controls over and measured wastewater, air pollutants and solid wastes generated in the manufacturing, office operation and service provision processes of all member companies. Fosun Pharma also renewed the discharge permits within the specified period. As a result, all member companies meet the requirements of discharge permit in discharging pollutants. In 2017, the statistics of the discharge of three types of wastes (wastewater, waste gas and solid waste) of Fosun Pharma are as follows:

Items		**2017**	2016	2015
Wastewater	Total amount of wastewater (cubic meter)	**7,315,890**	6,785,400	6,285,061
	COD(ton)	**841**	490	488
	NH_3-N(ton)	**486**	60.55	56.00
Waste gas	NO_x (ton)	**239**	466	411
	SO_x (ton)	**115**	485	408
Solid waste	Total amount of solid waste (ton)	**88,967**	80,848	65,597
	Total amount of hazardous waste (ton)	**2,397**	1,627	962

The total annual discharges of COD and NH_3-N of Fosun Pharma in 2017 were 841 tons and 486 tons respectively, which increased by 351 tons and 425 tons respectively from the total annual discharges in 2016. In 2017, Fosun Pharma strengthened the control over the discharge of wastewater from its subordinate member companies, and successively provided funds to six companies including Jinzhou Aohong Pharmaceuticals Co., Ltd., Hebei Wanbang Folon Pharmaceutical

Co., Ltd. ("**Wanbang Folon**"), Shenyang Wanbang Tiansheng Biological Technology Co., Ltd., Far-Eastern Casing Co., Ltd., Chongqing Yaoyou Pharmaceutical Co., Ltd. and Shenyang Hongqi Pharmaceutical Co., Ltd., to set up or upgrade sewage treatment facilities. In 2017, all the member companies of Fosun Pharma met the sewage discharge standards.

The total annual discharges of NOx and SOx of Fosun Pharma in 2017 were 238.69 tons and 114.98 tons respectively, which decreased by 227.31 tons or 48.8% and 370.02 tons or 76.3% respectively from the total annual discharges in 2016. During the reporting period of 2017, Fosun Pharma continued to strictly implement the national and local regulations and requirements for air pollutant emissions, strengthened the implementation of related internal system in each member company for atmospheric emissions, and established and strengthened the operation and maintenance system of air emission treatment facilities to ensure their effective and reliable operations. In 2017, after Guilin Pharma Co., Ltd. ("**Guilin Pharma**") and Hunan Dongting Pharmaceutical Co., Ltd. ("**Dongting Pharma**") changed their use of boiler coal to natural gas, coal consumption reduced by a total of approximately 11,500 tons, which helped to reduce NOx, SOx and particles emissions. In 2017, the state increased its efforts in the control of VOCs produced by pharmaceutical companies, and environmental protection authorities in Shanghai, Jiangsu, and other regions all put forth VOCs emission reduction requirements. Fosun Pharma immediately issued the Investigation Paper on VOCs Emissions by Fosun Pharma Group's Member Companies (《復星醫藥集團控股成員企業VOCs 摸底盤查》) to conduct a thorough investigation into the existing VOCs emission sources and quantities of all Fosun Pharma's domestic member companies. After completing the installation of VOCs terminal processing facilities in Shanghai Zhaohui Pharmaceutical Co., Ltd. (上海朝暉藥業有限公司) in Shanghai, Fosun Pharma continued to beef up efforts in VOCs emission reduction and treatment within domestic member enterprises in Jiangsu, Chongqing, Hubei, etc. Many companies including Suzhou Erye Pharmaceutical Co., Ltd, Chongqing Carelife Pharmaceutical Co., Ltd. and Shine Star (Hubei) Biological Engineering Co., Ltd. ("**Shine Star**") built VOCs collection and treatment facilities for emission reduction, with a total investment of approximately RMB20 million.

In 2017, total solid waste generated by Fosun Pharma amounted to 88,967 tons, of which 88.9% were boiler residue and fly ash after the raw coal was burned. These wastes were all recovered by building materials manufacturing companies for making bricks, which was a way of waste recycling. Total solid waste in 2017 increased by 8,119 tons or 10% compared to 2016, among which Shine Star increased by 11,300 tons. Guilin Pharma and Dongting Pharma's boiler coal-to-gas projects reduced 11,500 tons of raw coal consumption, which contributed to the reduction of cinder and fly ash of about 6,000 tons. In 2017, Fosun Pharma's total solid waste intensity and hazardous waste intensity were 48.01 kg/RMB10,000 output value and 1.29 kg/RMB10,000 output value respectively. Domestic waste generated by member companies is disposed of by local public sanitation stations. The non-hazardous parts of the industrial wastes are recycled or disposed of by local public sanitation stations. Treatment of hazardous wastes is outsourced to qualified suppliers according to regulations.

2) WEALTH ECOSYSTEM – NANJING IRON & STEEL

In 2017, Nanjing Iron & Steel strictly complied with environmental laws and regulations and consciously fulfilled its social responsibilities, and strengthened the upgrading and management of environmental protection facilities to ensure that various pollutants are discharged within regulatory standards. As a result, the company properly achieved the emission reduction targets issued by the Nanjing municipal government, and successfully passed the inspections by the Central Environmental Inspection Group. The environment and environmental management of the factory of Nanjing Iron & Steel were recognized and praised by the environmental protection department of the government, and the company was awarded the "Clean Production and Environment-friendly Enterprise" by the China Iron and Steel Industry Association.

In 2017, Nanjing Iron & Steel invested a total of RMB500 million in environmental protection. With respect to water pollution control, the First Sintering Plant's 360 desulphurization waste water collection project and Fuel Supply Plant's chemical production emergency pool project were completed, which enhanced the Nanjing Iron & Steel's water pollution control and emergency responsiveness. With respect to air pollution control, the descriptions of relevant remodeling and upgrade projects are as follows:

- The retrofitting projects of dust collectors for the No. 1 and No. 3 sintering machines were completed and put into use, and the emission concentration of particles subsequently reduced to less than 10 (the special emission limit stipulated in Emission Standard of Air Pollutants for Sintering and Pelletizing of Iron and Steel Industry (GB28662-2012) was 20 mg/m^3);

- No. 2 Oxygen Converter Gas Recovery (OG) project of the First Steelmaking Plant was completed and put into use, and the emission concentration of the particles subsequently reduced to less than 30 mg/m^3 (the special emission limit stipulated in Emission Standard of Air Pollutants for Steel Smelt Industry (GB28664-2012) was 50 mg/m^3);

- For dust control, coal silo construction project in open coal yard and sealed shelter construction project in raw material storage yard has entered the construction phase. The coal silo construction project is expected to be completed by the end of 2019. The phase I construction of sealed shelter construction project will be completed in September 2018; and

- For the purpose of reducing SO_2 and NOx emissions, a linked assessment system is established and indicators are assigned to all stages of workflow. The company improves the desulfurization efficiency of the sintering and pelletizing, and keeps the SO_2 emission concentration under 90 mg/m^3 (the national standard is 180 mg/m^3). For NOx, the raw materials and fuel components are improved at the source, which successfully keeps the emission concentration under 240 mg/m^3.

Through continuous investment and strengthening management and control, the emission of each pollutant factor per ton of steel of Nanjing Iron & Steel has gradually gone down for successive years, and all of the factors are lower than the Grade I Benchmark Value of the National Evaluation Index of Cleaner Production in the Steel Industry (國家鋼鐵行業清潔生產評價指標I級基準值). The wastewater and waste gas emissions of Nanjing Iron & Steel are as follows.

Classification	Pollutant factor	**2017** Total emissions (ton)	**2017** The emission per ton of steel (kg/ton of steel)	2016 Total emissions (ton)	2016 The emission per ton of steel (kg/ton of steel)	2015 Total emissions (ton)	2015 The emission per ton of steel (kg/ton of steel)	Grade I Benchmark Value of the National Evaluation Index of Cleaner Production in the Steel Industry The emission per ton of steel (kg/ton of steel)
Waste gas	NOx	**8,555.4**	**0.869**	9,213.4	1.023	8,751.1	1.019	≤0.9
	SO_2	**2,923.6**	**0.297**	3,602.5	0.400	3,368.4	0.400	≤0.8
	Particles	**4,475.2**	**0.45**	4,401.8	0.49	5,395.7	0.63	≤0.6
Wastewater	COD	**153.3**	**0.016**	153.6	0.017	178.8	0.021	≤0.06
	NH_3-N	**4.47**	**0.0005**	5.30	0.0006	5.04	0.0006	≤0.006

In 2017, Nanjing Iron & Steel re-examined and adjusted the comprehensive utilization management model, management process, resource flow, resource disposal and utilization, classification and statistics of industrial solid waste resources; strengthened the localized management model of solid waste, and managed and controlled all stages of workflow including use, storage, transportation and processing; carried out comprehensive utilization research projects of solid waste to enhance internal recycling of various types of solid wastes.

THE AMOUNT OF COMPREHENSIVE UTILIZATION AND DISPOSAL OF SOLID WASTES IN 2015-2017

	Way of Disposal	2017	2016	2015
General industrial solid waste (10,000 tons)	Comprehensive Utilization	**651.00**	485.80	453.62
Hazardous waste (ton)	Disposal by third-party qualified units/internal comprehensive utilization	**3,581**	3,773	1,488

In 2017, Nanjing Iron & Steel comprehensively utilized 6.51 million tons of general industrial solid waste. The generated steel slag, iron oxide scale, industrial sludge, and various fly ash and other iron-containing materials are recycled and reused. The blast furnace slag is sent to Nanjing Iron & Steel for its internal ultra-fine powder project and sold as a cement additive.

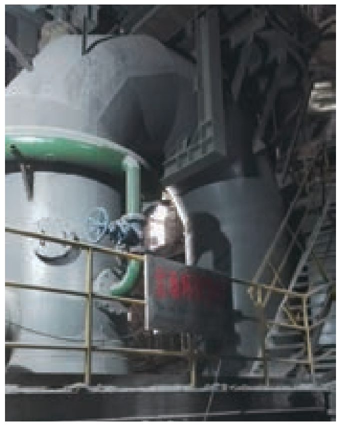
For the management of hazardous wastes, Nanjing Iron & Steel carried out standardized procedures in accordance with the requirements of the latest Index System for Hazardous Waste Standardization Management (《危險廢物規範化管理指標體系》). By strengthening the daily management of production equipment, the company increased the recovery and utilization of waste oil and reduced the generation of hazardous waste, and thus the total hazardous waste in 2017 decreased 5% from 2016. All the hazardous wastes generated were sent to third-party qualified units for standardized disposal, and the disposal details were reported to the Nanjing Environmental Protection Bureau. In 2017, Nanjing Iron & Steel transferred 9.42 tons of waste tar residue, 148.39 tons of waste oil barrels, 343.94 tons of waste oil, 38.4 tons of waste lead-acid batteries, and 51.84 tons of waste ethylene glycol according to standards. In accordance with the environmental assessment requirements for projects, Nanjing Iron & Steel set up a special equipment for the comprehensive utilization of waste tar slag. In 2017, it utilized a total of 1,309 tons of waste tar slag, 1,680 tons of biochemical sludge, and 100% of its hazardous waste were safely disposed of.

Case: Environmental Improvement Measures in Nanjing Iron & Steel

360 Sintering Desulphurization Wastewater Collection

New Water Pool for Emergency Use

No. 3 180 sintering machine bag dustcleaning



No. 2 Oxygen Converter Gas Recovery (OG) dustcleaning

3) WEALTH ECOSYSTEM – HAINAN MINING

Hainan Mining insisted on making investment into environmental protection. In 2017, all of the wastewater, exhaust gas, noise and slag discharges met the standard. All hazardous wastes were disposed of in compliance with regulations and Hainan Mining has not received any environmental penalty. The emission intensity of various environmental pollution factors of Hainan Mining has been declining for successive years. Hainan Mining's pollutant emission statistics are as follows:

Pollutant Emission Index		**2017**	2016	2015
Annual Output	Finished iron ore (10,000 tons)	**400.29**	290.58	320.93
Wastewater	COD (ton)	**35.03**	36.41	109.23
	COD emission intensity (ton/10,000 tons)	**0.09**	0.13	0.34
	NH_3-N(ton)	**1.37**	1.21	2.65
	NH_3-N emission intensity (ton/10,000 tons)	**0.003**	0.004	0.008
	SS (ton)	**24.95**	26.81	84.32
	SS emission intensity (ton/10,000 tons)	**0.06**	0.09	0.26
Solid waste	The total amount of hazardous waste (ton)	**23.5**	23.3	30.0
	Hazardous Waste Intensity (ton/10,000 tons)	**0.06**	0.08	0.09

As a mining company that mines natural resources, Hainan Mining is always serious about geological hazards and environmental governance. It has invested financial and material resources for geological disasters and environmental governance over the years and its efforts have been recognized by the government. Hainan Mining carried out mine rehabilitation and tree planting. From 2007 to 2017, a total of approximately RMB69.569 million was invested, with a total area of reclamation of approximately 205.5 hectares.

4. Energy Saving and Resource Usage

As climate change intensifies, the international community calls for a low-carbon transformation of the global economy and the formation of a globally binding action plan through the United Nations Climate Change Conference and other organizations. It requires the joint efforts of all walks of life, especially the enterprises in order to meet this challenge.

Based on this background, as one of the members of the Paulson Institute CEO Council, the Group cooperated with agencies such as the Paulson Institute to start developing and implementing a low-carbon strategy in 2017. As the first step, based on asset size, energy consumption scale and data integrity and other principles, the Group selected five core companies from its own business segments to first conduct carbon emission data collection and comparative analysis, including Nanjing Iron & Steel, Club

Med, Hainan Mining, Guilin Pharma and Bund Finance Center, spanning resources (iron and steel, mining), tourism, pharmaceuticals and real estate and planned to gradually cover all the Group's related businesses. The pilot companies are cross-industry, cross-regional, and cross-country. The Group will analyze the carbon emissions data of each pilot company for 2014-2016, compare them with industry leaders and leading indicators, and discuss with them and formulate practical emission reduction targets and implementation plans.

On 8 November 2017, the China Center for International Economic Exchange and the Paulson Institute co-hosted the CEO Council for Sustainable Urbanization Meeting. Li Haifeng, Fosun's global partner, Senior Vice President and Chairman of the Fosun Foundation, addressed at the Meeting to introduce the Group's carbon emission reduction strategic plan.

1) HEALTH ECOSYSTEM – FOSUN PHARMA

In 2017, Fosun Pharma carried out lean production management projects in its member companies. Each company independently used various tools for lean management in energy management and promoted energy conservation and emission reduction. According to statistics, Fosun Pharma saved 7.8 million kW·h of electricity, 16,000 tons of steam, and 385,000 cubic metres of natural gas, saving a total of more than RMB10 million in energy consumption.

In 2017, Fosun Pharma summarized its consumption of water resources and energy and the results compared with 2016 are as follows:

Year	Total consumption of water (m^3/year)	Total consumption of electricity (kW·h/year)	Electricity equivalent to standard coal (kg/year)	Total consumption of energy other than electricity (equivalent to standard coal) (kg/year)	Overall energy consumption (equivalent to standard coal) (kg/year)	Energy consumption for every RMB10,000 generated (kg standard coal/ RMB10,000)	Water consumption for every RMB10,000 generated (m^3/RMB10,000)
2017	**9,515,697**	**513, 272,112**	**63,132,470**	**151,733,714**	**214,866,184**	**115.93**	**5.14**
2016	8,769,376	478,175,186	58,815,548	126,874,724	185,690,272	126.93	5.99
2015	8,716,937	424,467,622	52,209,518	121,204,106	173,413,623	157.01	7.89

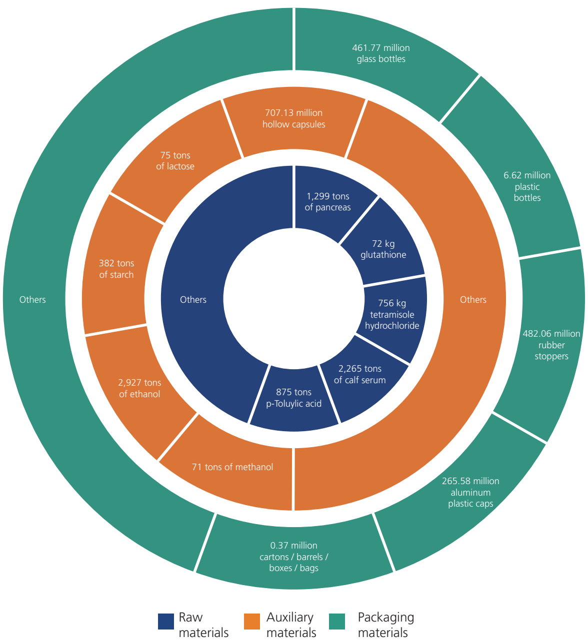
Fosun Pharma's total water consumption in 2017 was 9,515,697 cubic meters, representing an increase of 746,321 cubic meters compared to 2016 and a year-on-year increase of 8.5%, mainly due to the addition of new consolidated companies and the production expansion of Shine Star. Through the improved internal water-saving and optimized administrative measures, the total water-saving amount of Fosun Pharma in 2017 exceeded 1.8 million cubic meters, and the water consumption intensity was 5.14 tons/RMB10,000 output value, representing a decrease of 14.3% compared to 2016. The total overall energy consumption of Fosun Pharma increased by 29,175 tons of standard coal in 2017, up by 15.7% year-on-year, mainly due to the addition of new consolidated companies and the production expansion of Shine Star. The overall energy consumption intensity in 2017 was 115.93 kg standard coal/RMB10,000 output value, representing a decrease of 8.6% compared with 2016.

In addition to the consumption of water, energy and other resources, Fosun Pharma has directly or indirectly consumed various types of material resources in the process of manufacturing and providing medical services, which can be divided into three categories: raw materials, auxiliary materials and packaging materials. Adhering to the principles of "controlling from source, optimizing layout, reducing environmental consumption and pollutant discharge", all member companies have strengthened the control over the consumption of various types of raw/auxiliary materials and packaging materials and actively tried to recycle the raw and auxiliary materials and packaging materials to achieve the effective use of the resources. The measures taken by Fosun Pharma in 2017 included (but were not limited to):

1) The raw material medicine companies fully launched the recycling measures of organic solvents (such as ethanol and toluene), repurified the organic solvents by distillation, and re-used them as raw/auxiliary materials after meeting the GMP processing requirements;

2) In the material packaging section, all member companies arranged personnel to collect and classify recyclable materials, including paper packaging materials, metal devices, air-cushion films, etc., for reuse or resource recovery.

Sketch map of raw materials, auxiliary materials and packaging materials of Fosun Parma's member companies



2) HAPPINESS ECOSYSTEM – CLUB MED

The first Life Cycle Analysis (LCA) of a Club Med was conducted in 2006. Club Med manages its progress through its global environmental monitoring system, Tech Care. Please see greenhouse gas emission data from 2015 to 2017 as below:

GREENHOUSE GAS EMISSIONS (GHG Protocol) DATA*

	Unit	2017	2016	2015
Total Hotel Days (THD) of the reporting scope	thousands	**10,690**	10,224	10,620
Hotel Day Capacity (HDC) of the reporting scope	thousands	**11,839**	11,670	12,095
Direct emissions from building combustion system	t eCO_2	**28,599**	29,235	27,611
Direct emissions related to vehicle and boat fuel	t eCO_2	**3,483**	2,955	2,425
Direct fugitive emissions (refrigerant gas)	t eCO_2	**20,976**	23,376	21,954
Total direct emissions (scope 1)	t eCO_2	**53,057**	55,566	51,990
Indirect emissions related to purchased electricity	t eCO_2	**88,325**	91,212	94,149
of which avoided emission deducted (RE emissions certificates – France)	t eCO_2	**1,920**	1,969	1,800
Indirect emissions related to urban heat	t eCO_2	**1,376**	1,245	1,268
Total indirect emissions (scope 2)	t eCO_2	**89,701**	92,457	95,417
Total emissions (scopes 1+2)	t eCO_2	**142,758**	148,022	147,407
Carbon intensity (building energy) par THD	kgeCO_2	**11.1**	11.9	11.6
per Hotel Day Capacity	kgeCO_2	**10.0**	10.4	10.2
Carbon intensity (scope 1+2) par THD	kgeCO_2	**13.4**	14.5	13.9
per Hotel Day Capacity	kgeCO_2	**12.1**	11.5	11.5

* Reporting on the fiscal year from 1 November N-1 to 31 October N.

Club Med tried a lot to lessen its impact on the climate including ecology architecture, renewable energies, transportation, eco-certification, recycling, responsible eating, and enhanced overall GM, GO & GE involvement. To find out more information, please refer to www.sustainability.clubmed.

3) WEALTH ECOSYSTEM – NANJING IRON & STEEL

Nanjing Iron & Steel insisted on the development of clean production projects, with its indicators generally above the Class I standard of domestic clean production. Nanjing Iron & Steel passed the ISO14001 environmental management system and GB/T23331 energy management system certifications, and became the "National Energy Saving and Emission Reduction Demonstration Base in the Metallurgical Industry (全國冶金行業節能減排示範基地)" and the first "Pilot Agent for the National Circular Economy Standardization (國家循環經濟標準化試點單位)" in the steel industry of China. It also signed a carbon emission reduction purchase agreement with the World Bank, which is the first project in steel industry of the "carbon financing" of the World Bank. The contract term of the project is from 2010 to 2019, which is divided into 10 phases. At present, seven phases of inspections and contract performance have been completed. In 2017, Nanjing Iron & Steel continued to invest heavily in upgrading projects for energy saving to further reduce energy consumption, including (but not limited to):

- Invested RMB4.5 million to implement the upgrading of 360 sintering ring coolers to control air leakage for energy-saving. After the upgrading, the power consumption of ring coolers was greatly reduced, and the level of waste heat power generation was increased, which reduced the annual power consumption by 3 million kW·h, and increased the annual waste heat power generation by 15 million kW·h;

- Invested RMB25 million to carry out saturated waste heat steam power generation projects, making full use of the low quality saturated steam generated by the Company's rolling mills and other processes to generate electricity, which increased the annual power generation by 40 million kW·h; and

- Upgraded the furnaces of the No. 2, No. 3, and No. 4 generator units of 50,000 kW·h for automatic combustion. The efficiency of the generator units was significantly improved. The average fuel consumption in the actual automatic state was 1.38% lower than that in the manual operation, and the annual increase in power generation was 13 million kW·h.

Through unremitting efforts, the relevant indicators for clean production energy consumption of Nanjing Iron & Steel are lower than the Grade I Benchmark Value of the National Evaluation Index of Cleaner Production in the Steel Industry, and details are as follows:

Indicator name		**2017**	2016	2015	Grade I Benchmark Value of the National Evaluation Index of Cleaner Production in the Steel Industry
Water consumption	Fresh water consumption per ton of steel (m^3/t of steel)	**2.57**	3.15	3.14	≤3.5
Energy consumption	Comparable energy consumption (ton of standard coal/t of steel)	**0.5080**	0.5274	0.5441	–

4) WEALTH ECOSYSTEM – HAINAN MINING

Hainan Mining continued to make efforts in energy-saving and emission reduction, and allocated the indicators of energy-saving and consumption-reduction to factories and workshops. The details of Hainan Mining's resources use, energy consumption and greenhouse gas emissions are as follows:

Resources use, energy consumption	**2017**	2016	2015
Annual output: Finished iron ore output (10,000 tons)	**400.29**	290.58	320.93
Industrial electricity consumption (10,000 kW·h)	**18,922**	8,719	13,514
Industrial electricity consumption intensity (kW·h/t)	**47.27**	30.01	42.11
Gasoline (ton)	**198.74**	240.63	282.58
Gasoline consumption intensity (ton/10,000 tons)	**0.50**	0.83	0.88
Diesel (ton)	**3,394.38**	3,709.91	4,860.52
Diesel consumption intensity (ton/10,000 tons)	**8.48**	12.77	15.15
Water consumption (ton)	**332**	210	522
Water consumption intensity (ton/10,000 tons)	**0.83**	0.72	1.63
Recycled water utilization	**91.8%**	91.5%	84%

Total greenhouse gas emissions

	2017 emissions (tCO_2)	2016 emissions (tCO_2)	2015 emissions (tCO_2)
Emissions from fossil fuel combustion	**3,076**	3,382	4,404
Emissions included in purchased net electricity	**99,738**	69,119	97,027
Total CO_2 emissions of companies	**102,814**	72,501	101,431

In 2017, Hainan Mining's total CO_2 emissions amounted to 102,814 tons, representing a significant increase of nearly 41.8% from 2016, mainly because ① a significant increase of 1,097,100 tons of mining volume from 2016; ② in 2016, the new mineral processing No. 2 Workshop with an installed capacity of 16,683kV·A was discontinued for one year due to market reasons; ③ in 2017, the output of open-pit mining which consumes less resources (such as electricity) declined further while underground mining volume increased. While the mining method changes, Hainan Mining will strengthen operations management to reduce carbon emission intensity.

5) WEALTH ECOSYSTEM – HIVE PROPERTY

The Group is committed to the concept of green design and green building, and has deeply incorporated the concept of environmental protection and health into its development projects. At the same time, as a global enterprise, the Group's overseas projects also strive to perform energy conservation in buildings according to the requirements of local laws and regulations as well as market favors. As of the end of the reporting period, the Group had 8 green building designs as follows:

Project name	**Total GFA (10,000 square meters)**	**Functionality**	**Green design certification level**
Beijing Tongzhou IX-06 Project	18	Commercial, office, apartment	Beijing Two Star Green Building (北京市綠建二星), LEED Silver Certification standards (Pre-certification)
Beijing Tongzhou IX-02 Project	11.08	Commercial, office	Beijing Two Star Green Building, LEED Silver Certification standards (Pre-certification)
Chengdu Finance Island Phase II Project (成都金融島二期項目)	28.8	Office, service apartment, residential apartment, commercial	LEED Gold Award (pre-certification)
Chengdu Finance Island Phase IV Project (成都金融島四期項目)	33.6	Office, shopping center	LEED Gold Award (pre-certification)
Guangzhou Fosun Southern Headquarters Project (廣州復星南方總部項目)	27.8	Office, service apartment, commercial	LEED Gold Award (pre-certification)
Ningbo Xingyue City Project (寧波星悅城項目)	29.2	Commercial, office and residence	Three Stars Green (Residences only)
The Bund Finance Center Project	42.84	Commercial, office	LEED Gold Award, Three Stars Green
Changsha Starlight World Project (長沙星光天地項目)	25.76	Office, apartment, commercial	Changsha Green Building Design Standards (長沙市綠色建築設計基本規定)(Equivalent to One-Star National Green Building Standard (國家綠建一星標準))

The Group actively conducted effective management over water and electricity in the operation course of its own properties, and strived to seek energy conservation and consumption reduction to minimize the use of energy and the impact on the environment. The energy conservation and emission reduction measures taken included (but were not limited to):

- Use LED energy-saving lighting in public areas of shopping malls and underground garages;
- Use LED lighting and sound-activated devices in fire stairs and aisles to save energy;
- Use devices with time switches in commercial advertising light boxes;
- Square lighting adopts BA system energy-saving control according to the season;
- Use eco-friendly paint to decorate interior wall in shopping malls; and
- Install soundproof panels in the air-conditioning room to reduce noise.

5. Health and Safety Management

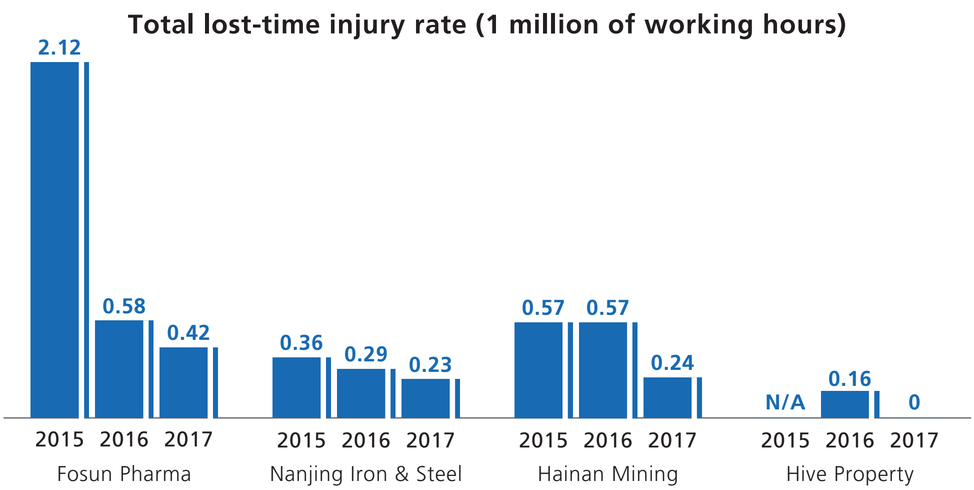
In order to ensure the legal and compliance operations of companies under the Group, effectively reduce and eliminate the risk for safety/health/environment ("EHS"), and deliver on the Group's commitment of social responsibilities with respect to EHS, the Group launched the Safety/Health/Environment (EHS) Management System Manual (安全／健康／環境(EHS)管理體系手冊) and the framework standards for evaluating the system in 2013. This system is based on the foundation of OHSAS18001, ISO14001 and national safety production standards, including 5 major parts, namely systemic management elements, environment, safety, occupational hygiene, firefighting and loss prevention. According to the assessment score in each item, the actual management statuses of the EHS management level, equipment, technology and personnel operations of the enterprises under the Group are classified into 5 score levels (0-1.5, 1.6-2.5, 2.6-3.5, 3.6-4.5, 4.5-5) based on which a quantified assessment will be conducted. Enterprises with relatively low scores (less than 1.5) will be classified as "red light" enterprises and brought under close supervision. At the same time, linking the audit results with the economic evaluation of the leaders of the units under review, it effectively ensures that the EHS management standard system is effectively implemented in companies under the Group. While actively implementing the EHS management system framework standards, the Group also actively encourages its subsidiaries to obtain OHSAS18001 certification and national safety production standardization certification. As of the end of the reporting period, 11 enterprises had obtained OHSAS18001 certification, and 28 units had obtained the Grade II national safety production standardization certification.

The Group's EHS system audit

Wanbang Folon's EHS system audit

Hainan Mining's EHS system audit

The Group is committed to providing employees with a safe and comfortable working environment. In order to link up with the international safety performance indicator system, the Group issued the Management Procedures for Occupational Health, Safety and Environmental Protection Performance Indicators under the Fosun Group Special Safety and Environmental Protection Standards (復星集團安全環保特殊標準之職業健康、安全與環保績效指標管理程序) in September 2016, requiring all companies under it to report EHS performance indicators such as all accidents that have lost more than one working day and the frequency of lost-time injuries to further enhance and refine the EHS management. In 2017, the Group did not have full-time employees who died due to work. From the overall trend, the lost-time injury rate in all segments also showed a declining trend year by year, and was with better control. In the past three years, the lost-time injury rate of full-time employees of the Group's major invested companies, namely Fosun Pharma, Nanjing Iron & Steel, Hainan Mining, and Hive Property, were as follows:



The Group attaches great importance to the rectification of potential hazards in safe production, and conducts supervision over and audit of the safety costs of enterprises in high-risk industry to ensure that enough spending is to be made.

Safe Production Investment (RMB)	2015	2016	**2017**
Fosun Pharma	45.05 million	31.55 million	**39.19 million**
Nanjing Iron & Steel	31.00 million	30.00 million	**33.00 million**
Hainan Mining	13.99 million	10.22 million	**9.93 million**
Hive Property	The Group provided expenses for its real estate projects to carry out modern construction measures in strict accordance with national standards and required its contractors to provide expenses for safety measures according to the Interim Measures for the Financial Management of Safe Production Expenses of Enterprises in High-risk Industries (Cai Qi [2006] No. 478) (《高危行業企業安全生產費用財務管理暫行辦法》(財企[2006]478號)).		

Exhibition of EHS culture promotion

Hainan Mining's EHS training

People and vehicles diversion within the plant of Wanbang Folon

Nanjing Iron & Steel's rectification of potential hazards

Centralized networking alerting and control of alarms in gas areas

All gas pipelines with a diameter of less than 1.8 meters were upgraded to be equipped with electric blind flange valves

Replaced with anti-gas leak drainer

The gas system carried out safety isolation and access system.

6. Product Liability

6.1 Quality Empowerment – Promote Lean Six Sigma Project

The Group issued a document in March 2017 to formally establish the Lean Six Sigma Management Promotion Committee and working group, and selected Fosun Pharma, Nanjing Iron & Steel, Hainan Mining, and Starter Property (星泓地產) and other enterprises to conduct pilot projects. After one year of promotion, the Group has carried out a total of 382 Lean Six Sigma projects and generated direct economic benefits of more than RMB100 million (based on the results of financial audits for related business entities). Indirect benefits to the Group include all-round improvement of performance, certain breakthroughs in lean production, lean supply chain, lean marketing and lean design of new factories. It has also trained a group of Lean Six Sigma management talents for the Group, of which 69 reaching black belts.

Wang Qunbin, CEO of the Company, spoke at the Lean Six Sigma Management Promotion Conference on November 30, 2017

Fosun Pharma launched operation excellence on June 8, 2017

6.2 Quality Management

In order to implement the grand strategy of "Centered around family, deeply rooted in china, innovating a global happiness ecosystem" and strengthen the product quality and safety management of the Group's investment enterprises, the Group updated the Implementation Rules for Major Quality Accident Reporting of Fosun Group (復星集團重大質量事故上報實施細則) in 2016, and issued the Fosun Group's Guidelines on the Establishment of Product Recall System of Member Companies (復星集團關於各企業建立產品召回制度的指引) in 2017 to guide member companies to establish and improve their product recall system. The Group requires that a management system must be established for products in those industries for which the state has issued product management measures, such as medicines, food, medical equipment, children's products, etc., as well as the iron and steel and clothing industries. Each member company has established and improved their own product management system in compliance with product management measures practiced in relevant countries or industries and according to the Group's above product management system guidelines.

Quality examinations and surprise checks are conducted to drive member companies to improve their quality management system. Measures taken include incoming stock examination, production process control, finished product check and logistics monitoring. Key quality indicators of each company are established after taking into account the characteristics of that company and are tracked on a monthly basis. In 2017, the quality management of member companies of the Group achieved good results, especially in terms of quality system establishment and certification, supplier management, product safety mechanisms, quality and safety training, user complaint/return goods handling, customer satisfaction, etc. Specific details of quality management adopted are shown below according to three business lines: the Health Ecosystem – Fosun Pharma, Wealth Ecosystem – Nanjing Iron & Steel and Hive Property.

1) HEALTH ECOSYSTEM – FOSUN PHARMA

(1) Provide quality products and services

In 2017, Fosun Pharma's domestic pharmaceutical subsidiaries were sampled 403 times by the government regulators and no nonconformity reports were reported. In mid-2017, no products of member companies were officially declared as unqualified products.

In August 2017, Fosun Pharma started the pilot work of the Group's Drug Marketing Authorization Holders (MAH) in accordance with the Notice of General Office on the Implementation of Related Matters of the Pilot Work of Drug Marketing Authorization Holders System (總局關於推進藥品上市許可持有人制度試點工作有關事項的通知) issued by CFDA. After regulatory research and study, a quality management system for the entire life cycle was established. Shanghai Fosun Pharmaceutical Industrial Development Company Limited successfully obtained the supplementary approvals for the applications for meloxicam tablets, and officially became the first pilot company in Shanghai to obtain the MAH approval.

(2) The Establishment and Certification of Quality System

In 2017, Fosun Pharma's domestic and foreign pharmaceutical subsidiaries were inspected by different government regulators for 97 times, and successfully passed all of them. As of the end of 2017, a total of 79 formulation production lines and 60 API products of Fosun Pharma's domestic pharmaceutical subsidiaries received China 2010 GMP certification with a total of 53 certificates.

With the implementation of internationalization strategy of Fosun Pharma, its subsidiaries significantly step up the pace of internationalization. As of the end of the reporting period, 11 APIs of Fosun Pharma's domestic pharmaceutical subsidiaries have passed the GMP Certification from the health authorities in various countries such as the FDA of United States, European Union, Japan's Ministry of Health, Labor and Welfare (MHLW) and Germany's Federal Ministry of Health. 1 solid oral dosage production line, 3 injection production lines and 5 APIs of Guilin Pharma passed the inspection for WHO-PQ Certification. 1 solid oral drug production line of Yao Pharma received the certification from Health Canada and the FDA of the United States.

In 2017, Gland Pharma, an overseas member company of Fosun Pharma in India passed various inspections for GMP Certification for a total of 21 times. In 2017, Gland Pharma's 14 formulation products passed certifications by the FDA of United States, European Union, WHO and TGA of Australia etc. And its 10 APIs passed certifications by the FDA of United States, European Union, and WHO etc.

(3) Supplier Management

All subsidiaries of Fosun Pharma have formulated their supplier management procedures and established the supplier quality annual review system, and perform various supplier audits (such as on-site quality audits, questionnaire audits and phone audits) prior to determining a qualified supplier based on the principles of fair bidding, procurement through tender and quality as first priority, to ensure the quality and safety of drugs from the source.

(4) Product safety mechanism

Fosun Pharma values quality risk management throughout the life cycle of its products and has strict quality and safety management mechanisms in place in terms of product research and development, clinical trial, technical transfer, production and manufacturing, marketing and sales, etc. to ensure the safety in the process of research and development, production, sales, recall or market withdrawal of medicinal products and medical devices. Fosun Pharma cares about medication safety for patients and values the strict monitoring and reporting of adverse drug reactions as well. In 2017, Fosun Pharma continued to strictly implement the "Adverse Drug Reaction Reporting and Monitoring Management System" and asked each of its pharmaceutical subsidiaries to report adverse drug reactions as soon as they become aware of the adverse drug reactions. Pharmaceutical subsidiaries implement "zero-reporting" management for adverse reactions according to the requirements of the adverse reaction monitoring procedures of Fosun Pharma. That is, pharmaceutical subsidiaries shall submit the adverse reaction information sheet to the Group in the beginning of every month even if there is no adverse reaction. For new or serious adverse reactions, reporting must be completed within prescribed period, and pharmaceutical subsidiaries are required to report to the management department of the Group within prescribed period to ensure that all information of adverse drug reactions are collected and handled in a timely manner. The Group also conducts intensive monitoring on key products and requires the pharmaceutical subsidiaries to take proactive measures to minimize the incidence rate of adverse reactions.

In 2017, in strict accordance with the requirements of the "Adverse Drug Reaction Reporting and Monitoring Management Measures" of China, the pharmaceutical subsidiaries of Fosun Pharma have collected adverse drug reactions information and have reported all the information in a timely manner. There were no adverse reactions events and deaths caused by drugs with quality defects in 2017. A total of 49 adverse drug reactions events collected voluntarily by Fosun Pharma were truthfully reported online to the national adverse reaction database and properly handled.

(5) Quality safety training

In order to continuously enhance the standards for quality management systems, facilitate the employees to absorb the latest quality ideas, and consolidate standard operating procedures, pharmaceutical subsidiaries of Fosun Pharma highly value the training related to quality. Key production quality managers are sent to attend professional forums and trainings on specific topics such as risk management, production, change of techniques, verification and change management of sterile preparations on the one hand, and all staff within these enterprises participate in management training on the latest GMP and training of standard operation procedure on the other hand.

Fosun Pharma focused on quality safety training. In 2017, each person in pharmaceutical subsidiaries received more than 35 hours of quality training on average, increased by 12 hours per person compared with 2016.

(6) Handling of users' complaints and returned goods

The subsidiaries of Fosun Pharma attach great importance to the reasonable needs of users and continue to strengthen the handling of users' complaints. There are dedicated personnel for this regard who record complaints to every detail and give satisfactory reply to complainants with thorough explanation after investigation, analysis and responding actions. They also record the batch number of the products in question. The handling of complaints is led by the quality control department and supported by relevant functional departments. Complaints are replied to and properly resolved within prescribed period and remedial and preventive measures will be implemented to ensure high satisfaction of users. In 2017, the domestic pharmaceutical subsidiaries of the Group received a total of 49 complaints related to product quality, and all of which were replied to and handled with the active effort of subsidiaries.

2) WEALTH ECOSYSTEM – NANJING IRON & STEEL

(1) Provide quality products and services

In 2017, Nanjing Iron & Steel received random checks 5 times made by the state or provincial government, and 9 products, including bearing steel, hot-rolled reinforcing steel, spring steel, and bridge steel, passed the inspections with a sampling pass rate of 100%.

Throughout the year of 2017, Nanjing Iron & Steel successfully launched 16 certifications for 363 steel products. The company strives to build quality brands, and its many products have been rated as industrial-level and provincial-level brands. In the whole year of 2017, 142 patent applications were filed, of which 83 were invention patents, representing an increase of 17.36% compared to the same period of 2016. One of the invention patents, "a method of manufacturing low-compression ratio hot-rolled 9Ni steel plate(一種低壓縮比熱軋9Ni鋼厚板的製造方法)", won the "Excellence Award of the nineteenth China Patent Award", which was the first national prize of Nanjing Iron & Steel, marking a new step of the intellectual property work of Nanjing Iron & Steel.

(2) Establishment and Certification of Quality System

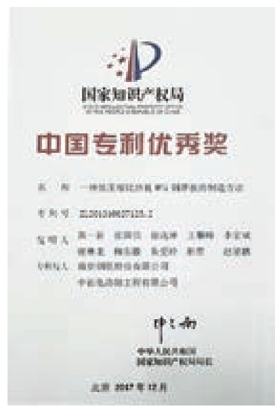
In the whole year of 2017, Nanjing Iron & Steel's iron and steel sheet and plate and steel long products passed the second-party quality certifications review by well-known companies at home and abroad for 65 times, which provides guarantees for the expansion of high-end product markets. Description of relevant system certifications in 2017 are as follows:

- GJB9001B:2009 special steel quality management system certification was passed, marking the first certificate obtained for quality management system certification;

- The annual on-site audit of ISO9001:2008 quality management system was passed, and a new standard quality system was established and implemented according to ISO9001:2015;

- The API Q1 quality management system has obtained a three-year re-certification certificate; and

- The annual on-site audit of ISO/TS16949:2009 automotive steel quality management system was passed, and a new standard quality system established and implemented in accordance with IATF16949:2016.



(3) Supplier Management

Nanjing Iron & Steel conducted system audits on key stages of workflow such as raw material procurement from suppliers, production process control, and ex-factory inspection to improve and optimize suppliers' quality and process control capabilities. In 2017, Nanjing Iron & Steel added 71 new suppliers and conducted a total of 74 reviews over suppliers. Of these, 65 were for the access approval of suppliers, and the pass rate was 92.3%. The suppliers were reviewed by second party for 9 times and the pass rate was 100%.

(4) Quality training

Nanjing Iron & Steel formulated and improved the Employee Education and Training Management Measures (《員工教育培訓管理辦法》) and other systems and established a complete employee training system. Nanjing Iron & Steel stresses quality training and focuses on aspects including quality (including systems), quality awareness, and job skills. In the whole year of 2017, there were more than 3,600 person-times of quality training, more than 1,760 person-times of quality management training, and more than 100 person-times of internal auditors training. Through the theory test, certificate obtaining, and organizers' evaluation of training, etc., the training effect is evaluated to ensure that the training achieves the desired effect.

(5) Handling of users' complaints and returned goods

Nanjing Iron & Steel has set up a third-party customer complaints platform to collect users' complaints, suggestions, questions and appeals, and makes effective responses to them without letting users feel that the company tries to pass the buck. Relevant persons in charge respond to users' complaints as they receive such complaints, and handle them within 24 hours in principle. The relevant management department will reply for users' surveys, visits, consultations, complaints, and handling results and will centralizedly close such cases.

In 2017, the products quality of Nanjing Iron & Steel was steadily improved and there were no major complaints from customers throughout the year. The amount of compensation for quality objection per ton steel was 33% lower than that of 2016. Users generally believed that Nanjing Iron & Steel's technical support and service work was timely and satisfied with the complaint processing results.

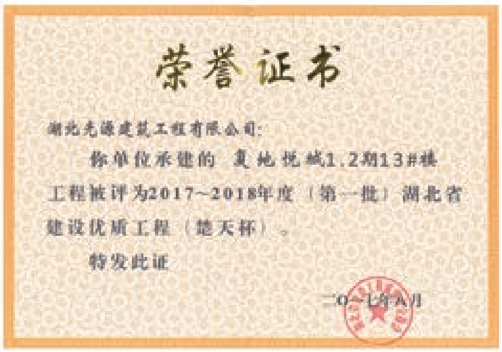
(6) Increased customer satisfaction

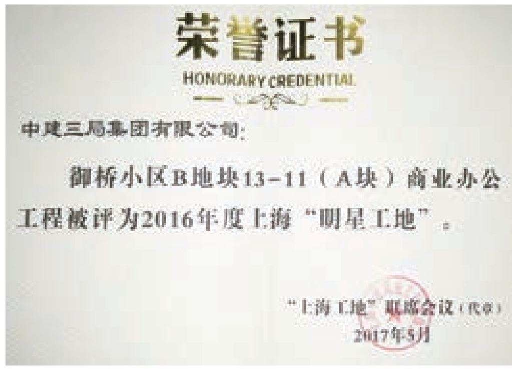
Nanjing Iron & Steel conducts two customer satisfaction surveys each year, covering domestic and foreign strategic and key customers. In the whole year of 2017, the overall customer satisfaction score was 94.44, which was 4.44% higher than the target. The company analyzes the problems occurred in the survey, prepared a rectification analysis report, organizes related departments to implement rectification and give feedbacks, and reviews the rectification to form a closed-loop management.

3) WEALTH ECOSYSTEM – HIVE PROPERTY

By promoting the business philosophy of "quality is benefits" in property quality management, the Group takes the management focus forward from post-management to preventive control and ensures that quality control is carried out throughout the entire construction process. According to the characteristics of the project, focusing on the key aspects of quality control, the Group makes advanced plans and formulates a scheme. Before the construction, the model will be made first, and then start to construct in an all-round way after the model is passed.

In 2017, the Group's property business received a variety of awards. For example, the Shanghai Landmark H block (上海地傑H地塊) was awarded the Luban Prize of China Construction Engineering (中國建設工程魯班獎), the No.5-8 buildings of the Lot A of Yannandu (宴南都A地塊5-8#樓) in Jiangsu and Zhejiang Provinces were rated as the Quality Structure Projects(優質結構工程), No.13 Building of Phase I&II of Wuhan Yuecheng (武漢悦城1.2期13#樓) won the Chutian Cup (楚天杯), and the QC team of Phase III of Financial Island (金融島三期QC小組) won the First Prize of Excellent Quality Management (優秀質量管理一等獎) of the Sichuan Provincial Engineering Construction System (四川省工程建設系統).





The Bund Finance Center is a boutique project constructed by Hive Property with particular efforts and is one of the core representatives of "Hive Cities". The project has a total GFA of approximately 420,000 square meters, incorporates financial, commercial, tourism, cultural and artistic functions and covers four major types of businesses, namely office buildings, shopping malls, Fosun Arts Center and hotels. The project won the Jin Gang Award for Steel Structure (鋼結構金剛獎), District Quality Structure Award (區優質結構獎), City Quality Structure Award (市優質結構獎), Magnolia Award (白玉蘭獎), LEED Gold Award and Three Stars Certification for Green Chinese Building (中國綠色建築三星認證). The Hangzhou Bank Shanghai branch and Everbright Pramerica and other companies entered in the Bund Finance Center, reflecting the strong appeal of this office building project to the market and customers.

HUMAN RESOURCES

As of 31 December 2017, the Group had approximately 63,000 employees.

During the year of 2017, the strategic initiatives of Fosun's Human Resources ("**HR**") division focused on families around the world by innovating C2M happiness ecosystems in health, happiness and wealth. Under the guidance of Fosun's cultural values, we promoted the organizational evolution, continually attracted strategic talents, optimized and implemented the multi-dimensional partnership model, strengthened talent pipeline and ONE Fosun talent management, accelerated the layout of industry development worldwide and advanced technology innovation, and achieved periodical results regarding the intelligent innovation of talent management.

We further optimized the ONE Fosun talent recruitment mechanism and proactively built up an elite HR management and recruiting team. By optimizing and promoting the ONE Fosun talent database system and integrating our talents through utilizing big data, the talent acquisition efficiency was improved. By organizing the ONE Fosun global campus recruitment, a number of domestic and overseas elites were recruited successfully, and bringing vitality to Fosun. The organization has been continually developed to improve its talent pipeline, brain gains, overall efficiency and cross-departmental talent synergies. More career development opportunities were offered for talented personnel with outstanding performance and high potential. Meanwhile, we continued to improve the "partnership models" at various levels and all ancillary measures, optimized the overall incentives framework of the Group based on different business practices, explored and implemented the incentive mechanism of technologically innovative enterprises, constantly optimizing and enhancing our various incentives mechanism to achieve better results.

Fulfillment of the Commitment to Employees

Fosun regards its employees as its most valuable capital. Meanwhile, Fosun has been aiming to provide the best platform for employees to realize their values. We fully protect the interests of employees, and we are always concerned with the personal development of our staff. We emphasized on the importance of cultivating outstanding talents with an international perspective, and devise a career development path with Fosun characteristics to allow both companies and our employees to develop together.

Employee Caring and Services

Fosun persists in improving, innovating and strengthening the establishment of a comprehensive and diversified benefit system in order to create a sound enterprise atmosphere and enhance the sense of belonging among the employees. Fosun cares not only for its employees, but also their families. These are consistent with the value of "Self-improvement, Teamwork, Performance and Contribution to Society" upheld by Fosun.

EMPLOYEE CARING

Fosun has established different schemes for various employee groups. The Group will send out birthday wishes and gifts and celebrate the traditional festivals for expatriate employees and their families every year; centering on the Group's happiness ecosystem, their families may also participated in various warm-hearted activities of the Company. For long-term service employees, the Group will commend and reward them during the New Year celebration. We have also adopted the incentive and benefit schemes tailored for our core talents, outstanding performers and young people with high potential. We fully utilized the Group's own insurance, finance, tourism, health and other resources so that employees can access to all types of internal products, services and related resources at lower costs more conveniently.

Fosun pays great attention to staff's health management. In addition to the annual health check benefitting all, we encourage employees to participate in Tai Chi and other fitness activities. We try to promote body exercises during breaks, and conduct health forums, so as to enhance staff health awareness.

Fosun also cares about both the physical and mental health of female employees and provides extra care to them. The Group expresses its appreciation to female employees on Women's Day every year. We also organize lectures regularly on women's health and prevention of occupational diseases.

We have been striving to provide diverse forms of care to employees and their families, including all-round care for the growth of the "Children of Fosun Employees" and enrich the family life of our employees. We prepare gifts for "Children of Fosun Employees" on Children's Day every year, organize various activities from time to time and invite employees and their families to participate, hoping to help our employees and their families to enjoy a happy life.

EMPLOYEE SERVICES

We use the internet and various innovative channels to enrich employee services. We have further optimized and innovated the methods of benefit distribution and dissemination, such as announcing or introducing employee benefits through our own mobile application, displaying various remuneration benefits and human resources policies using sticky posts and online banners on the home page of the Group's intranet. We distribute employee benefits through our self-developed mobile application platform and also use the platform to allow users to recharge value online and pay for meals. Meanwhile, we established the Global HR Shared Service Center to share resources with our employees around the world, so that we are able to provide better service to our global employees.

Fosun has hired a full-time employee service staff who assists its employees in applying for various certificates, such as employment permits/residence permits for overseas staff, the permits for introduction of high caliber employees from other provinces or cities/residence certificates for employees from other cities, the settlement of registered permanent residence of college graduates and collective residence affiliation (集體戶口掛靠) so as to reduce time and efforts spent by employees on applying for these certificates, which effectively supported the introduction of excellent talents.

We actively promote the use of English in our internal systems, processes, rules and regulations so as to drive the Group's globalization and meet the demands of our diverse employees. We also studied and formulated exclusive welfare policies and systems according to the laws, regulations and market practices in different countries and regions. Meanwhile, we also introduced induction courses and the "Buddy" (小伙伴) program tailored for our overseas staff to help expatriate workers to quickly understand and integrate into our corporate culture.

Employee Learning and Development

Fosun believes that talents represent the core competitiveness of an enterprise, and as such, it has always been valuing the development of both the Company and its staff as one of the most important responsibilities of Fosun. It provides the employees with more opportunities for career development and better working conditions through sustained efforts. With continuous growth and structural improvement, we have promoted the integration and cooperation among team members, created value and built groups with elitism culture. These measures allow both the Group and its staff to build a brilliant future together.

CULTURAL PROMOTION

We enhanced the promotion and the unified understanding of the Group's corporate culture and values through continuous training and the exchange of views among our portfolio enterprises. Meanwhile, we also work with external consulting firms, institutes and universities to integrate our internal and external training materials and resources, in attempt to promote our corporate brand. In addition, the Group has developed a unified mechanism regarding the promotion, guidance, communication and coordination of talents-related issues. It effectively bridges the gap between the diverse talents with different cultural backgrounds, and realizes harmonious relationships among the members of Fosun's big family.

STRATEGY INTERPRETATION

The Group focuses on its development strategy to solve practical issues, assists the staff in understanding the key strategies of the Group by sharing cases of innovation and best practices with them so they could better implement our strategies extensively and in a well-coordinated manner.

CAREER DEVELOPMENT

In accordance with the development strategy and the human resources planning requirements of the Group and taking into account the characteristics of its own development, we have established talent development and professional talent training programs for different talents. We plan development paths and design methods of learning in a scientific and rational manner that matches different development goals. We further design training courses in accordance with the quality of capabilities and occupational requirements to help employees grow rapidly.

Learning and Development Cases

TALENT ECHELON TRAINING PROGRAM

The training program, which lasted for nearly one year, was organized for employees with high potentials at all levels internally in accordance with the Group's development strategy and planning, which is an important way for Fosun to train investment experts and potential business leaders. With the form of interactive project learning as the main theme, the highly potential talent training program brought students under different plans together to form project teams and improved the comprehensive ability of employees through real project cases to precipitate and accumulate business experience.

PROFESSIONAL TALENT TRAINING

While devising various professional and specialized trainings, the Company focused on investment, insurance, finance, risk control, human resources and other areas with the aim of honing the employees' business ability to "learn from practice" and enhancing their adaptability.

INVESTMENT CASE REVIEW

The think tank of Fosun system has typical cases from work for study and exceptional cases of outstanding performance of high-caliber employees who share their work experience with others. It focuses on three targets: firstly, to improve the staff's investment and management capability by conducting internal training and sharing experience with the investment teams; secondly, to gradually develop tools or methods that Fosun should have possessed in investment based on the experience related to many cases of investments and thirdly, to progressively refine the learning-and-growth model of our core investment members through a series of case studies.

LEARNING AND DEVELOPMENT OF ENTIRE STAFF

The Group offers a variety of learning and development programs to all staff, in addition to specially-designed programs for specific personnel.

- ***Luncheon Session***
  According to its strategic focus, the Group held 44 lunch-time sharing sessions in 2017 inviting Fosun's Directors, global partners and some enterprisers to share the corporate strategies, hot topics on investment, internet and best practices. The sessions helped the employees to have a deeper understanding on the Group's strategy, have their horizon broadened and their knowledge enriched. More than 4,000 employees attended the sessions.

- ***Fosun's Lectures***
  We invited external experts to provide systematic knowledge to help employees enhance their personal soft skills and expertise in financial investment, improve efficiency and effectiveness at work, enable them to work efficiently as professional managers whose work are up to standard.

- ***Mobile Learning Platform***
  We built an anytime, anywhere and unobstructed learning platform by utilizing fragmented time. In 2017, we introduced and internally transformed a total of more than 50 mini courses covering skill-training classes in a variety of areas such as investment, finance and soft skills, which provided a convenient online learning platform for employees of the Group, employees of enterprises under incubation and employees of some core portfolio companies.

- ***Post-90s Fresh Talk***
  As a young company, Fosun has also set up a showcase stage for post-90s employees. Emerging things in the current industry such as various interesting and cutting-edge topics like hand games, school district housing, online celebrity, IP, bike-sharing, robot, VP, knowledge-based economy and NBA were explained by post-90s young employees using the mobile internet platform. In 2017, 19 episodes were released in Season 2.

Employment and Labour Standards

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

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

Employee Incentive

The Group has consistently implemented a performance-oriented Total Reward System, focusing on Fosun's strategies and specific business needs, which is in line with internal and external market trends. The Group has established and constantly improved the "multi-level, full-coverage" remuneration incentive system to advocate the concept of "sharing gains and risks" and continued to improve the mid-to-long-term incentive system empowering the departments and the portfolio companies, and promoted the business development and team success via effective inventive system.

HR Intelligent Innovation

Advancing with the times and guided by ONE Fosun strategy, the Group's HR department, using various internet technologies, is committed to providing basic facilities, data sharing and analysis capabilities on organization mechanisms, talents and data within the entire group: Create HR big data platform, and through intelligent innovation, create value for HR information sharing and integration of the Group and its member companies; For the key core enterprises as the pilot, by quickly breaking through technical bottlenecks and reducing management costs, we have greatly enhanced internal operational efficiency, and have innovated HR product design to help member companies enhance the level of HR informatization.

AWARDS RECEIVED BY THE GROUP IN 2017

2017.4 The Company was awarded "Top 100 Hong Kong Listed Companies" by Finet Group and Tencent.

2017.5 The Company was ranked No.448 on "Forbes Global 2000" by the United States magazine *Forbes*.

2017.7 The Company was awarded as "Asia's Honored Company (Industrials)" in "2017 All-Asia Executive Team" ranking organized by the United States authoritative financial magazine, *Institutional Investor*.

The Company's 2017 Results Presentations were awarded as "Best Analyst Days" by *Institutional Investor*. The Company's official website was awarded as "Best Website" by the magazine.

The Company was ranked No.89 on "China's Fortune 500" by *Fortune China*.

2017.9 Fosun achieved major breakthrough in AI, its FONOVA set new record at the global medical imaging competition and ranked Top on the LUNA16 (LUng Nodule Analysis 2016 List).

2017.10 The Company was ranked No.17 on the list of "2017 Most Acclaimed Chinese Companies", released by *Fortune China*.

2017.12 The Company received the Platinum Award, the highest accolade at "The Corporate Awards 2017" from *The Asset*, the renowned international asset management and investment magazine. In addition, the Company was honored with the "Best Investor Relations" Award.

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

Opinion

We have audited the consolidated financial statements of Fosun International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 116 to 292, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of investment properties	
As at 31 December 2017, the carrying amount of investment properties, which are stated at fair value, amounted to approximately RMB32,438 million. Management uses external valuers to support its determination of the fair values of all investment properties and the Group's policy is that property valuations are performed by external valuers on a regular basis. The valuation of the investment properties is highly dependent on estimates and assumptions, such as estimated rental, capitalisation rates, occupancy rates and market knowledge. The use of different estimates and assumptions could result in significantly different fair values. The Group's disclosures about fair value measurement of investment properties are included in notes 2.4 and 3, estimation uncertainties (iv), which specify the policies regarding to the fair value measurement of investment properties and note 14 which specifically explains the fair value hierarchy and valuation techniques and the key inputs to the valuation of investment properties.	Amongst our audit procedures, we considered the objectivity, independence and expertise of the external valuers. We involved internal valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples, which included reference to the leasing contracts, external market rents and historical information of occupancy rates, and in respect of the capitalisation rates, our internal specialists assisted us in checking to the market data applied by real estate industry analysis, etc. We also assessed the adequacy of the disclosures on the fair value measurement of investment properties.
Impairment of available-for-sale investments	
As at 31 December 2017, available-for-sale investments (including current and non-current portions) of the Group amounted to RMB136,692 million. The management carries out impairment tests on available-for-sale investments at the end of each reporting period and impairment losses are recognised when objective evidence of impairment exists. The management determines whether impairment occurs on debt investments after evaluating objective impairment evidence such as significant financial difficulty of the issuer or debtor and a breach of contract. In the case of equity investments, objective impairment evidence includes a significant or prolonged decline in the fair value of an investment below its cost. Significant estimations are involved when evaluating the existence of the objective evidence of impairment and the determination of the impairment losses to be recognised in profit and loss for available-for-sale investments. The Group's disclosures about impairment of available-for-sale investments are included in notes 2.4 and 3, estimation uncertainties (iii), which specify the impairment test policies for the available-for-sale investments, and note 23 in which the impairment loss recognised in the current year is disclosed.	In our audit, we obtained an understanding of and evaluated the internal controls over impairment tests process. We assessed the significant estimations and rationale used by the management in evaluating the objective evidence of impairment for available-for-sale investments and we performed independent tests by analysing the observable data that came to our attention to evaluate if there was any objective evidence of impairment. We examined the impairment tests performed by the management in determining the amount of impairment losses when there was objective evidence of impairment. We also assessed the adequacy of the disclosures on the impairment of available-for-sale investments.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities	
The Group had significant insurance contract liabilities (including current and non-current portions) stated at RMB53,185 million as at 31 December 2017. The valuation of insurance contract liabilities relies on significant judgement over uncertain future outcomes, mainly including the timing and ultimate settlement of long-term policyholder liabilities. Actuarial models are used to support the calculation of insurance contract liabilities. The complexity of the models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Assumptions used in the valuation, such as investment return, discount rate, mortality, morbidity, expense, lapse are set up by applying significant judgements. The Group's disclosures about valuation for insurance contract liabilities are included in notes 2.4 and 3 estimation uncertainty (xiii) which specifically explain the methodologies and assumptions used in the valuation and notes 46, 47 and 49 which disclose the details of the insurance contract liabilities recognised as at 31 December 2017.	In our audit, we performed audit procedures on the underlying data used in the valuation of some specific liabilities to source documentation. By applying our industry knowledge and experience, we compared the methodology, models and assumptions used against recognised actuarial practices. We involved our internal actuarial specialists to assist us in performing the following procedures in this area which among others included: assessing the design and testing the operating effectiveness of internal controls over the technical areas including management's determination and approval process for setting of assumptions, actuarial analyses including estimated versus actual results and experience studies; assessing the assumptions by reference to the historical experience, business expectation of the Group, and the market practices; reviewing the methodology and assumptions used in management's liability adequacy testing which is a test performed to check whether the liabilities are adequate as compared to the expected future contractual obligations and assessing the impact of change in estimation to be in line with the changes in assumptions adopted by the Group. We also assessed the adequacy of the disclosures of the valuation for insurance contract liabilities.

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Siu Fung Terence Ho.

Ernst & Young
Certified Public Accountants

Hong Kong
27 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
REVENUE	*6*	**88,025,169**	73,966,562
Cost of sales		**(55,874,895)**	(48,094,096)
Gross profit		**32,150,274**	25,872,466
Other income and gains	*6*	**24,529,078**	22,609,531
Selling and distribution expenses		**(13,167,869)**	(11,007,684)
Administrative expenses		**(13,472,924)**	(12,365,138)
Other expenses		**(5,997,454)**	(6,709,978)
Finance costs	*7*	**(5,583,752)**	(4,845,431)
Share of profits of:			
Joint ventures		**1,492,552**	106,827
Associates		**3,021,090**	2,620,224
PROFIT BEFORE TAX	*8*	**22,970,995**	16,280,817
Tax	*10*	**(6,174,962)**	(3,594,619)
PROFIT FOR THE YEAR		**16,796,033**	12,686,198
Attributable to:			
Owners of the parent		**13,161,275**	10,268,185
Non-controlling interests		**3,634,758**	2,418,013
		16,796,033	12,686,198
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year (RMB)	*12*	**1.53**	1.19
Diluted			
– For profit for the year (RMB)	*12*	**1.53**	1.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
PROFIT FOR THE YEAR		**16,796,033**	12,686,198
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**10,156,055**	11,103,463
Reclassification adjustments for gains/(losses) included in the consolidated statement of profit or loss			
– gain on disposal		**(11,759,548)**	(2,107,386)
– impairment loss		**369,522**	1,473,197
– gain on disposal of a subsidiary		**(173,092)**	–
Income tax effect	27	**(1,090,261)**	(1,040,926)
		(2,497,324)	9,428,348
Change in other life insurance contract liabilities due to potential gains on financial assets		**(453,588)**	(17,280)
– Income tax effect		**133,809**	6,821
		(319,779)	(10,459)
Fair value adjustments of hedging instruments in cash flow hedges		**(29,724)**	(23,794)
– Income tax effect		**(1,769)**	6,310
		(31,493)	(17,484)
Fair value adjustments of hedging of a net investment in a foreign operation		**(1,126,495)**	316,497
– Income tax effect		**5,095**	(69,058)
		(1,121,400)	247,439
Share of other comprehensive income of joint ventures		**27,826**	67,074
Share of other comprehensive (loss)/income of associates		**(93,794)**	221,580
Exchange differences:			
Reclassification adjustments for a foreign operation disposed of during the year		**(20,812)**	–
Exchange differences on translation of foreign operations		**612,609**	496,236
		591,797	496,236

	Note	2017 RMB'000	2016 RMB'000
OTHER COMPREHENSIVE INCOME *(Continued)*			
Net other comprehensive (loss)/income to be reclassified to loss or profit in subsequent periods		**(3,444,167)**	10,432,734
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Revaluation gain upon transfer from owner-occupied property to investment property	*14*	**359**	54,114
– Income tax effect	*27*	**–**	(15,018)
		359	39,096
Actuarial reserve relating to employee benefit		**23,619**	(74,807)
– Income tax effect		**(1,316)**	45,369
		22,303	(29,438)
Share of other comprehensive income of associates		**–**	293,811
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**22,662**	303,469
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(3,421,505)**	10,736,203
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**13,374,528**	23,422,401
Attributable to:			
Owners of the parent		**10,113,610**	18,331,214
Non-controlling interests		**3,260,918**	5,091,187
		13,374,528	23,422,401

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**25,413,153**	20,672,028
Investment properties	*14*	**32,438,435**	30,493,267
Prepaid land lease payments	*15*	**2,359,772**	2,105,331
Exploration and evaluation assets	*16*	**174,935**	225,731
Mining rights	*17*	**542,180**	531,296
Oil and gas assets	*18*	**957,612**	1,050,517
Intangible assets	*19*	**10,880,302**	6,024,968
Goodwill	*20*	**15,203,443**	9,862,200
Investments in joint ventures	*21*	**20,418,447**	17,662,504
Investments in associates	*22*	**61,721,901**	44,115,608
Available-for-sale investments	*23*	**111,575,761**	105,785,016
Properties under development	*24*	**22,850,114**	9,330,509
Loans receivable	*25*	**2,393,352**	813,210
Prepayments, deposits and other receivables	*26*	**3,072,337**	2,540,614
Deferred tax assets	*27*	**3,852,666**	4,801,141
Inventories	*28*	**188,918**	267,836
Policyholder account assets in respect of unit-linked contracts	*29*	**858,734**	3,112,170
Insurance and reinsurance debtors	*30*	**152,094**	115,473
Reinsurers' share of insurance contract provisions	*31*	**4,630,070**	4,377,481
Term deposits	*32*	**964,496**	348,692
Placements with and loans to banks and other financial institutions		**117,035**	73,068
Loans and advances to customers	*33*	**2,543,362**	454,502
Derivative financial instruments	*34*	**363,961**	379,652
Finance lease receivables	*35*	**599,046**	288,517
Total non-current assets		**324,272,126**	265,431,331

	Notes	2017 RMB'000	2016 RMB'000
CURRENT ASSETS			
Cash and bank	*32*	**81,651,571**	51,807,704
Investments at fair value through profit or loss	*36*	**17,158,173**	8,328,696
Derivative financial instruments	*34*	**1,122,387**	445,382
Trade and notes receivables	*37*	**6,349,958**	4,321,733
Prepayments, deposits and other receivables	*26*	**14,081,682**	15,977,831
Inventories	*28*	**4,182,799**	2,705,018
Completed properties for sale		**8,343,896**	7,737,290
Properties under development	*24*	**18,517,485**	22,738,105
Loans receivable	*25*	**982,891**	2,130,688
Due from related companies	*38*	**12,309,468**	11,741,735
Available-for-sale investments	*23*	**25,116,703**	22,390,416
Policyholder account assets in respect of unit-linked contracts	*29*	**511,285**	636,076
Insurance and reinsurance debtors	*30*	**8,932,147**	6,434,748
Reinsurers' share of insurance contract provisions	*31*	**2,170,922**	1,468,553
Placements with and loans to banks and other financial institutions		**345**	37
Loans and advances to customers	*33*	**3,803,068**	2,904,371
Finance lease receivables	*35*	**1,749,081**	929,759
		206,983,861	162,698,142
Assets of a disposal group classified as held for sale	*39*	**2,532,067**	58,650,003
Total current assets		**209,515,928**	221,348,145

	Notes	2017 RMB'000	2016 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*40*	**58,027,951**	43,874,088
Convertible bonds	*41*	**81,428**	–
Trade and notes payables	*42*	**12,368,277**	9,569,939
Accrued liabilities and other payables	*43*	**41,911,579**	33,710,957
Tax payable		**6,419,801**	4,035,686
Finance lease payables	*44*	**68,323**	48,686
Deposits from customers	*45*	**34,971,708**	18,511,530
Due to the holding company	*38*	**769,062**	381,646
Due to related companies	*38*	**3,922,928**	3,647,173
Derivative financial instruments	*34*	**1,065,674**	505,115
Accounts payable to brokerage clients		**40,967**	68,823
Unearned premium provisions	*46*	**5,845,267**	5,194,018
Provision for outstanding claims	*47*	**13,325,966**	10,518,108
Provision for unexpired risks		**384,049**	360,623
Financial liabilities for unit-linked contracts	*48*	**351,138**	237,459
Investment contract liabilities	*48*	**5,856,188**	1,382,071
Other life insurance contract liabilities	*49*	**1,475,431**	1,429,933
Insurance and reinsurance creditors	*50*	**4,896,620**	3,109,676
Due to banks and other financial institutions	*51*	**1,101,553**	715,681
Placements from banks and other financial institutions		**268,165**	270,276
		193,152,075	137,571,488
Liabilities directly associated with the assets classified as held for sale	*39*	**204,047**	40,674,050
Total current liabilities		**193,356,122**	178,245,538
NET CURRENT ASSETS		**16,159,806**	43,102,607
TOTAL ASSETS LESS CURRENT LIABILITIES		**340,431,932**	308,533,938

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*40*	**92,347,113**	82,094,953
Convertible bonds	*41*	**–**	307,730
Finance lease payables	*44*	**268,911**	197,224
Deposits from customers	*45*	**105,859**	68,715
Derivative financial instruments	*34*	**689,354**	802,875
Deferred income	*52*	**894,450**	1,514,423
Other long term payables	*53*	**5,968,071**	4,160,042
Deferred tax liabilities	*27*	**10,326,318**	8,841,545
Provision for outstanding claims	*47*	**18,291,386**	16,764,930
Financial liabilities for unit-linked contracts	*48*	**1,018,881**	3,510,787
Investment contract liabilities	*48*	**59,649,260**	55,370,424
Other life insurance contract liabilities	*49*	**13,862,939**	11,420,408
Insurance and reinsurance creditors	*50*	**142,034**	175,360
Due to banks and other financial institutions	*51*	**455,075**	426,987
Placements from banks and other financial institutions		**–**	3,707
Total non-current liabilities		**204,019,651**	185,660,110
Net assets		**136,412,281**	122,873,828
EQUITY			
Equity attributable to owners of the parent			
Share capital	*54*	**36,485,351**	36,157,089
Treasury shares		**(108,757)**	(93,008)
Equity component of convertible bonds		**18,054**	68,674
Other reserves		**64,566,106**	56,234,244
		100,960,754	92,366,999
Non-controlling interests		**35,451,527**	30,506,829
Total equity		**136,412,281**	122,873,828

Guo Guangchang
Director

Wang Can
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 54)	Treasury share RMB'000	Other deficits RMB'000 (note 55(a))	Statutory surplus reserve RMB'000 (note 55(b))	Available-for-sale investment revaluation reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017	36,157,089	(93,008)	(443,540)	6,359,899	7,567,180	2,278,620	68,674	41,481,920	(1,009,835)	92,366,999	30,506,829	122,873,828
Profit for the year	–	–	–	–	–	–	–	13,161,275	–	13,161,275	3,634,758	16,796,033
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	6,511,658	–	–	–	–	6,511,658	1,123,695	7,635,353
Reclassification adjustments for gains/(losses) included in the consolidated statement of profit or loss												
– gain on disposal, net of tax	–	–	–	–	(8,393,447)	–	–	–	–	(8,393,447)	(1,827,658)	(10,221,105)
– impairment loss, net of tax	–	–	–	–	213,205	–	–	–	–	213,205	48,315	261,520
– gain on disposal of a subsidiary	–	–	–	–	(173,092)	–	–	–	–	(173,092)	–	(173,092)
Share of other comprehensive income of associates	–	–	–	–	(35,272)	–	–	–	1,983	(33,289)	(60,505)	(93,794)
Fair value adjustments of hedging instruments in cash flow hedges, net of tax	–	–	–	–	–	(29,646)	–	–	–	(29,646)	(1,847)	(31,493)
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	–	–	–	–	–	(1,169,591)	–	–	–	(1,169,591)	48,191	(1,121,400)
Revaluation gain upon transfer from owner-occupied property to investment property, net of tax	–	–	–	–	–	305	–	–	–	305	54	359
Actuarial reserve relating to employee benefit, net of tax	–	–	–	–	–	17,406	–	–	–	17,406	4,897	22,303
Share of other comprehensive income of joint ventures	–	–	–	–	27,826	–	–	–	–	27,826	–	27,826
Change in other life insurance contract liabilities due to potential gains on financial assets, net of tax	–	–	–	–	–	(271,812)	–	–	–	(271,812)	(47,967)	(319,779)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	252,812	252,812	338,985	591,797
Total comprehensive income for the year	–	–	–	–	(1,849,122)	(1,453,338)	–	13,161,275	254,795	10,113,610	3,260,918	13,374,528

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 54)	Treasury share RMB'000	Other deficits RMB'000 (note 55(a))	Statutory surplus reserve RMB'000 (note 55(b))	Available-for-sale investment revaluation reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries (note 57(a))	–	–	–	–	–	–	–	–	–	–	1,986,954	1,986,954
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	369,986	369,986
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(1,116,949)	(1,116,949)
Final 2016 dividend declared	–	–	–	–	–	–	–	(1,613,959)	–	(1,613,959)	–	(1,613,959)
Transfer from retained profits	–	–	–	1,046,862	–	–	–	(1,046,862)	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	(50,280)	–	–	–	(50,280)	(55,638)	(105,918)
Share of other reserve of joint ventures	–	–	–	–	–	(1,322)	–	–	–	(1,322)	–	(1,322)
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	898,732	–	–	–	898,732	2,925,255	3,823,987
Fair value adjustment on the share redemption option granted to non-controlling shareholders of a subsidiary	–	–	–	–	–	(335,279)	–	–	–	(335,279)	(1,524,968)	(1,860,247)
Equity-settled share-based payments of the Company (note 59)**	50,033	(15,749)	–	–	–	69,797	–	–	–	104,081	–	104,081
Equity-settled share-based payment of a subsidiary	–	–	–	–	–	3,929	–	–	–	3,929	6,428	10,357
Deemed acquisition of additional interests in a subsidiary	–	–	–	–	–	(14,359)	–	–	–	(14,359)	14,359	–
Disposal of subsidiaries (note 57(b))	–	–	–	–	–	–	–	–	–	–	(6,411)	(6,411)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(378,972)	–	–	–	(378,972)	(915,236)	(1,294,208)
Conversion of convertible bonds to ordinary shares	278,229	–	–	–	–	–	(50,620)	–	–	227,609	–	227,609
Re-purchase of shares	–	–	–	–	–	–	–	(360,035)	–	(360,035)	–	(360,035)
At 31 December 2017	36,485,351	(108,757)	(443,540)*	7,406,761*	5,718,058*	1,017,528*	18,054	51,622,339*	(755,040)*	100,960,754	35,451,527	136,412,281

* These reserve accounts comprise the consolidated other reserves of RMB64,566,106,000 (31 December 2016: RMB56,234,244,000) in the consolidated statement of financial position.

** According to the share award scheme announced by the Company, during the year of 2017, the Company issued and the employee benefit trust established by the Company allotted 4,605,200 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the year, 2,945,250 shares were vested.

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 54)	Treasury share RMB'000	Other deficits RMB'000 (note 55(a))	Statutory surplus reserve RMB'000 (note 55(b))	Available-for-sale investment revaluation reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016 (as previously reported)	36,046,143	–	(443,540)	4,641,387	435,425	1,578,712	68,674	34,381,707	(1,455,999)	75,252,509	22,901,566	98,154,075
Retrospective adjustments of business combination under common control and finalised purchase price allocation	–	–	–	–	7,644	520,000	–	(35,844)	–	491,800	907,260	1,399,060
At 1 January 2016	36,046,143	–	(443,540)	4,641,387	443,069	2,098,712	68,674	34,345,863	(1,455,999)	75,744,309	23,808,826	99,553,135
Profit for the year	–	–	–	–	–	–	–	10,268,185	–	10,268,185	2,418,013	12,686,198
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	7,282,799	–	–	–	–	7,282,799	2,731,632	10,014,431
Reclassification adjustments for gains/(losses) included in the consolidated statement of profit or loss												
– gain on disposal, net of tax	–	–	–	–	(1,357,446)	–	–	–	–	(1,357,446)	(333,907)	(1,691,353)
– impairment loss, net of tax	–	–	–	–	982,863	–	–	–	–	982,863	122,407	1,105,270
Share of other comprehensive income of associates	–	–	–	–	148,821	293,811	–	–	2,604	445,236	70,155	515,391
Fair value adjustments of hedging instruments in cash flow hedges, net of tax	–	–	–	–	–	(16,737)	–	–	–	(16,737)	(747)	(17,484)
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	–	–	–	–	–	210,323	–	–	–	210,323	37,116	247,439
Revaluation gain upon transfer from owner-occupied property to investment property, net of tax	–	–	–	–	–	38,401	–	–	–	38,401	695	39,096
Actuarial reserve relating to employee benefit, net of tax	–	–	–	–	–	(24,154)	–	–	–	(24,154)	(5,284)	(29,438)
Share of other comprehensive income of joint ventures	–	–	–	–	67,074	–	–	–	–	67,074	–	67,074
Change in other life insurance contract liabilities due to potential gains on financial assets, net of tax	–	–	–	–	–	(8,890)	–	–	–	(8,890)	(1,569)	(10,459)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	443,560	443,560	52,676	496,236
Total comprehensive income for the year	–	–	–	–	7,124,111	492,754	–	10,268,185	446,164	18,331,214	5,091,187	23,422,401

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 54)	Treasury share RMB'000	Other deficits RMB'000 (note 55(a))	Statutory surplus reserve RMB'000 (note 55(b))	Available-for-sale investment revaluation reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	129,807	129,807
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	3,540,338	3,540,338
Share issue expenses	(2,602)	–	–	–	–	–	–	–	–	(2,602)	–	(2,602)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(901,986)	(901,986)
Final 2015 dividend declared	–	–	–	–	–	–	–	(1,226,568)	–	(1,226,568)	–	(1,226,568)
Transfer from retained profits	–	–	–	1,718,512	–	–	–	(1,718,512)	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	(205,417)	–	–	–	(205,417)	(285,403)	(490,820)
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	640,909	–	–	–	640,909	(640,909)	–
Fair value adjustment on the stock redemption option granted to non-controlling shareholders of a subsidiary	–	–	–	–	–	5,862	–	–	–	5,862	60,467	66,329
Equity-settled share-based payments of the Company**	113,548	(93,008)	–	–	–	65,477	–	–	–	86,017	–	86,017
Equity-settled share-based payment of a subsidiary	–	–	–	–	–	14,413	–	–	–	14,413	22,705	37,118
Deemed acquisition of additional interests in a subsidiary	–	–	–	–	–	1,629	–	–	–	1,629	(1,629)	–
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(208,049)	–	–	–	(208,049)	(316,574)	(524,623)
Transformation of joint stock system of a subsidiary based on net assets	–	–	–	–	–	(45,670)	–	45,670	–	–	–	–
Business combination under common control	–	–	–	–	–	(582,000)	–	–	–	(582,000)	–	(582,000)
Re-purchase of shares	–	–	–	–	–	–	–	(232,718)	–	(232,718)	–	(232,718)
At 31 December 2016	36,157,089	(93,008)	(443,540)*	6,359,899*	7,567,180*	2,278,620*	68,674	41,481,920*	(1,009,835)*	92,366,999	30,506,829	122,873,828

* These reserve accounts comprise the consolidated other reserves of RMB56,234,244,000 in the consolidated statement of financial position.

** According to the share award scheme announced by the Company, during the year of 2016, the Company issued and the employee benefit trust established by the Company allotted 5,150,000 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the year, 1,438,800 shares were vested.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**22,970,995**	16,280,817
Adjustments for:			
Depreciation of items of property, plant and equipment	8	**1,794,203**	1,644,506
Amortisation of prepaid land lease payments	8	**51,227**	48,841
Amortisation of intangible assets	8	**526,357**	1,109,249
Amortisation of mining rights	8	**3,719**	18,609
Amortisation of oil and gas assets	8	**309,292**	355,837
Exploration expensed and written off	16	**73,426**	34,772
Provision for impairment of items of property, plant and equipment	8	**68,477**	30,923
Provision for impairment of intangible assets	8	**10,814**	3,548
Provision for impairment of goodwill	8	**122,959**	–
Provision for impairment of available-for-sale investments	8	**1,275,571**	2,306,787
Provision for impairment of investments in associates	8	**123,935**	524,420
Provision for impairment of receivables	8	**340,134**	165,361
Reversal of impairment of insurance and reinsurance debtors	6	**(81,451)**	(2,605)
Provision for inventories	8	**29,336**	70,255
(Reversal)/provision for impairment of completed properties for sale	6/8	**(1,674)**	293,065
Provision for impairment of loans and advances to customers	8	**35,042**	64,361
Gain on disposal of subsidiaries	6	**(2,323,121)**	(559,558)
Gain on bargain purchase of subsidiaries	6	**(234,355)**	(279,589)
Gain on bargain purchase of associates	6	**(1,239,698)**	(1,276,423)
Gain on disposal of available-for-sale investments	6	**(8,370,800)**	(4,962,845)
Loss/(gain) on disposal of investments at fair value through profit or loss	6/8	**162,030**	(56,899)
Gain on disposal of associates	6	**(419,091)**	(4,790,497)
Gain on deemed disposal of investments in associates	6	**(56,307)**	–
Gain on disposal of joint ventures	6	**(280,594)**	(191,508)
Gain on deemed disposal of partial investments in associates	6	**–**	(328,640)
Gain on disposal of items of property, plant and equipment	6	**(85,671)**	(108,619)
Gain on disposal of investment properties	6	**(330,922)**	(183,685)
Gain on settlement of derivative financial instruments	6	**(1,225,536)**	–
Gain on fair value adjustment on investments at fair value through profit or loss	6	**(1,489,792)**	(1,322,215)
Gain on fair value gains on investment properties	6	**(914,646)**	(1,315,460)
Gain on fair value adjustment on derivative financial instruments	6	**(372,159)**	(1,784)
Reclassification of available-for-sale revaluation reserve from other comprehensive income to the statement of consolidated profit or loss upon disposal of a subsidiary	6	**(173,092)**	–
Reclassification of translation reserve from other comprehensive income to the statement of consolidated profit or loss upon disposal of a subsidiary	6	**(20,812)**	–
Ineffectiveness of hedges	8	**218,647**	–
Interest expenses		**5,133,410**	4,433,471
Interest income	6	**(703,938)**	(514,755)
Dividends and interests from investments at fair value through profit or loss	6	**(427,887)**	(959,535)
Dividends and interests from available-for-sale investments	6	**(3,092,800)**	(3,200,957)
Share of profits and losses of associates		**(3,021,090)**	(2,620,224)
Share of profits and losses of joint ventures		**(1,492,552)**	(106,827)
Equity-settled share-based payments	8	**114,438**	–
Subtotal carried forward		**7,006,024**	4,602,197

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES *(Continued)*			
CASH INFLOW BEFORE WORKING CAPITAL CHANGES		**7,006,024**	4,602,197
Increase in properties under development		**(17,014,133)**	(2,863,423)
Decrease in completed properties held for sale		**11,765,432**	7,142,813
Increase in trade and notes receivables		**(1,501,344)**	(232,609)
Decrease/(increase) in prepayments, deposits and other receivables		**3,022,842**	(3,271,531)
Increase in inventories		**(925,214)**	(323,305)
Increase in insurance and reinsurance debtors		**(2,178,751)**	(2,529,970)
Increase in reinsurers' share of insurance contract provisions		**(1,311,125)**	(2,245,454)
Increase in amounts due from related companies		**(1,683,621)**	(5,176,628)
(Increase)/decrease in loans and advances to customers		**(2,637,594)**	312,288
Increase/(decrease) in trade and notes payables		**1,870,785**	(1,066,867)
Increase in accrued liabilities and other payables		**8,618,930**	16,247,354
Increase in deferred income		**118,296**	442,701
Increase/(decrease) in other long term payables		**818,200**	(235,855)
Increase in amounts due to related companies		**575,724**	702,481
(Decrease)/increase in accounts payable to brokerage clients		**(27,856)**	34,361
(Increase)/decrease in placements with and loans to banks and other financial institutions		**(44,275)**	32,791
Decrease in placements from banks and other financial institutions		**(5,818)**	(489,936)
Decrease in amounts due to banks and other financial institutions		**(285,633)**	(279,748)
Increase in deposits from customers		**11,387,193**	462,437
Decrease/(increase) in restricted pre-sale proceeds of properties		**493,240**	(976,956)
Increase in required reserve deposits		**3,290,203**	(890,098)
Increase in derivative financial instruments		**1,026,742**	–
Increase in finance lease receivables		**(1,129,851)**	–
Increase in unearned premium provisions		**1,115,806**	55,382
Increase in provision for outstanding claims		**4,151,132**	3,289,636
Increase in insurance and reinsurance creditors		**1,527,478**	1,362,612
Increase/(decrease) in provision for unexpired risks		**23,426**	(71,787)
Increase/(decrease) in other life insurance contract liabilities		**1,133,084**	(281,935)
Increase in investment contract liabilities		**4,807,166**	2,029,431
CASH GENERATED FROM OPERATIONS		**34,006,488**	15,780,382
Tax paid		**(3,553,371)**	(3,777,217)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**30,453,117**	12,003,165

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(6,067,595)**	(3,852,270)
Increase of prepaid land lease payments		**(139,409)**	(9,890)
Increase of investment properties		**(2,187,071)**	(1,033,799)
Purchase of intangible assets		**(1,313,745)**	(871,340)
Purchase of mining rights		**(14,603)**	–
Purchase of exploration and evaluation assets		**(60,480)**	(122,011)
Purchase of oil and gas assets		**(364,912)**	(278,260)
Purchase of available-for-sale investments		**(79,113,036)**	(60,825,540)
Purchase of investments at fair value through profit or loss		**(122,599,493)**	(5,273,777)
Proceeds from disposal of investments at fair value through profit or loss		**115,928,970**	5,359,899
Proceeds from disposal of available-for-sale investments		**67,845,455**	48,815,399
Proceeds from disposal of items of property, plant and equipment		**672,933**	356,647
Proceeds from disposal of prepaid land lease payments		**98,003**	–
Proceeds from disposal of intangible assets		**115,098**	67,588
Proceeds from disposal of subsidiaries	*57(b)*	**18,728,472**	3,670,461
Proceeds from disposal of associates and disposal of partial interests in associates		**586,751**	1,179,171
Proceeds from disposal of joint ventures		**771,266**	843,369
Proceeds from disposal of non-current assets held for sale		**–**	58,947
Acquisition of subsidiaries	*57(a)*	**(3,924,607)**	(3,831,093)
Acquisition of associates		**(8,257,160)**	(4,888,219)
Acquisition of joint ventures		**(1,928,415)**	(919,518)
Dividends and interests received from available-for-sale investments		**3,775,122**	3,767,481
Dividends and interests received from investments at fair value through profit or loss		**466,103**	914,902
Dividends received from associates		**960,795**	739,709
Dividends received from joint ventures		**14,813**	20,459
Shareholder loans provided		**(1,170,645)**	(655,043)
Increase in pledged bank balances and time deposits with original maturity of more than three months		**(1,203,484)**	(2,865,920)
Prepayments for proposed acquisitions of long term assets		**(909,026)**	(785,203)
Proceeds received from disposal of investment properties		**2,228,850**	2,075,249
Interest received		**598,928**	500,796
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(16,462,122)**	(17,841,806)

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of finance lease rental payments		**(54,923)**	(16,573)
Capital contribution from non-controlling shareholders of subsidiaries		**4,193,971**	3,540,338
New bank and other borrowings		**107,426,389**	76,032,384
Repayment of bank and other borrowings		**(86,084,364)**	(64,688,517)
Dividends paid to non-controlling shareholders of subsidiaries		**(1,150,814)**	(751,986)
Acquisition of additional interests in subsidiaries		**(1,287,897)**	(666,977)
Dividends paid to shareholders		**(1,226,543)**	(1,824,023)
Deemed distribution to the ultimate controlling shareholder		**–**	(582,000)
Repurchase of shares		**(360,035)**	(232,718)
Interest paid		**(5,584,617)**	(4,838,214)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**15,871,167**	5,971,714
NET INCREASE IN CASH AND CASH EQUIVALENTS		**29,862,162**	133,073
Cash and cash equivalents at beginning of year		**38,705,283**	38,572,210
CASH AND CASH EQUIVALENTS AT END OF YEAR		**68,567,445**	38,705,283
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	*32*	**68,567,445**	36,103,302
Cash and cash equivalents attributable to assets of a disposal group classified as held for sale		**–**	2,601,981
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS		**68,567,445**	38,705,283

1. CORPORATE AND GROUP 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 businesses of the Company and its subsidiaries (collectively referred to as the "Group") include Health Ecosystem, Happiness Ecosystem and Wealth Ecosystem. The Wealth Ecosystem Sector includes the three major segments: Insurance and Finance, Investment and Hive Property.

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 ultimate controlling shareholder is Mr. Guo Guangchang.

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 PREPARATION

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"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They 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. Non-current assets/ assets of a disposal group classified as 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 2017. 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.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 58 to the financial statements.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no significant impact on the financial position or performance of the Group.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as the Group has no subsidiary classified as a disposal group held for sale as at 31 December 2017.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*[1]
Annual Improvements 2015-2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

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

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKFRS 4, issued in January 2017, address issues arising from the different effective dates of HKFRS 9 and HKFRS 17. The amendments introduce two options for entities issuing contracts within the scope of HKFRS 4 upon the adoption of HKFRS 9 and before the implementation of HKFRS 17, notably a temporary exemption and an overlay approach. The temporary exemption enables entities whose activities are predominantly connected with insurance to defer the effective date of HKFRS 9. The overlay approach allows entities applying HKFRS 9 to remove from profit or loss some effects arising from the adoption of HKFRS 9 and reclassify the amounts to other comprehensive income for designated financial assets meeting specified criteria. The Group expects to adopt the amendments from 1 January 2018. The Group does not qualify for temporary exemption, however, it elects to use the overlay approach for certain eligible financial assets, the effect of adoption of this amendment is discussed together with effect of adoption of HKFRS 9 below.

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 will adopt HKFRS 9 from 1 January 2018. The impacts of the adoption of HKFRS 9 are as follows.

(a) Classification and measurement

HKFRS 9 requires that the Group classifies debt instruments based on the combined effect of application of business model (hold to collect contractual cash flow, hold to collect contractual cash flow and sell financial assets or other business models) and contractual cash flow characteristics (sole payments of principal and interest on the principal amount outstanding or not). Debt instruments not giving rise to cash flows that are sole payments of principal and interest on the principal amount outstanding would be measured at fair value through profit and loss. Other debt instruments giving rise to cash flows that are sole payments of principal and interest on the principal amount outstanding would be measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"), based on their respective business model.

Equity instruments would generally be measured at fair value through profit or loss unless the Group elects to measure at FVOCI (without recycling, i.e. any gain/loss will be recorded in other comprehensive income and will not be reclassified to profit or loss, while the dividend is recognised through profit or loss) for equity investments that are not held for trading.

Amendments to HKFRS 4, issued in January 2017, also permits the Group to apply an 'overlay approach', i.e. allows the Group to designate eligible financial assets which meet both the criteria that (a) it is measured at fair value through profit or loss applying HKFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying HKAS 39 and (b) it is not held in respect of an activity that is unconnected with contracts within HKFRS 4.

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

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at FVOCI, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The recognition and measurement of impairment is intended to be more forward-looking than under HKAS 39, and the resulting impairment charge may be more volatile.

(c) Hedge accounting

The general hedge accounting requirements under HKFRS 9 aim to simplify hedge accounting, creating a stronger link with risk management strategy and permitting hedge accounting to be applied to a greater variety of hedging instruments and risks. However, HKFRS 9 does not explicitly address macro hedge accounting strategies, as a result, HKFRS 9 includes an accounting policy choice to remain with HKAS 39 hedge accounting.

(d) Impact

The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

The Group elected to apply the overlay approach to designate certain eligible financial assets to address the concerns over possible additional accounting mismatches (between those eligible financial assets and related liabilities arising from the insurance contracts and other contracts within scope of HKFRS 17) and volatility in profit or loss, when HKFRS 9 is applied before HKFRS 17.

The Group also elected to continue HKAS 39 hedge accounting.

As a result, based on the Group’s assessment, it expected that the adoption of HKFRS 9 did not have a significant impact on the opening balance of total equity as at 1 January 2018 in the consolidated financial statements of the Group.

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

Amendments to HKFRS 9, issued in December 2017, allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of the contract to be measured at amortised cost or at fair value through other comprehensive income, instead of at fair value through profit or loss. The amendments clarify that a financial asset passes the "solely payments of principal and interest on the principal amount outstanding" criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The Group expects to adopt these amendments from 1 January 2019 and to apply the exemption from restating comparative information of prior periods. Any difference between the previous carrying amount and the adjusted carrying amount will be recognised in the opening balance of equity. The adoption of these amendments is not expected to have any significant impact on the Group's financial statements.

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 previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

HKFRS 15, issued in July 2014, establishes a new five-step model to account for 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. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of HKFRS 15 will not be material. During 2017, the Group has performed a detailed assessment on the impact of the adoption of HKFRS 15. Based on the assessment, the Group anticipates that the adoption of HKFRS 15 is unlikely to have any significant impact on the revenue recognition except for the presentation and disclosures as follows.

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

As set out in note 2, the principal businesses of the Group include Health Ecosystem, Happiness Ecosystem and Wealth Ecosystem. The Wealth Ecosystem includes the three major segments: Insurance and Finance, Investment and Hive Property.The expected impacts arising from the adoption of HKFRS 15 on the group are summarised as follows：

(a) Presentation and disclosure

The presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by HKFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

HKFRS 16, issued in May 2016, replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

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

In January 2018, the HKICPA issued HKFRS 17, a comprehensive new accounting standard for insurance contracts and investment contracts with discretionary participation features, covering recognition and measurement, presentation and disclosure. Once effective, HKFRS 17 will replace the existing HKFRS 4 Insurance Contracts. HKFRS 17 solves the comparison problems created by HKFRS 4 by requiring all insurance contracts and investment contracts with discretionary participation features to be accounted for in a consistent manner. Obligations under such contracts will be accounted for using current values instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. The Group is currently assessing the impact of the standard upon adoption.

Amendments to HKAS 28 issued in January 2018 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 January 2019 and the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The interpretation is not expected to have any significant impact on the Group's financial statements.

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

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investments at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

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 *Non-current Assets Held for Sale and Discontinued Operations*.

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. 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 is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, completed properties for sale, financial assets, deferred tax assets, investment properties and non-current asset/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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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	4 to 50 years
Plant and machinery	3 to 20 years
Office equipment	2 to 10 years
Motor vehicles	4 to 15 years
Leasehold improvements	The shorter of the lease terms and their useful lives
Freehold land	Not depreciated

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties *(Continued)*

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 inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation gain recognised in other comprehensive income. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the consolidated 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 life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

TRADEMARKS

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 25 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 with indefinite useful lives 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

Trademarks with finite useful lives are measured initially at cost and are amortised on the straight-line basis over the respective estimated useful lives of 10 years. 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, commencing from the date when the products are put into commercial production.

CUSTOMER RELATIONSHIP

Customer relationship 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.

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 date a reasonable assessment of the existence or otherwise of economically recoverable reserves is not yet completed, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 UOP calculations do not give rise to prior year financial period adjustments and are dealt with on a prospective basis.

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.

When the Group is a lessor under finance leases, an amount representing the minimum lease payment receivables and initial direct costs is included in the consolidated statement of financial position as loans and accounts receivables. Any unguaranteed residual value is also recognised at the inception of the lease. The difference between the sum of the minimum lease payment receivables, initial direct costs, the unguaranteed residual value and their present value is recognised as unearned finance income. Unearned finance income is recognised over the period of the lease using the effective interest rate method.

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 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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 consolidated 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 consolidated 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.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

SUBSEQUENT MEASUREMENT *(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 and debt 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. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

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 consolidated 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 consolidated 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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

FINANCIAL ASSETS CARRIED AT AMORTISED COST *(Continued)*

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 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.

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, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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 assets 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 consolidated statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset 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 consolidated 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 consolidated statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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, amounts due to the holding company, amounts due to related companies, finance lease payables, other long term payables, convertible bonds and interest-bearing bank and other borrowings.

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 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee 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 consolidated 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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and commodity derivative contracts, to hedge its foreign currency risk, interest rate 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, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

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

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

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

FAIR VALUE HEDGES

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss.

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

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

HEDGES OF A NET INVESTMENT

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.

CURRENT VERSUS NON-CURRENT CLASSIFICATION

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

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

Completed properties for sale

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

Cash and cash equivalents

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

For the purpose of the consolidated statement of financial position, cash and bank comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Government grants

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

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 consolidated statement of profit or loss.

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

(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

The Company and certain subsidiaries of the Group operate share incentive schemes and a share option scheme for the purpose of providing incentives and rewards to their 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 binomial option pricing model, further details of which are given in note 59 to the financial statements.

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

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

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

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

(I) DEFINED CONTRIBUTION PENSION SCHEMES

The full-time employees of the companies in Chinese Mainland, 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.

(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 Chinese Mainland. 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 their 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 their statutory retirement age as stipulated by the State Regulations.

(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 the State Regulations. These Qualified SOE Employees are not entitled to early retirement benefits upon reaching their statutory retirement age.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(II) OTHER EMPLOYEE BENEFITS TO QUALIFIED SOE EMPLOYEES AND QUALIFIED RETIREES *(Continued)*

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 consolidated 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.

(III) 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.

(IV) ACCOMMODATION BENEFITS FOR ALL ELIGIBLE EMPLOYEES OF THE COMPANIES IN CHINESE MAINLAND

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

(V) EMPLOYEE BENEFITS TO ALL ELIGIBLE EMPLOYEES OF THE SUBSIDIARIES IN PORTUGAL

As per the collective labour 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 labour 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 labour 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, or to employees who did not sign up to the current collective employment agreement.

In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

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.

(VI) EMPLOYEE BENEFITS TO ALL ELIGIBLE EMPLOYEES OF THE SUBSIDIARY IN FRANCE

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

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

(A) DEFINED CONTRIBUTION PLANS

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

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

(B) DEFINED BENEFIT PLANS

Under defined benefit plans, the subsidiary in France has an obligation to pay benefits to employees either at the end of their employment or during their retirement. The defined benefit plans of the subsidiary in France are unfunded and are covered by provisions recorded in the financial statements.

The main defined benefit plans of the subsidiary in France concern indemnities payable to employees on retirement (France, Greece and Turkey) or when they leave the subsidiary in France (Italy and Japan).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

Dividends

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

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

Foreign currencies

The functional currencies of the Company and PRC subsidiaries are Hong Kong dollars ("HKD") and RMB, respectively. The financial statements are presented in RMB. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional 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 with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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 Chinese Mainland 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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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 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.

As provided for in HKFRS 4, investment contracts with a discretionary profit sharing component also continue to be classified as insurance contracts, and other investment contracts are accounted for under HKAS 39.

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.

The liabilities related to life insurance contracts and investment contracts with discretionary profit sharing components 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.

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).

(B) 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.

Expenditure incurred with the acquisition of non-life insurance contracts, including brokerage commissions and other expenses allocated to the acquisition, is deferred over the course of the period to which it relates and is recognised as a deduction from the amount of the unearned premium reserves on insurance contracts.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(C) 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.

(D) 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).

(E) PROFIT SHARING PROVISION

The profit sharing provision in the other life insurance contract liabilities includes amounts payable to policyholders or contract beneficiaries, in the form of a profit sharing scheme, whether already allocated or yet to be allocated, provided that such amounts have not yet been distributed.

PROFIT SHARING PROVISION TO BE ALLOCATED

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 linked to life insurance contracts with a profit sharing component, for the estimated part of the policyholder 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 consolidated statement of profit or loss, or as a direct charge to the other comprehensive income resulting from adjustments to the fair value of available-for-sale financial assets linked to life insurance with a profit sharing component, depending on the assets' classification.

Throughout the duration of the contracts of each type or set of types, the balance of the provision for profit sharing to be allocated corresponding to this is used in full.

PROVISION FOR ALLOCATED PROFIT SHARING

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 of the 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 which cases the said deduction is contractually provided for.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(F) 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, lower than the technical interest rate used to determine the mathematical provisions of those contracts.

(G) 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.

(H) PROVISION FOR UNEXPIRED RISKS

This provision is calculated for all non-life insurance and is intended to respond to situations in which premiums to be allocated to subsequent years regarding 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 the ratios for claims, operating costs, ceding and income, in accordance with which is defined by the Portuguese Insurance Regulator.

(I) 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.

(J) 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 and 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 "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 consolidated statement of profit or loss for the year.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(K) 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".

(L) IMPAIRMENT OF DEBTOR BALANCES RELATED WITH INSURANCE AND REINSURANCE CONTRACTS

At each reporting 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 consolidated statement of profit or loss for the year.

(M) 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 related intangible assets, is inadequate in 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 a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

(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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements *(Continued)*

(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 judgement. 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 37.94% equity interest as at 31 December 2017. The remaining 62.06% 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 the 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 Chinese Mainland 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 Chinese Mainland for the year ended 31 December 2017 was RMB114,579,000 (31 December 2016: RMB90,786,000). Further details are contained in note 27 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 2017 was RMB15,203,443,000 (31 December 2016: RMB9,862,200,000). Further details are given in note 20 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 2017, impairment losses in the amount of RMB203,226,000 (2016: RMB558,891,000) have been recognised as set out in note 8 to the financial statements.

(III) IMPAIRMENT OF AVAILABLE-FOR-SALE INVESTMENTS

The Group classifies certain investments as available-for-sale investments and recognises changes in fair value in other comprehensive income. When the fair value declines, management makes judgement 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 2017, impairment losses in the amount of RMB1,275,571,000 (2016: RMB2,306,787,000) have been recognised for available-for-sale investments as set out in note 8 to the financial statements. As at 31 December 2017, the carrying amount of available-for-sale investments (including current and non-current portion) was RMB136,692,464,000 (31 December 2016: RMB128,175,432,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

(IV) ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES

As described in note 14 to the financial statements, investment properties were revalued on 31 December 2017 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.

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 2017 was RMB32,438,435,000 (31 December 2016: RMB30,493,267,000). Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

(V) FAIR VALUE OF FINANCIAL INSTRUMENTS DETERMINED USING VALUATION TECHNIQUES

Fair value of financial instruments, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 66 to the financial statements.

(VI) PROVISION FOR BAD DEBTS OF TRADE AND NOTES RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group reviews the recoverability and ageing of trade and notes receivables and prepayments, deposits and other receivables and provides impairment losses if the balances are not fully recoverable. The assessments involve estimation of the recoverability of these balances. Any change in key assumptions of estimations would affect the carrying amount of the trade and notes receivables and prepayments, deposits and other receivables, and provision expenses in the period in which such estimate has been changed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

(VII) 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 expenditure 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.

(VIII) 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.

(IX) 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

(X) 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 2017 was RMB1,240,255,000 (31 December 2016: RMB1,331,980,000). The amount of unrecognised tax losses and deductible temporary differences as at 31 December 2017 was RMB17,022,761,000 (31 December 2016: RMB13,842,934,000). Further details are contained in note 27 to the financial statements.

(XI) 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.

(XII) CONTINGENT CONSIDERATION FOR THE ACQUISITION OF SUBSIDIARIES

The Group estimated the fair value of contingent consideration for the acquisition of subsidiaries by using 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.

(XIII) ASSESSMENT OF INSURANCE CONTRACTS LIABILITIES

The Group's insurance 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 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, however, that the liabilities on insurance contracts recognised in the consolidated financial statements adequately reflect the best estimate at the end of the reporting period of the amounts to be disbursed by the Group. As at 31 December 2017, the total carrying amount of insurance contracts liabilities was RMB53,185,038,000 (2016: RMB45,688,020,000), which includes unearned premium provisions amounting to RMB5,845,267,000 (2016: RMB5,194,018,000), provision for outstanding claims amounting to RMB31,617,352,000 (2016: RMB27,283,038,000), provision for unexpired risks amounting to RMB384,049,000 (2016: RMB360,623,000) and other life insurance contract liabilities amounting to RMB15,338,370,000 (2016: RMB12,850,341,000)

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 2017 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						
Investment segment						
上海復星高科技(集團)有限公司# (Shanghai Fosun High Technology (Group) Co., Ltd.)	PRC/ Chinese Mainland	4,800,000	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/ Chinese Mainland	600,000	–	100.0%	100.0%	Investment holding
復星金融控股有限公司 (Fosun Financial Holdings Limited)	Hong Kong	HKD18,598,275,000	100.0%	–	100.0%	Investment holding
復星地產控股有限公司 (Fosun Property Holdings Limited)	Hong Kong	HKD1	100.0%	–	100.0%	Investment holding
海南礦業股份有限公司# (Hainan Mining Co., Ltd.)	PRC/ Chinese Mainland	1,954,720	–	51.6%	51.6%	Mining and ore processing
Roc Oil Company Limited	Australia	USD734,150,000	–	100.0%	100.0%	Oil and gas Exploration
上海復星創富投資管理股份有限公司# (Fosun Capital Investment & Management Co., Ltd.)	PRC/ Chinese Mainland	600,000	–	100.0%	100.0%	Capital investment and management
IDERA Capital Management Ltd.	Japan	JPY100,000,000	–	98.0%	98.0%	Capital investment and management
Health Ecosystem						
上海復星醫藥(集團)股份有限公司*/# (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)	PRC/ Chinese Mainland	2,495,131	–	37.9%	37.9%	Investment holding
上海復星醫藥產業發展有限公司# (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)	PRC/ Chinese Mainland	2,253,308	–	100.0%	37.9%	Investment holding
錦州奧鴻藥業有限責任公司# (Jinzhou Aohong Pharmaceutical Co., Ltd.)	PRC/ Chinese Mainland	107,875	–	95.6%	36.3%	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/ Chinese Mainland	440,455	–	100.0%	37.9%	Manufacture and sale of pharmaceutical products
Alma Lasers Ltd	State of Israel	NIS14,000,000	–	100.0%	37.9%	Manufacture and sale of medical devices

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 2017 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 Ecosystem (Continued)						
湖北新生源生物工程股份有限公司# (Shine Star (Hubei) Biological Engineering Co., Ltd.)	PRC/ Chinese Mainland	51,120	–	51.0%	19.3%	Manufacture and sale of pharmaceutical products
重慶藥友製藥有限責任公司# (Chongqing Yao Pharmaceutical Co., Ltd.)	PRC/ Chinese Mainland	196,540	–	51.0%	19.3%	Manufacture and sale of pharmaceutical products
桂林南藥股份有限公司# (Guilin South Pharma Co., Ltd.)	PRC/ Chinese Mainland	285,030	–	96.1%	36.4%	Manufacture and sale of pharmaceutical products
復星實業(香港)有限公司 (Fosun Industrial Co., Limited)	Hong Kong	USD258,320,000	–	100.0%	37.9%	Investment holding
佛山市禪城區中心醫院有限公司# (Foshan City Chancheng District Central Hospital Co., Ltd.)	PRC/ Chinese Mainland	50,000	–	64.0%	24.3%	Provision of healthcare services
Gland Pharma Limited	India	RS154,950,000	–	74.0%	28.1%	Manufacture and sale of pharmaceutical products
Luz Saúde, S.A.	Portugal	EUR95,542,254	–	98.8%	84.0%	Provision of healthcare services
Hive Property segment						
復地(集團)股份有限公司# (Shanghai Forte Land Co., Ltd.)	PRC/ Chinese Mainland	2,504,155	–	100.0%	100.0%	Property development
武漢中北房地產開發有限公司# (Wuhan Zhongbei Property Development Co., Ltd.)	PRC/ Chinese Mainland	933,000	–	70.0%	70.0%	Property development
湖北光霞房地產開發有限公司# (Hubei Guangxia Property Development Co.,Ltd)	PRC/ Chinese Mainland	261,000	–	65.0%	65.0%	Property development
海南復地投資有限公司# (Hainan Forte Investment Co., Ltd.)	PRC/ Chinese Mainland	10,000	–	100.0%	100.0%	Property development

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 2017 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)*						
Happiness segment						
Club Med SAS	France	EUR149,000,000	–	100.0%	86.6%	Tourism
海南亞特蘭蒂斯商旅發展有限公司# (Hainan Atlantis Commerce And Tourism Development Co., Ltd)	PRC Chinese Mainland	801,500	–	99.8%	99.8%	Tourism
Insurance and Finance segment						
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong	USD650,000,000	–	86.9%	86.9%	Reinsurance
Fidelidade – Companhia de Seguros, S.A.	Portugal	EUR381,150,000	–	85.0%	85.0%	Underwriting of life and non-life insurance
AmeriTrust Group, Inc. (formerly known as Meadowbrook Insurance Group, Inc.)	United States of America	USD343,353,000	–	100.0%	100.0%	Underwriting of non-life insurance
Hauck & Aufhäuser Privatbankiers AG	Germany	EUR16,000,000	–	99.9%	99.9%	Private banking and financial service

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 2017 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	
Associates						
國藥產業投資有限公司# (Sinopharm Industrial Investment Co., Ltd.)	PRC/ Chinese Mainland	100,000	–	49.0%	19.0%	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/ Chinese Mainland	1,437,322	–	26.45%	26.45%	Retail
天津建龍鋼鐵實業有限公司# (Tianjin Jianlong Iron & Steel Industrial Co., Ltd.)	PRC/ Chinese Mainland	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/ Chinese Mainland	HKD297,587,000	–	14.8%	14.8%	Property investment and management
上海地傑置業有限公司# (Shanghai Dijie Real Estate Limited)	PRC/ Chinese Mainland	20,000	–	40.0%	40.0%	Property investment and management
永安財產保險股份有限公司# (Yong'an Property Insurance Company Limited)	PRC/ Chinese Mainland	3,009,416	–	40.7%	40.7%	Property insurance
Banco Comercial Português, S.A.	Portugal	EUR5,600,738,000	–	27.06%	27.06%	Banking and financial service
Joint ventures						
南京南鋼鋼鐵聯合有限公司#/& (Nanjing Nangang Iron & Steel United Co., Ltd.)	PRC/ Chinese Mainland	3,000,000	–	60.0%	60.0%	Manufacture and sale of iron and steel products
上海證大外灘國際金融服務中心置業有限公司# (Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited)	PRC/ Chinese Mainland	7,000,000	–	50.0%	50.0%	Property development

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

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 2017 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 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 37.94% as at 31 December 2017.

@ 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 2017.

\# These companies are registered as limited liability companies under PRC law.

& Although the Group held a 60% equity interest in Nanjing Nangang Iron & Steel United Co. Ltd ("Nanjing Nangang") as at 31 December 2017, the Group delegated 10% voting rights in Nanjing Nangang to Nanjing Iron & Steel (Group) Co., Ltd., and Nanjing Nangang was accounted for as a joint venture of the Group.

5. OPERATING SEGMENT INFORMATION

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

(i) Health Ecosystem segment engages in the research and development, manufacturing, sale and trading of pharmaceutical and health products and providing medical services and health management;

(ii) Happiness Ecosystem segment comprises principally the operation and investments in tourism and leisure, fashion consumer and lifestyle industries;

(iii) Insurance and Finance segment mainly engages in the operation of and investment in the insurance businesses, banking and other financial businesses;

(iv) Investment segment comprises, principally, the primary investments, secondary market investments, and investments in asset management companies and other companies of the Group; and

(v) Hive Property segment engages in the development and operation of the hive city properties.

Insurance and Finance segment, Investment segment and Hive Property segment listed above all belong to Wealth Ecosystem 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. During the year, as management changed the structure of the Group's internal organisation to match its business development strategy in a manner that caused to change the Group's composition of its reportable segments, some entities within the Group were re-allocated 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.

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2017

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem				
			Insurance and Finance	Investment	Hive Property	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	22,078,850	11,694,360	27,834,206	4,143,816	22,273,937	–	88,025,169
Inter-segment sales	407,412	–	135,304	104,815	12,440	(659,971)	–
Total revenue	22,486,262	11,694,360	27,969,510	4,248,631	22,286,377	(659,971)	88,025,169
Segment results	4,589,615	698,159	5,770,066	7,100,434	6,938,353	(35,124)	25,061,503
Unallocated expenses							(2,090,508)
Profit before tax	4,589,615	698,159	5,770,066	7,100,434	6,938,353	(35,124)	22,970,995
Tax	(532,257)	(45,686)	(966,341)	(1,023,693)	(3,605,242)	(1,743)	(6,174,962)
Profit for the year	4,057,358	652,473	4,803,725	6,076,741	3,333,111	(36,867)	16,796,033
Segment and total assets	76,034,414	39,557,477	241,577,994	73,461,713	116,146,931	(12,990,475)	533,788,054
Segment and total liabilities	35,897,429	16,880,591	185,079,743	99,756,508	81,827,890	(22,066,388)	397,375,773
Other segment information:							
Interest and dividend income	113,386	36,193	3,425,259	608,581	197,403	(156,197)	4,224,625
Other income and gains (excluding interest and dividend income)	1,551,989	1,166,024	6,175,828	10,302,747	1,340,829	(232,964)	20,304,453
Impairment losses recognised in the statement of profit or loss, net	(65,478)	(87,823)	(764,296)	(1,087,706)	709	–	(2,004,594)
Finance costs	(635,647)	(221,542)	(207,226)	(4,113,081)	(895,558)	489,302	(5,583,752)
Share of profits and losses of							
– Joint ventures	(10,134)	(19,290)	(60,078)	1,350,896	231,158	–	1,492,552
– Associates	1,379,233	255,029	1,097,281	294,157	34,155	(38,765)	3,021,090
Depreciation and amortisation	(1,224,575)	(609,238)	(174,825)	(619,151)	(57,009)	–	(2,684,798)
Research and development costs	(940,533)	–	–	–	–	–	(940,533)
Fair value gains on fair value adjustments of investment properties	–	–	61,070	275	853,301	–	914,646
Fair value gains on investments at fair value through profit or loss	44,072	195,666	84,440	1,165,614	–	–	1,489,792
Investments in joint ventures	1,506,120	3,435	746,914	10,035,810	8,126,168	–	20,418,447
Investments in associates	22,091,572	6,974,895	18,214,054	11,104,543	3,928,562	(591,725)	61,721,901
Capital expenditure*	2,393,191	3,167,617	1,266,734	2,057,853	1,451,914	–	10,337,309

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2016 (restated)

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem				
			Insurance and Finance	Investment	Hive Property	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	17,889,713	10,444,989	27,954,749	2,758,408	14,918,703	–	73,966,562
Inter-segment sales	281,007	–	–	162,009	27,588	(470,604)	–
Total revenue	18,170,720	10,444,989	27,954,749	2,920,417	14,946,291	(470,604)	73,966,562
Segment results	3,736,194	728,157	3,725,057	5,613,001	4,266,229	(31,533)	18,037,105
Unallocated expenses							(1,756,288)
Profit before tax	3,736,194	728,157	3,725,057	5,613,001	4,266,229	(31,533)	16,280,817
Tax	(387,666)	(147,935)	(550,807)	(849,360)	(1,640,709)	(18,142)	(3,594,619)
Profit for the year	3,348,528	580,222	3,174,250	4,763,641	2,625,520	(49,675)	12,686,198
Segment and total assets	56,963,699	30,207,324	241,019,882	70,730,814	99,919,038	(12,061,281)	486,779,476
Segment and total liabilities	21,401,285	12,161,850	186,204,392	93,379,050	69,765,228	(19,006,157)	363,905,648
Other segment information:							
Interest and dividend income	167,043	72,740	3,776,002	746,561	232,632	(319,731)	4,675,247
Other income and gains (excluding interest and dividend income)	911,253	808,606	5,100,887	9,420,277	1,763,674	(70,413)	17,934,284
Impairment losses recognised in the statement of profit or loss, net	(79,710)	(3,670)	(1,557,062)	(1,444,327)	(373,951)	–	(3,458,720)
Finance costs	(531,014)	(62,482)	(375,869)	(3,361,886)	(807,388)	293,208	(4,845,431)
Share of profits and losses of							
– Joint ventures	938	(9,934)	(126,551)	170,075	72,299	–	106,827
– Associates	1,380,330	167,521	601,749	165,571	375,604	(70,551)	2,620,224
Depreciation and amortisation	(954,515)	(557,201)	(1,055,761)	(525,489)	(84,076)	–	(3,177,042)
Research and development costs	(633,922)	–	–	–	–	–	(633,922)
Fair value gains on fair value adjustments of investment properties	–	–	395,744	90,413	829,303	–	1,315,460
Fair value gains on investments at fair value through profit or loss	12,301	–	81,163	1,228,751	–	–	1,322,215
Investments in joint ventures	249,126	22,725	1,236,651	7,530,518	8,623,484	–	17,662,504
Investments in associates	18,730,116	4,403,877	11,673,872	5,870,132	3,911,404	(473,793)	44,115,608
Capital expenditure*	1,573,961	1,737,817	1,161,514	865,303	935,828	–	6,274,423

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(A) REVENUE FROM EXTERNAL CUSTOMERS

	2017 RMB'000	2016 RMB'000
Chinese Mainland	**40,949,068**	29,086,978
Portugal	**14,753,495**	12,476,766
Other countries and regions	**32,322,606**	32,402,818
	88,025,169	73,966,562

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

(B) NON-CURRENT ASSETS

	2017 RMB'000	2016 RMB'000
Chinese Mainland	**139,091,483**	88,960,830
Hong Kong	**3,585,888**	4,012,210
Portugal	**19,009,006**	20,877,955
Other countries and regions	**34,535,172**	31,031,414
	196,221,549	144,882,409

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 2017 and 2016.

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 rental receivables from investment properties during the year.

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

	2017 RMB'000	2016 RMB'000
Revenue		
Insurance revenue:		
Gross premiums written	**31,088,732**	35,804,699
Less: Premiums ceded to reinsurers and retrocessionaires	**(4,528,772)**	(7,559,376)
Net premiums written	**26,559,960**	28,245,323
Change in unearned premium provisions, net of reinsurance	**(429,394)**	(604,608)
Net earned premiums	**26,130,566**	27,640,715
Sale of goods:		
Pharmaceuticals and medical products	**15,916,001**	12,527,396
Properties	**20,541,619**	14,281,657
Ore products	**2,641,111**	843,498
Oil and gas	**881,027**	662,682
Others	**853,159**	482,568
	40,832,917	28,797,801
Rendering of services:		
Tourism	**11,269,713**	10,356,520
Healthcare	**5,684,040**	4,967,026
Property agency	**453,560**	469,266
Property management	**737,440**	447,041
Leasing from investment properties	**799,475**	705,671
Asset management	**262,703**	538,097
Fee and commission income	**1,120,904**	252,354
Others	**1,296,814**	361,790
	21,624,649	18,097,765
Subtotal	**88,588,132**	74,536,281
Less: Government surcharges	**(562,963)**	(569,719)
	88,025,169	73,966,562

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

	2017 RMB'000	2016 RMB'000
Other income		
Interest income	**703,938**	514,755
Dividends and interests from available-for-sale investments	**3,092,800**	3,200,957
Dividends and interests from investments at fair value through profit or loss	**427,887**	959,535
Rental income	**937,371**	645,976
Government grants	**317,817**	258,545
Consultancy and other service income	**223,098**	378,231
Fee income relating to investment contracts	**641,972**	781,217
Others	**493,584**	489,988
	6,838,467	7,229,204
Gains		
Gain on disposal of subsidiaries (note 57(b))	**2,323,121**	559,558
Gain on bargain purchase of subsidiaries (note 57(a))	**234,355**	279,589
Gain on bargain purchase of associates	**1,239,698**	1,276,423
Gain on disposal of associates	**419,091**	4,790,497
Gain on deemed disposal of investments in associates	**56,307**	328,640
Gain on disposal of joint ventures	**280,594**	191,508
Gain on disposal of available-for-sale investments	**8,370,800**	4,962,845
Gain on disposal of investments at fair value through profit or loss	**–**	56,899
Gain on disposal of items of property, plant and equipment	**85,671**	108,619
Gain on disposal of investment properties	**330,922**	183,685
Reclassification of available-for-sale investment revaluation reserve from other comprehensive income to the statement of consolidated profit or loss upon disposal of a subsidiary	**173,092**	–
Reclassification of exchange fluctuation reserve from other comprehensive income to the statement of consolidated profit or loss upon disposal of a subsidiary	**20,812**	–
Gain on settlement of derivative financial instruments	**1,225,536**	–
Gain on fair value adjustment on investments at fair value through profit or loss	**1,489,792**	1,322,215
Gain on fair value adjustment on derivative financial instruments	**372,159**	1,784
Gain on fair value adjustment of investment properties (note 14)	**914,646**	1,315,460
Gain on reversal of impairment of completed properties for sale	**1,674**	–
Exchange gain, net	**70,890**	–
Gain on reversal of impairment of insurance and reinsurance debtors (note 30)	**81,451**	2,605
	17,690,611	15,380,327
Other income and gains	**24,529,078**	22,609,531
Total revenue, other income and gains	**112,554,247**	96,576,093

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 RMB'000	2016 RMB'000
Interest on bank and other borrowings (including convertible bonds)	**6,049,011**	5,108,046
Incremental interest on other long term payables (note 53)	**32,790**	35,920
	6,081,801	5,143,966
Less: Interest capitalised, in respect of bank and other borrowings (notes 13 and 24)	**(963,703)**	(733,111)
Interest expenses, net	**5,118,098**	4,410,855
Interest on discounted bills	**7,211**	7,700
Interest on finance leases	**8,101**	14,916
Bank charges and other financial costs	**450,342**	411,960
Total finance costs	**5,583,752**	4,845,431

8. PROFIT BEFORE TAX

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

	2017 RMB'000	2016 RMB'000
Cost of sales:		
Cost of inventories sold	**22,333,226**	17,250,729
Cost of services provided	**33,541,669**	30,843,367
	55,874,895	48,094,096
Staff costs (including directors' and senior management's remuneration as set out in note 9):		
Wages and salaries	**11,494,444**	8,945,366
Accommodation benefits:		
Defined contribution fund	**180,722**	99,913
Retirement costs:		
Defined contribution fund	**872,910**	842,071
Defined benefit fund	**163,429**	193,554
Equity-settled share-based payments (note 59)	**114,438**	123,135
Total staff costs	**12,825,943**	10,204,039

8. PROFIT BEFORE TAX *(Continued)*

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

	2017	2016
	RMB'000	RMB'000
Research and development costs	**940,533**	633,922
Auditor's remuneration	**10,200**	9,400
Depreciation of items of property, plant and equipment (note 13)	**1,794,203**	1,644,506
Amortisation of prepaid land lease payments (note 15)	**51,227**	48,841
Amortisation of mining rights (note 17)	**3,719**	18,609
Amortisation of intangible assets (note 19)	**526,357**	1,109,249
Amortisation of oil and gas assets (note 18)	**309,292**	355,837
Provision for impairment of receivables	**340,134**	165,361
Provision for inventories	**29,336**	70,255
Provision for impairment of items of property, plant and equipment (note 13)	**68,477**	30,923
Provision for impairment of investments in associates	**123,935**	524,420
Provision for impairment of available-for-sale investments	**1,275,571**	2,306,787
Provision for impairment of intangible assets (note 19)	**10,814**	3,548
(Reversal)/provision of impairment of completed properties for sale	**(1,674)**	293,065
Provision for impairment of goodwill (note 20)	**122,959**	–
Provision for impairment of loans and advances to customers	**35,042**	64,361
Operating lease rentals	**1,662,530**	1,480,725
Exchange (gain)/loss, net	**(70,890)**	419
(Gain)/loss on the settlement of derivative financial instruments	**(1,225,536)**	638,471
Loss/(gain) on disposal of investments at fair value through profit or loss	**162,030**	(56,899)
Ineffectiveness of hedges	**218,647**	265,792

* At 31 December 2017, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2016: Nil).

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' remuneration

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

	2017 RMB'000	2016 RMB'000
Salaries, allowances and benefits in kind	33,003	30,794
Performance related bonus*	32,174	44,463
Equity-settled share award scheme expense	45,741	36,784
Pension scheme contributions	426	384
	111,344	112,425

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

During 2016 and 2017, certain directors were granted share award and share option in respect of their services to the Group under the share award scheme and share option scheme, respectively, of the Company, further details of which are set out in note 59 to the financial statements. The fair value of such award, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

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.

(I) INDEPENDENT NON-EXECUTIVE DIRECTORS

The remuneration including the equity-settled share award/option scheme expenses of independent non-executive directors during the year was as follows:

	2017 RMB'000	2016 RMB'000
Zhang Shengman	778	672
Zhang Huaqiao	778	672
David T. Zhang	778	672
Yang Chao	750	605
Li Kaifu (appointed as independent non-executive director on 28 March 2017)	504	–
	3,588	2,621

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(Continued)

(a) Directors' remuneration *(Continued)*

(II) EXECUTIVE DIRECTORS

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Equity-settled share award/option scheme expenses RMB'000	Total remune-ration RMB'000
Year ended 31 December 2017						
Executive directors:						
Guo Guangchang	–	4,831	4,157	61	–	9,049
Liang Xinjun (resigned as chief executive officer on 28 March 2017)	–	1,098	627	15	–	1,740
Wang Qunbin (appointed as the chief executive officer on 28 March 2017)	–	4,659	4,032	61	–	8,752
Ding Guoqi (resigned as executive director on 28 March 2017)	–	919	516	15	975	2,425
Qin Xuetang	–	3,767	3,781	61	9,245	16,854
Chen Qiyu	–	4,613	5,932	46	9,815	20,406
Xu Xiaoliang	–	4,166	7,105	61	9,646	20,978
Wang Can (appointed as executive director on 28 March 2017)	–	2,140	2,008	47	4,780	8,975
Kang Lan (appointed as executive director on 28 March 2017)	–	2,278	2,008	12	5,300	9,598
Gong Ping (appointed as executive director on 28 March 2017)	–	2,266	2,008	47	4,658	8,979
	–	30,737	32,174	426	44,419	107,756

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(Continued)

(a) Directors' remuneration *(Continued)*

(II) EXECUTIVE DIRECTORS *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Equity-settled share award/option scheme expenses RMB'000	Total remune-ration RMB'000
Year ended 31 December 2016						
Executive directors:						
Guo Guangchang	–	4,805	7,027	57	–	11,889
Liang Xinjun (resigned as executive director on 28 March 2017)	–	4,512	6,694	57	–	11,263
Wang Qunbin	–	4,674	6,694	57	–	11,425
Ding Guoqi (resigned as executive director on 28 March 2017)	–	3,768	5,514	57	9,489	18,828
Qin Xuetang	–	3,759	5,466	57	9,220	18,502
Chen Qiyu	–	3,950	5,001	42	8,872	17,865
Xu Xiaoliang	–	3,442	8,067	57	8,466	20,032
	–	28,910	44,463	384	36,047	109,804

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(Continued)

(b) Five highest paid employees

The five highest paid employees during the year included three directors and two senior management members (2016: four directors and one senior management member), details of whose remuneration are set out in note 9(a) above. Details of the remuneration for the year of 2017 of the remaining two and 2016 of the remaining one highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2017 RMB'000	2016 RMB'000
Salaries, allowances and benefits in kind	**6,396**	2,302
Performance related bonuses	**10,401**	8,621
Equity-settled share award scheme expense	**12,184**	5,827
Pension scheme contributions	**107**	57
	29,088	16,807

During 2017, share award and share option were granted to two non-director highest paid employees (2016: one) in respect of their services to the Group, further details of which are included in the disclosures in note 59 to the financial statements. The fair value of such award, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director highest paid employees' remuneration disclosures.

(c) Senior management's remuneration

The number of senior management members whose remuneration fell within the following bands is as follows:

	Number of employees 2017
Nil to RMB1,000,000	**6**
RMB1,000,001 to RMB2,000,000	**1**
RMB2,000,001 to RMB4,000,000	**1**
RMB4,000,001 to RMB6,000,000	**1**
RMB6,000,001 to RMB8,000,000	**–**
RMB8,000,001 to RMB10,000,000	**5**
RMB10,000,001 to RMB12,000,000	**2**
RMB12,000,001 to RMB14,000,000	**1**
RMB14,000,001 to RMB16,000,000	**4**
RMB16,000,001 to RMB18,000,000	**1**
RMB18,000,001 to RMB20,000,000	**–**
RMB20,000,001 to RMB22,000,000	**2**
	24

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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 countries/jurisdictions in which the Group operates.

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Fosun Pharma incorporated in Israel, is based on a preferential rate of 16% (2016: 16%).

The provision for income tax of Fidelidade – Companhia de Seguros, S.A., Multicare – Seguros de Saúde, S.A. and Fidelidade Assistência – Companhia de Seguros, S.A., subsidiaries incorporated in Portugal acquired by the group, is based on a rate of 29.5% (2016: 29.5%).

The provision for income tax of AmeriTrust Group, Inc. ("AmeriTrust", formerly known as Meadowbrook Insurance Group, Inc.) and its subsidiaries incorporated in the United States acquired by the group is based on a rate of 35% (2016: 35%).

The provision for income tax of Club Med Holding (formerly known as Holding Gaillon II) and its subsidiaries incorporated in France acquired by the group, is based on a rate of 34.43% (2016: 38%).

The provision for income tax of Hauck & Aufhäuser Privatbankiers AG ("H&A") and its subsidiaries incorporated in Germany acquired by the Group in 2016, is based on a rate of 32.175% (2016: 32.175%).

The provision for income tax of Gland Pharma Limited ("Gland"), acquired by Fosun Pharma during this year incorporated in India, is based on a statutory rate of 30%.

The provision for income tax of entities incorporated in Chinese Mainland was based on a statutory rate of 25% (2016: 25%) 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 Chinese Mainland, which were taxed at preferential rates of 0% to 20%.

The major components of tax expenses for the years ended 31 December 2017 and 2016 are as follows:

	2017 **RMB'000**	2016 RMB'000
Current – Portugal, Hong Kong and others	**1,715,290**	1,490,166
Current – Chinese Mainland		
– Income tax in Chinese Mainland for the year	**2,001,495**	1,242,658
– LAT in Chinese Mainland for the year	**2,165,747**	690,861
Deferred	**292,430**	170,934
Tax expenses for the year	**6,174,962**	3,594,619

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	Chinese Mainland RMB'000	Total RMB'000
2017			
Profit before tax excluding share of profits and losses of associates and joint ventures	10,199,431	8,257,922	18,457,353
Tax at the applicable tax rate	2,041,484	2,064,481	4,105,965
Different tax rates for specific entities	18,815	(360,089)	(341,274)
Tax effect of:			
Income not subject to tax	(1,263,783)	(109,902)	(1,373,685)
Tax rate change effect	(18,112)	–	(18,112)
Expenses not deductible for tax	604,685	161,696	766,381
Tax losses and temporary differences not recognised	276,281	1,260,003	1,536,284
Tax losses utilised	(87,752)	(122,458)	(210,210)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 27)	–	114,579	114,579
(Overprovision)/underprovision in prior years	5,906	16,651	22,557
Tax incentives on eligible expenditures	(5,030)	(29,272)	(34,302)
Subtotal	1,572,494	2,995,689	4,568,183
Provision for LAT for the year	–	485,649	485,649
Deferred tax effect of provision for LAT (note 27)	–	(121,412)	(121,412)
Prepaid LAT for the year	–	1,680,098	1,680,098
Tax effect of prepaid LAT	–	(420,024)	(420,024)
Decrease in deferred LAT in deferred tax liabilities (note 27)	–	(17,532)	(17,532)
Tax expenses	1,572,494	4,602,468	6,174,962

10. TAX *(Continued)*

	Portugal, Hong Kong and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2016			
Profit before tax excluding share of profits and losses of associates and joint ventures	7,906,087	5,647,679	13,553,766
Tax at the applicable tax rate	1,406,264	1,411,920	2,818,184
Different tax rates for specific entities	(226,956)	(287,586)	(514,542)
Tax effect of:			
Income not subject to tax	(376,780)	(246,962)	(623,742)
Tax impact on the outside basis difference recognised in current year	(205,940)	(41)	(205,981)
Expenses not deductible for tax	527,018	87,070	614,088
Tax losses and temporary differences not recognised	219,707	843,033	1,062,740
Tax losses utilised	(122,157)	(45,858)	(168,015)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 27)	–	90,786	90,786
Underprovision/(overprovision) in prior years	45,711	(20,239)	25,472
Tax incentives on eligible expenditures	(1,141)	(24,499)	(25,640)
Subtotal	1,265,726	1,807,624	3,073,350
Provision for LAT for the year	–	504,213	504,213
Deferred tax effect of provision for LAT (note 27)	–	(126,053)	(126,053)
Prepaid LAT for the year	–	298,676	298,676
Tax effect of prepaid LAT	–	(74,669)	(74,669)
Decrease in deferred LAT in deferred tax liabilities (note 27)	–	(80,898)	(80,898)
Tax expenses	1,265,726	2,328,893	3,594,619

10. TAX *(Continued)*

According to the tax notices issued by the relevant local tax authorities, the Group commenced to pay land appreciation tax ("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 RMB1,680,098,000 (2016: RMB298,676,000).

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 RMB1,033,920,000 (2016: RMB530,101,000) 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, an unpaid LAT provision in the amount of RMB548,271,000 (2016: RMB25,888,000) 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 was RMB485,649,000 (2016: net accrual of RMB504,213,000).

11. DIVIDENDS

	2017 **RMB'000**	2016 RMB'000
Proposed final – HKD0.35 (2016: HKD0.21) per ordinary share	**2,512,496**	1,616,101

The proposed final dividend of HKD0.21 per ordinary share for the year ended 31 December 2016 was declared and approved by the shareholders at the annual general meeting of the Company on 6 June 2017.

On 27 March 2018, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2017 of HKD0.35 per ordinary share, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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 8,573,396,516 (2016: 8,600,742,231) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the share award scheme (note 59(a)) and 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 on the deemed vesting or conversion of all dilutive potential ordinary shares into ordinary shares.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**13,161,275**	10,268,185
Less: Cash dividends distributed to the share award scheme	**(1,877)**	(1,424)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**13,159,398**	10,266,761
Interest on convertible bonds (note 41)	**20,647**	24,420
Cash dividends distributed to the share award scheme	**1,877**	1,424
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**13,181,922**	10,292,605

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**8,573,396,516**	8,600,742,231
Effect of dilution – weighted average number of ordinary shares:		
– Share award scheme	**7,306,609**	4,359,362
– Share option scheme	**22,224,298**	–
– Convertible bonds	**28,216,712**	36,900,000
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**8,631,144,135**	8,642,001,593
Basic earnings per share (RMB)	**1.53**	1.19
Diluted earnings per share (RMB)	**1.53**	1.19

13. PROPERTY, PLANT AND EQUIPMENT

	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
Cost:								
At 1 January 2016	12,456,921	4,430,194	1,173,153	272,142	94,148	186,779	2,995,236	21,608,573
Additions	452,871	333,612	570,499	22,829	76,408	–	2,502,904	3,959,123
Transferred from construction in progress	365,519	362,726	37,173	536	1,123	624,695	(1,391,772)	–
Transfer to investment properties (note 14)	(120,851)	–	–	–	–	–	–	(120,851)
Acquisition of subsidiaries	554,324	81,026	41,826	16,203	18,576	–	584	712,539
Disposal of subsidiaries	–	(26,602)	(1,571)	(583)	–	–	(463)	(29,219)
Disposals	(186,498)	(135,656)	(193,236)	(18,622)	(937)	–	(40,257)	(575,206)
Exchange realignment	451,612	62,318	53,121	(1,555)	7,252	–	(211,552)	361,196
Included in assets of a disposal group held for sale	–	–	(300,566)	–	(120,655)	–	–	(421,221)
At 31 December 2016 and 1 January 2017	**13,973,898**	**5,107,618**	**1,380,399**	**290,950**	**75,915**	**811,474**	**3,854,680**	**25,494,934**
Additions	**654,821**	**414,831**	**585,109**	**44,173**	**27,785**	**73,154**	**4,130,911**	**5,930,811**
Transferred from construction in progress	**595,261**	**208,988**	**458,352**	**1,037**	**–**	**349,555**	**(1,613,193)**	**–**
Transferred from investment properties (note 14)	**27,442**	**–**	**–**	**–**	**–**	**–**	**–**	**27,442**
Transfer to investment properties (note 14)	**(4,712)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,712)**
Acquisition of subsidiaries (note 58(a))	**474,232**	**690,835**	**59,674**	**4,603**	**7,320**	**–**	**182,677**	**1,419,341**
Disposal of subsidiaries	**(395,436)**	**–**	**(1,314)**	**(767)**	**–**	**–**	**–**	**(397,517)**
Disposals	**(789,987)**	**(277,662)**	**(185,841)**	**(20,317)**	**(950)**	**–**	**(269,122)**	**(1,543,879)**
Exchange realignment	**140,911**	**2,281**	**47,038**	**1,756**	**1,714**	**–**	**4,528**	**198,228**
Included in assets of a disposal group held for sale (note 39)	**(278,003)**	**–**	**–**	**–**	**–**	**–**	**–**	**(278,003)**
At 31 December 2017	**14,398,427**	**6,146,918**	**2,343,417**	**321,435**	**111,784**	**1,234,183**	**6,290,481**	**30,846,645**

13. PROPERTY, PLANT AND EQUIPMENT *(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 2016	1,147,312	1,659,204	199,961	162,783	28,733	71,837	–	3,269,830
Charge for the year (note 8)	693,773	490,010	394,583	26,837	26,573	12,730	–	1,644,506
Transfer to investment properties (note 14)	(48,771)	–	–	–	–	–	–	(48,771)
Disposal of subsidiaries	–	(19,992)	(899)	(223)	–	–	–	(21,114)
Disposals	(5,486)	(120,264)	(183,897)	(16,238)	–	–	–	(325,885)
Exchange realignment	31,826	5,434	2,333	(1,138)	1,131	–	–	39,586
Included in assets of a disposal group held for sale	–	–	(56,814)	–	(12,105)	–	–	(68,919)
At 31 December 2016 and 1 January 2017	**1,818,654**	**2,014,392**	**355,267**	**172,021**	**44,332**	**84,567**	**–**	**4,489,233**
Charge for the year (note 8)	**752,606**	**596,488**	**383,968**	**41,495**	**13,657**	**5,989**	**–**	**1,794,203**
Transfer to investment properties (note 14)	**(348)**	**–**	**–**	**–**	**–**	**–**	**–**	**(348)**
Disposal of subsidiaries	**(172,392)**	**–**	**(740)**	**(514)**	**–**	**–**	**–**	**(173,646)**
Disposals	**(482,554)**	**(251,886)**	**(164,246)**	**(14,518)**	**–**	**–**	**–**	**(913,204)**
Exchange realignment	**(100,238)**	**(30,018)**	**14,690**	**1,278**	**1,058**	**–**	**–**	**(113,230)**
Included in assets of a disposal group held for sale (note 39)	**(19,246)**	**–**	**–**	**–**	**–**	**–**	**–**	**(19,246)**
At 31 December 2017	**1,796,482**	**2,328,976**	**588,939**	**199,762**	**59,047**	**90,556**	**–**	**5,063,762**
Impairment loss:								
At 1 January 2016	97,915	145,039	614	503	1,175	–	69,895	315,141
Charge for the year (note 8)	19,808	881	–	–	–	–	10,234	30,923
Transfer to investment properties (note 14)	(12,227)	–	–	–	–	–	–	(12,227)
Disposals	–	(1,293)	–	–	–	–	–	(1,293)
Exchange realignment	1,036	(221)	–	–	–	–	314	1,129
At 31 December 2016 and 1 January 2017	**106,532**	**144,406**	**614**	**503**	**1,175**	**–**	**80,443**	**333,673**
Charge for the year (note 8)	**42,962**	**3,581**	**414**	**–**	**–**	**7,537**	**13,983**	**68,477**
Transfer to investment properties (note 14)	**(744)**	**–**	**–**	**–**	**–**	**–**	**–**	**(744)**
Disposals	**(14,074)**	**(2,840)**	**–**	**–**	**–**	**–**	**–**	**(16,914)**
Exchange realignment	**(3,219)**	**(863)**	**–**	**–**	**–**	**–**	**(10,680)**	**(14,762)**
At 31 December 2017	**131,457**	**144,284**	**1,028**	**503**	**1,175**	**7,537**	**83,746**	**369,730**
Net book value:								
At 31 December 2017	**12,470,488**	**3,673,658**	**1,753,450**	**121,170**	**51,562**	**1,136,090**	**6,206,734**	**25,413,153**
At 31 December 2016	**12,048,712**	**2,948,820**	**1,024,518**	**118,426**	**30,408**	**726,907**	**3,774,237**	**20,672,028**

13. PROPERTY, PLANT AND EQUIPMENT *(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 40):

	2017 RMB'000	2016 RMB'000
Buildings	**271,442**	137,833
Construction in progress	**4,201,920**	1,783,652
	4,473,362	1,921,485

(2) Capitalised interest expenses included in construction in progress of the Group are as follows (note 7):

	2017 RMB'000	2016 RMB'000
Interest expenses capitalised	**117,260**	68,964

(3) As at 31 December 2017, the Group was in the process of applying for property certificates of plant and office buildings with a net book value of approximately RMB530,500,000 (2016: RMB517,837,000).

(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 2017 was RMB21,015,000 (2016: RMB30,004,000).

14. INVESTMENT PROPERTIES

	2017 RMB'000	2016 RMB'000
Carrying amount at 1 January	**30,493,267**	40,898,689
Additions	**2,193,318**	1,033,799
Acquisition of subsidiaries (note 57(a))	**2,828,667**	6,209,178
Transfer from properties under development	**60,561**	972,947
Transfer from completed properties for sale	**–**	123,233
Transfer from property, plant and equipment (note 13)	**3,620**	59,853
Transfer to assets of a disposal group held for sale (note 39)	**(2,037,180)**	–
Transfer to property, plant and equipment (note 13)	**(27,442)**	–
Revaluation gain upon transfer from owner occupied property recognised in other comprehensive income	**359**	54,114
Gain on fair value adjustments (note 6)	**914,646**	1,315,460
Disposal of subsidiaries	**–**	(18,572,407)
Disposal	**(1,897,928)**	(1,891,564)
Exchange realignment	**(93,453)**	289,965
Carrying amount at 31 December	**32,438,435**	30,493,267

14. INVESTMENT PROPERTIES *(Continued)*

The Group's investment properties consist of commercial properties, which are located in Beijing, Shanghai, Hangzhou, Chengdu, Tianjin, Shanxi and Chongqing of Chinese Mainland, New York City of the United States of America, Tokyo of Japan and other cities in Europe. The directors of the Company have determined that the investment properties are commercial assets based on the nature, characteristics and risks of these properties.

The Group uses external valuers to support its determination of the fair values of all investment properties and the Group's policy is that property valuations are performed by external valuers on a regular basis. Selection criteria of the valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Company has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 60 to the financial statements.

At 31 December 2017, the Group's certain investment properties with a net carrying amount of approximately RMB16,569,869,000 (2016: RMB8,769,265,000) were pledged to secure bank loans, as set out in note 40 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 2017 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Recurring fair value measurement for:	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Commercial properties	**–**	**–**	**32,438,435**	**32,438,435**

	Fair value measurement as at 31 December 2016 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:	RMB'000	RMB'000	RMB'000	RMB'000
Commercial properties	–	–	30,493,267	30,493,267

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 (2016: Nil).

14. INVESTMENT PROPERTIES *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	2017 range/ weighted average	2016 range/ weighted average
28 Liberty	Direct comparison approach and discounted cash flow approach	Terminal capitalisation rate (Year 10)	**5.0%**	5.0%
		Discount rate	**7.25%**	7.0%
		Market rent:		
		– modified gross (Year 1) (Square foot/year)	**USD35 to USD175**	USD35 to USD130
Fosun International Center in Beijing	Direct comparison approach and direct capitalisation approach	Term yield	**5.5% to 6.5%**	5.5% to 6.5%
		Market rent:		
		– per sq.m. and per month	**RMB300 to RMB480**	RMB330 to RMB480
		– per slot of parking space/month	**RMB1,100 to RMB1,200**	RMB1,000 to RMB1,200
		Level adjustments	**30% to 60%**	40% to 70%
		Market yield	**6.0% to 7.0%**	6.0% to 7.0%
		Reversionary period	**From 1 January 2018 to 30 August 2054**	From 1 January 2017 to 30 August 2054
Chengdu Forte International	Direct comparison approach and direct capitalisation approach	Term yield	**5.5%**	5.5%
		Market rent:		
		– per sq.m. and per month	**RMB50 to RMB258**	RMB55 to RMB210
		Level adjustments	**40% to 65%**	40% to 70%
		Market yield	**6.0%**	6.0%
		Reversionary period	**From 1 January 2018 to 2 July 2048**	From 1 January 2017 to 2 July 2048
Thomas More Square	Term and reversionary approach	Term yield	**1.89% to 8.14%**	0.54% to 6.59%
		Market Yield	**5.25% to 8%**	5.75% to 7%
		Market rent:		
		– per sq.ft. and per annual	**GBP25.0 to GBP49.6**	GBP19.7 to GBP45.5
		Occupancy rate	**80% to 100%**	79% to 100%
Triton Y	Direct comparison approach and direct capitalisation approach	Terminal capitalisation rate	**4.25%**	4.25%
		Discount rate	**4.50%**	4.50%
		Market rent:		
		– per tsubo and per month	**JPY18,500**	JPY19,000 to JPY20,500
		Occupancy rate	**100%**	100%

14. INVESTMENT PROPERTIES *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties: *(Continued)*

	Valuation techniques	Significant unobservable inputs	2017 range/ weighted average	2016 range/ weighted average
Broggi Palace	Direct comparison approach and direct capitalisation approach	Terminal capitalisation rate	**4.66%**	4% to 5%
		Discount rate	**5.19%**	6.9% to 7.0%
		Market rent:		
		– per sq.m. and per annual	**EUR650 to EUR1,275**	EUR510 to EUR2,500
		– per slot of parking and per annual	**EUR7,400**	EUR4,500
		Occupancy rate	**96% to 99%**	100%
Other commercial properties	Direct comparison approach and direct capitalisation approach	Term yield	**2.5% to 8.0%**	3.5% to 7.0%
		Market rent:		
		– per sq.m. and per month	**RMB49 to RMB330**	RMB38 to RMB324
		– per slot of parking space/month	**RMB340 to RMB1170**	RMB300 to RMB400
		Level adjustments	**20% to 80%**	20% to 80%
		Market yield	**3.0% to 8.5%**	3.0% to 7.5%
		Reversionary period	**From 1 January 2018 to 17 August 2073**	From 1 January 2017 to 17 August 2073

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 have been 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 capitalisation approach (term and reversion method, in particular) is a method by capitalising 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. Capitalisation rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality.

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.

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.

15. PREPAID LAND LEASE PAYMENTS

	2017 RMB'000	2016 RMB'000
Cost:		
At 1 January	**2,345,513**	2,336,236
Additions	**385,519**	9,890
Acquisition of subsidiaries (note 57(a))	**15,201**	–
Disposals	**(102,678)**	–
Transfer to investment properties	**(6,530)**	
Other changes	**9,199**	(613)
At 31 December	**2,646,224**	2,345,513
Accumulated amortisation:		
At 1 January	**240,182**	192,348
Amortisation for the year (note 8)	**51,227**	48,841
Disposals	**(4,675)**	–
Transfer to investment properties	**(283)**	–
Other changes	**1**	(1,007)
At 31 December	**286,452**	240,182
Net book value:		
At 31 December	**2,359,772**	2,105,331
At 1 January	**2,105,331**	2,143,888
Net book value pledged as security for bank loans (note 40)	**884,963**	1,098,517

As at 31 December 2017, the Group had no leasehold land for which the Group was in the process of applying the land use certificates (2016: Nil).

16. EXPLORATION AND EVALUATION ASSETS

	2017 RMB'000	2016 RMB'000
At 1 January	**225,731**	197,500
Additions	**60,480**	122,011
Transfer to oil and gas assets (note 18)	**(33,809)**	(80,663)
Exploration assets expensed and written off	**(73,426)**	(34,772)
Exchange realignment	**(4,041)**	7,053
Others	**–**	14,602
At 31 December	**174,935**	225,731

17. MINING RIGHTS

	2017 RMB'000	2016 RMB'000
Cost:		
At 1 January	**1,362,110**	1,376,712
Additions	**14,603**	–
Others	**–**	(14,602)
At 31 December	**1,376,713**	1,362,110
Accumulated amortisation:		
At 1 January	**542,729**	524,120
Amortisation for the year (note 8)	**3,719**	18,609
At 31 December	**546,448**	542,729
Impairment loss:		
At 1 January and 31 December	**288,085**	288,085

	2017 RMB'000	2016 RMB'000
Net book value:		
At 31 December	**542,180**	531,296
At 1 January	**531,296**	564,507

18. OIL AND GAS ASSETS

	2017 RMB'000	2016 RMB'000
Cost:		
At 1 January	**2,481,082**	1,961,125
Additions	**364,912**	278,260
Transferred from exploration and evaluation assets (note 16)	**33,809**	80,663
Disposal of subsidiaries (note 57(b))	**(960,528)**	–
Exchange realignment	**(109,780)**	161,034
At 31 December	**1,809,495**	2,481,082
Accumulated amortisation:		
At 1 January	**896,225**	480,582
Amortisation for the year (note 8)	**309,292**	355,837
Disposal of subsidiaries (note 57(b))	**(856,863)**	–
Exchange realignment	**(20,022)**	59,806
At 31 December	**328,632**	896,225
Impairment loss:		
At 1 January	**534,340**	510,307
Exchange realignment	**(11,089)**	24,033
At 31 December	**523,251**	534,340
Net book value:		
At 31 December	**957,612**	1,050,517
At 1 January	**1,050,517**	970,236

19. INTANGIBLE ASSETS

	Medicine licences RMB'000	customer Trademarks RMB'000	Business network and technical relationship RMB'000	Patent and know-how RMB'000	Others RMB'000	Total RMB'000
Cost:						
At 1 January 2016	583,283	2,788,803	2,502,662	1,137,923	2,953,274	9,965,945
Additions	188	2,095	5,380	362,077	501,600	871,340
Acquisition of subsidiaries	–	–	40,096	82,520	158,137	280,753
Disposal of subsidiaries	–	–	–	–	(626)	(626)
Included in assets of a disposal group classified as held for sale	–	(346,850)	(1,619,233)	–	(2,303,342)	(4,269,425)
Exchange realignment	–	57,703	(33,107)	12,855	161,599	199,050
Disposals	–	–	(8,553)	(8,083)	(61,258)	(77,894)
At 31 December 2016 and 1 January 2017	**583,471**	**2,501,751**	**887,245**	**1,587,292**	**1,409,384**	**6,969,143**
Additions	**10**	**92,206**	**48,282**	**578,096**	**669,072**	**1,387,666**
Acquisition of subsidiaries (note 57(a))	**–**	**25,132**	**1,101,114**	**2,840,786**	**22,989**	**3,990,021**
Exchange realignment	**(188)**	**124,401**	**(32,102)**	**(10,659)**	**56,772**	**138,224**
Disposals	**–**	**(2,169)**	**–**	**(14,533)**	**(175,660)**	**(192,362)**
At 31 December 2017	**583,293**	**2,741,321**	**2,004,539**	**4,980,982**	**1,982,557**	**12,292,692**
Accumulated amortisation:						
At 1 January 2016	1,962	13,163	146,383	199,502	329,896	690,906
Provided during the year (note 8)	5,896	40,757	179,484	57,300	825,812	1,109,249
Disposal of subsidiaries	–	–	–	–	(283)	(283)
Included in assets of a disposal group classified as held for sale	–	(20,041)	(103,826)	–	(862,193)	(986,060)
Exchange realignment	–	402	9,630	124	41,876	52,032
Disposals	–	–	–	(3,159)	(7,147)	(10,306)
At 31 December 2016 and 1 January 2017	**7,858**	**34,281**	**231,671**	**253,767**	**327,961**	**855,538**
Provided during the year (note 8)	**6,056**	**28,532**	**95,577**	**135,669**	**260,523**	**526,357**
Exchange realignment	**–**	**(432)**	**(8,400)**	**(37)**	**17,177**	**8,308**
Disposals	**–**	**(1,982)**	**–**	**–**	**(75,282)**	**(77,264)**
At 31 December 2017	**13,914**	**60,399**	**318,848**	**389,399**	**530,379**	**1,312,939**
Impairment loss:						
At 1 January 2016	64,000	–	–	20,142	947	85,089
Charge for the year (note 8)	–	–	–	–	3,548	3,548
At 31 December 2016 and 1 January 2017	64,000	–	–	20,142	4,495	88,637
Charge for the year (note 8)	–	–	–	–	10,814	10,814
At 31 December 2017	**64,000**	**–**	**–**	**20,142**	**15,309**	**99,451**
Net book value:						
At 31 December 2017	**505,379**	**2,680,922**	**1,685,691**	**4,571,441**	**1,436,869**	**10,880,302**
At 31 December 2016	511,613	2,467,470	655,574	1,313,383	1,076,928	6,024,968

20. GOODWILL

	2017 RMB'000	2016 RMB'000
Cost:		
At 1 January	**10,307,508**	10,811,470
Acquisition of subsidiaries (note 57(a))	**5,310,504**	926,826
Disposal of subsidiaries	**–**	–
Included in assets of a disposal group classified as held for sale	**–**	(1,731,038)
Others	**153,698**	300,250
At 31 December	**15,771,710**	10,307,508
Accumulated impairment:		
At 1 January	**(445,308)**	(445,308)
Charge for the year (note 8)	**(122,959)**	–
At 31 December	**(568,267)**	(445,308)
Net book value:		
At 31 December	**15,203,443**	9,862,200

Impairment testing of goodwill

Goodwill acquired through business combinations is primarily allocated to the cash-generating units ("CGUs") of the following segments for impairment testing:

– Happiness Ecosystem
– Health Ecosystem
– Hive Property
– Investment
– Insurance and Finance

The carrying amounts of goodwill are as follows:

	Happiness Ecosystem RMB'000	Health Ecosystem RMB'000	Hive Property RMB'000	Investment RMB'000	Insurance and Finance RMB'000	Total RMB'000
2017	**2,143,461**	**11,657,654**	**104,894**	**274,699**	**1,022,735**	**15,203,443**
2016	2,031,475	6,371,341	70,526	285,732	1,103,126	9,862,200

20. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

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 period ranging from 5 to 12 years. The discount rates applied to the cash flow projections range from 7.6% to 18% (2016: 9.31% to 18%). Cash flows beyond the period of the financial budget are extrapolated using the estimated growth long-term rates of 1.5% to 3%. Discount rates and the estimated long-term growth rates used by major segments for the year ended 31 December 2017 are as follows:

	Discount rates	Estimated long-term growth rates
– Happiness Ecosystem	8.1%	1.9%
– Health Ecosystem	7.6% to 18.0%	2.0% to 3.0%
– Insurance and Finance	8.6% to 10.0%	1.5% to 3.0%

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2017 and 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins and EBITDA margins – Management determined budgeted gross margin and EBITDA 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.

Village occupancy rates – The village occupancy rates are determined based on historical data and operational targets.

21. INVESTMENTS IN JOINT VENTURES

	2017 RMB'000	2016 RMB'000
Share of net assets	**20,359,947**	17,604,004
Loans to joint ventures	**58,500**	58,500
	20,418,447	17,662,504
Net book value pledged as security for bank loans (note 40)	**–**	500,920

Loans to joint ventures of RMB58,500,000 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 Group's net investments in joint ventures.

The Group's amounts due from joint ventures and amounts due to joint ventures are disclosed in note 38 to the financial statements.

As at 31 December 2017, there was no material joint venture within the Group.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2017 RMB'000	2016 RMB'000
Share of the joint ventures' profit for the year	**1,492,552**	106,827
Share of the joint ventures' total comprehensive income	**1,520,378**	173,901
Aggregate carrying amount of the Group's investments in the joint ventures	**20,418,447**	17,662,504

22. INVESTMENTS IN ASSOCIATES

	2017 RMB'000	2016 RMB'000
Share of net assets	**56,093,961**	38,632,287
Goodwill on acquisition	**6,475,426**	6,206,872
	62,569,387	44,839,159
Provision for impairment	**(847,486)**	(723,551)
	61,721,901	44,115,608
Net book value pledged as security for bank loans (note 40)	**6,588,124**	10,376

Particulars of the Group's material 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 38 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:

	2017 RMB'000	2016 RMB'000
Current assets	**144,627,268**	132,546,745
Non-current assets	**24,872,748**	25,102,229
Current liabilities	**(110,924,141)**	(99,829,230)
Non-current liabilities	**(7,059,961)**	(12,956,750)
Net assets	**51,515,914**	44,862,994
Net assets attributable to the Group	**20,371,669**	18,422,927

22. INVESTMENTS IN ASSOCIATES *(Continued)*

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: *(Continued)*

	2017 **RMB'000**	2016 RMB'000
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	**9,982,118**	9,027,234
Carrying amount of the investment	**9,982,118**	9,027,234
Revenues	**277,717,018**	258,387,689
Total comprehensive income for the year	**7,787,305**	6,844,568
Profit for the year attributable to owners of the parent	**2,963,151**	2,630,021
Other comprehensive loss attributable to owners of the parent	**(10,879)**	(12,931)
Dividend received	**387,100**	372,400

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2017 **RMB'000**	2016 RMB'000
Share of the associates' profit for the year	**1,569,146**	1,331,514
Share of the associates' other comprehensive (loss)/income	**(88,463)**	521,727
Share of the associates' total comprehensive income	**1,480,683**	1,853,241
Aggregate carrying amount of the Group's investments in the associates	**51,739,783**	35,088,374

23. AVAILABLE-FOR-SALE INVESTMENTS

	2017 **RMB'000**	2016 RMB'000
Listed equity investments, at fair value	**26,568,889**	29,096,546
Listed debt investments, at fair value	**89,963,589**	71,880,907
Listed investments, at fair value	**116,532,478**	100,977,453
Unlisted equity investments, at cost	**8,712,387**	9,610,214
Unlisted equity investments, at fair value	**5,442,096**	14,806,047
Unlisted debt investments, at fair value	**6,005,503**	2,781,718
Unlisted investments	**20,159,986**	27,197,979
Total	**136,692,464**	128,175,432
Portion classified as current assets	**(25,116,703)**	(22,390,416)
Non-current portion	**111,575,761**	105,785,016

23. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB10,156,055,000 (2016: RMB11,103,463,000), of which RMB11,759,548,000 (2016: RMB2,107,386,000) was recycled from other comprehensive income to the consolidated statement of profit or loss for the year on the date of disposal.

There was a significant decline in the market value of certain listed equity investments during the year. The directors consider that such a decline indicates that the listed equity investments have been impaired and an impairment loss of RMB516,042,000 (2016: RMB1,454,241,000), which included a reclassification from other comprehensive income of RMB425,178,000 (2016: income of RMB1,092,865,000), has been recognised in the consolidated statement of profit or loss for the year. The impairment loss on the listed debt investments as at 31 December 2017 amounted to RMB17,359,000 (2016: RMB294,694,000), which included a reclassification from other comprehensive loss of RMB3,719,000 (2016: RMB380,332,000), has been recognised in the consolidated statement of profit or loss for the year. The impairment losses on the unlisted equity investments and unlisted debt investments as at 31 December 2017 amounted to RMB598,546,000 (2016: RMB537,921,000) and RMB143,624,000 (2016: RMB19,931,000) respectively, which have been recognised in the consolidated statement of profit or loss for the year, which included a reclassification from other comprehensive loss of RMB56,307,000, income of RMB4,370,000 respectively (2016: Nil).

At 31 December 2017, the Group's available-for-sale investment with a carrying amount of RMB5,395,434,000 (2016: RMB5,365,658,000) was pledged to secure bank loans, as set out in note 40 to the financial statements.

Certain unlisted equity and debt 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.

24. PROPERTIES UNDER DEVELOPMENT

	2017 **RMB'000**	2016 RMB'000
Land cost	**31,450,305**	23,337,085
Construction costs	**7,915,998**	6,818,101
Capitalised finance costs	**2,001,296**	1,913,428
	41,367,599	32,068,614
Less: Provision for impairment of properties under development	**–**	–
Portion classified as current assets	**(18,517,485)**	(22,738,105)
	22,850,114	9,330,509

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2017 **RMB'000**	2016 RMB'000
Net book value pledged (note 40)	**12,970,888**	14,488,486

Additions to properties under development include:

Interest expense capitalised in respect of bank and other borrowings (note 7)	**846,443**	664,147

The Group's properties under development are all situated in Chinese Mainland and Hong Kong.

25. LOANS RECEIVABLE

	Notes	2017 RMB'000	2016 RMB'000
Loans receivable		**3,376,243**	2,943,898
Portion classified as current	*(1)*	**(982,891)**	(2,130,688)
Non-current portion	*(2)*	**2,393,352**	813,210

(1) As at 31 December 2017, the current portion of loans receivable comprises:

– an entrusted bank loan of RMB26,633,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 9.50% per annum and is repayable in December 2018;

– an entrusted bank loan of RMB32,600,000 provided to a third party, which is guaranteed, bears interest at a fixed interest rate of 10.00% per annum and is repayable on demand; and

– an entrusted bank loan of RMB923,658,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 5.00% per annum and is repayable on demand.

(2) As at 31 December 2017, the non–current portion of loans receivable comprises:

– a loan of RMB72,500,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 2.75% per annum and is repayable in 2021;

– a loan of RMB77,500,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 4.13% per annum and is repayable in 2021;

– a loan of RMB95,000,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 4.13% per annum and is repayable in 2021;

– an entrusted bank loan of RMB81,679,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 12.00% per annum and is repayable in 2019;

– an entrusted bank loan of RMB40,000,000 provided to Poten Environment Group Co., Ltd, an associate, which is unsecured, interest–free and has no fixed terms of repayment;

– a loan of RMB95,000,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 3.03% per annum and is repayable in 2021;

25. LOANS RECEIVABLE *(Continued)*

(2) As at 31 December 2017, the non–current portion of loans receivable comprises: *(Continued)*

- a loan of RMB16,575,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 6.00% per annum and is repayable in 2025;
- a loan of RMB60,616,000 provided to a third party, which is unsecured, interest–free and has no fixed terms of repayment;
- a shareholders' loan of RMB183,089,000 provided to FPH Europe Holdings III (HK) Limited, a joint venture, which is unsecured, bears interest at a fixed interest rate of 3.50% per annum and is repayable in 2022;
- a loan of RMB264,342,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 3.50% per annum and is repayable in 2022;
- an entrusted bank loan of RMB116,885,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 4.50% per annum and is repayable in 2020;
- an entrusted bank loan of RMB164,462,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 4.50% per annum and is repayable in 2020; and
- collateralised loans obligation of RMB982,454,000 provided to third parties, which are secured, bear interest at fixed interest rates of 3.29% to 9.95% per annum and are repayable in 2019 to 2031.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	RMB'000	RMB'000
Prepayments consist of:		
Prepayments for purchase of pharmaceutical materials	**273,400**	271,227
Prepayments for purchase of construction materials	**348,238**	564,021
Prepayments for purchase of equipment and others	**897,625**	459,755
Prepaid tax	**1,367,592**	738,212
Prepaid expenses	**1,031,406**	925,287
Deposits	**2,627,683**	3,032,086
Other receivables consist of:		
Funding provided to third parties	**4,146,866**	4,050,730
Tax recoverable	**1,333,600**	1,284,210
Receivable for consideration of disposal of subsidiaries	**–**	1,330,000
Others	**4,218,583**	4,981,667
Prepayments for the proposed equity investments	**909,026**	235,105
Prepayments for the acquisition of the land	**–**	646,145
	17,154,019	18,518,445
Portion classified as current assets	**14,081,682**	15,977,831
Non-current portion	**3,072,337**	2,540,614

27. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	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 2016	1,055,322	1,927,768	500,349	2,878	483,026	1,607,287	5,576,630
Acquisition of subsidiaries	45,321	41,439	–	–	–	129,664	216,424
Deferred tax credited/(charged) to reserve during the year	–	32,611	(74,284)	–	–	6,310	(35,363)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	180,932	88,170	–	(2,878)	126,053	15,050	407,327
Included in assets of a disposal group classified as held for sale	–	(130,409)	–	–	–	(468,865)	(599,274)
Exchange realignment	50,405	49,540	13,798	–	–	71,365	185,108
Gross deferred tax assets at 31 December 2016 and 1 January 2017	**1,331,980**	**2,009,119**	**439,863**	**–**	**609,079**	**1,360,811**	**5,750,852**
Acquisition of subsidiaries (note 57(a))	**63,721**	**4,528**	**–**	**–**	**–**	**3,347**	**71,596**
Deferred tax credited/(charged) to reserve during the year	**–**	**(3,232)**	**(450,688)**	**–**	**–**	**(9,855)**	**(463,775)**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	**(131,989)**	**(12,495)**	**–**	**–**	**121,412**	**(174,292)**	**(197,364)**
Disposal of subsidiaries	**(1,110)**	**(655)**	**–**	**–**	**–**	**(8,583)**	**(10,348)**
Included in assets of a disposal group classified as held for sale (note 39)	**–**	**–**	**–**	**–**	**–**	**(236,130)**	**(236,130)**
Exchange realignment	**(22,347)**	**97,993**	**20,571**	**–**	**–**	**21,267**	**117,484**
Gross deferred tax assets at 31 December 2017	**1,240,255**	**2,095,258**	**9,746**	**–**	**730,491**	**956,565**	**5,032,315**

27. DEFERRED TAX *(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 2016	3,506,361	155,768	975,084	1,357,428	1,157,676	218,545	609,397	1,417,096	9,397,355
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(56,595)	189,521	(33,896)	268,964	–	(80,898)	90,786	200,379	578,261
Deferred tax credited to reserve during the year	–	–	966,642	15,018	4,485	–	–	–	986,145
Acquisition of subsidiaries	82,238	–	133,535	–	–	–	–	23,975	239,748
Included in liabilities directly associated with the assets classified as held for sale	–	–	(28,053)	–	–	–	–	(252,424)	(280,477)
Exchange realignment	8,044	11,631	20,741	26,985	–	–	–	81,480	148,881
Disposal of subsidiaries (note 57(b))	(1,278,657)	–	–	–	–	–	–	–	(1,278,657)
Gross deferred tax liabilities at 31 December 2016 and 1 January 2017	**2,261,391**	**356,920**	**2,034,053**	**1,668,395**	**1,162,161**	**137,647**	**700,183**	**1,470,506**	**9,791,256**
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	**(260,518)**	**66,367**	**58,002**	**18,985**	**–**	**(17,532)**	**114,579**	**115,183**	**95,066**
Deferred tax credited to reserve during the year	**–**	**–**	**639,573**	**–**	**–**	**–**	**–**	**(196,202)**	**443,371**
Acquisition of subsidiaries	**1,268,310**	**–**	**–**	**–**	**–**	**–**	**–**	**108,930**	**1,377,240**
Included in liabilities directly associated with the assets classified as held for sale (note 39)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(204,047)**	**(204,047)**
Exchange realignment	**(41,402)**	**(10,681)**	**42,496**	**(16,906)**	**–**	**–**	**–**	**29,574**	**3,081**
Gross deferred tax liabilities at 31 December 2017	**3,227,781**	**412,606**	**2,774,124**	**1,670,474**	**1,162,161**	**120,115**	**814,762**	**1,323,944**	**11,505,967**

27. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities amounting to RMB1,179,649,000 have been offset in the consolidated statement of financial position. After offsetting, the following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2017 **RMB'000**
Net deferred tax assets recognised in the consolidated statement of financial position	**3,852,666**
Net deferred tax liabilities recognised in the consolidated statement of financial position	**10,326,318**

As at 31 December 2017, the deferred tax assets were recognised for certain entities within the Group which suffered accumulated losses as at the end of 2017. 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 2017.

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:

	2017 **RMB'000**	2016 RMB'000
Tax losses	**15,379,595**	12,546,040
Deductible temporary differences	**1,643,166**	1,296,894
	17,022,761	13,842,934

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 Chinese Mainland. 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 Chinese Mainland 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 Chinese Mainland 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.

28. INVENTORIES

	2017 RMB'000	2016 RMB'000
Raw materials	**1,505,139**	1,105,814
Work in progress	**1,235,186**	671,094
Finished goods	**1,540,424**	1,162,867
Spare parts and consumables	**269,100**	189,541
	4,549,849	3,129,316
Less: Provision for inventories	**(178,132)**	(156,462)
	4,371,717	2,972,854
Portion classified as non-current assets	**(188,918)**	(267,836)
	4,182,799	2,705,018

29. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED CONTRACTS

	2017 RMB'000	2016 RMB'000
Financial assets designated as at fair value through profit or loss:		
Debt instruments	**827,272**	3,025,805
Equity instruments	**29,818**	29,709
Investment funds	**116,112**	110,631
Term deposits	**70,534**	291,189
Sight deposits	**331,136**	305,325
Others	**(4,853)**	(14,413)
	1,370,019	3,748,246
Portion classified as current assets	**(511,285)**	(636,076)
Non-current portion	**858,734**	3,112,170

The above assets are held for policyholders of unit-linked products.

30. INSURANCE AND REINSURANCE DEBTORS

	2017 RMB'000	2016 RMB'000
Amounts due from insurance customers and suppliers	**9,291,673**	6,829,539
Less: Provision for impairment	**(207,432)**	(279,318)
	9,084,241	6,550,221
Portion classified as current assets	**(8,932,147)**	(6,434,748)
Non-current portion	**152,094**	115,473

The following is an ageing analysis of the amounts due from insurance customers:

	2017 RMB'000	2016 RMB'000
Neither past due nor impaired	**5,718,721**	4,378,101
Past due but not impaired	**3,363,540**	2,164,946
Past due and impaired	**209,412**	286,492
	9,291,673	6,829,539

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 RMB207,432,000 (31 December 2016: RMB279,318,000). Various actions have been taken to recover the debts, but these debts have not been recovered and hence impairment is provided.

Movements in the provision for impaired debts:

	2017 RMB'000	2016 RMB'000
At 1 January	**279,318**	295,381
Amount written off as uncollectible	**2,679**	(8,349)
Reversal of impairment losses	**(81,451)**	(2,605)
Others	**(1,594)**	6,187
Exchange realignment	**8,480**	9,374
Included in assets of a disposal group classified as held for sale	**–**	(20,670)
At 31 December	**207,432**	279,318

31. 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.

	2017	2016
	RMB'000	RMB'000
Life insurance contract liabilities	**87,298**	82,248
Unearned premium provisions	**819,839**	600,836
Provision for outstanding claims	**5,893,855**	5,162,950
	6,800,992	5,846,034
Portion classified as current assets	**(2,170,922)**	(1,468,553)
Non-current portion	**4,630,070**	4,377,481

32. CASH AND BANK AND TERM DEPOSITS

		2017	2016
	Notes	**RMB'000**	RMB'000
Cash on hand		**188,358**	800,711
Cash at banks, unrestricted		**68,379,087**	35,302,591
Cash and cash equivalents		**68,567,445**	36,103,302
Pledged bank balances	*(1)*	**2,055,271**	2,183,681
Time deposits with original maturity of more than three months		**2,055,271**	8,313,571
Restricted pre-sale proceeds	*(2)*	**2,135,815**	1,851,379
Required reserve deposits	*(3)*	**414,260**	3,704,463
		82,616,067	52,156,396
Portion classified as current assets		**(81,651,571)**	(51,807,704)
Non-current portion – term deposits		**964,496**	348,692

32. CASH AND BANK AND TERM DEPOSITS *(Continued)*

Notes:

It mainly comprises the following:

		2017 RMB'000	2016 RMB'000
(1)	Pledged bank balances to secure notes payable	**640,343**	906,195
	Pledged bank balances to secure bank loans (note 40)	**307,344**	352,478
	Bank balances as various deposits	**752,036**	681,540

(2) 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 the construction of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

(3) Required reserve deposits amounting to RMB414,260,000 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 from properties 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.

33. LOANS AND ADVANCES TO CUSTOMERS

	2017 RMB'000	2016 RMB'000
Corporate loans and advances		
– Loans and advances	**5,563,782**	2,396,142
Personal loans		
– Mortgages	**147,678**	147,790
– Other	**850,052**	996,285
	997,730	1,144,075
Total loans and advances	**6,561,512**	3,540,217
Less: Provision for impairment		
– corporate loans and advances	**(144,552)**	(116,892)
– personal loans	**(70,530)**	(64,452)
	(215,082)	(181,344)
Loans and advances to customers, net	**6,346,430**	3,358,873
Portion classified as current assets	**(3,803,068)**	(2,904,371)
Non-current portion	**2,543,362**	454,502

	2017 RMB'000	2016 RMB'000
Gross loans and advances to customers	**6,561,512**	3,540,217
Less: Provision for impairment		
– individually assessed	**(196,449)**	(169,130)
– collectively assessed	**(18,633)**	(12,214)
	(215,082)	(181,344)
Loans and advances to customers, net	**6,346,430**	3,358,873

The movements in the provision for impairment of loans and advances to customers are as follows:

	2017 RMB'000	2016 RMB'000
As at 1 January 2017	**181,344**	–
Acquisitions of subsidiaries	**–**	121,050
Provision for impairment losses	**41,886**	63,193
Reversal	**(6,844)**	(2,038)
Exchange differences	**(1,304)**	(861)
At 31 December 2017	**215,082**	181,344

34. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2017

	Fair value	
	Assets	**Liabilities**
	RMB'000	**RMB'000**
Derivatives held for trading		
Currency derivatives		
Currency forwards, futures and swaps, and cross-currency interest rate swaps	916,476	520,433
Currency options	15,255	15,255
Interest rate derivatives		
Interest rate swaps	270,017	317,357
Interest rate futures	–	663
Interest rate options	10,485	10,485
Commodity derivatives and others	–	7,599
	1,212,233	871,792
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards, futures and swaps, and cross-currency interest rate swaps	269,121	451,473
Interest rate derivatives		
Interest rate swaps	4,994	397,571
Commodity derivatives and others	–	34,192
	274,115	883,236
	1,486,348	1,755,028
Portion classified as current assets/liabilities	(1,122,387)	(1,065,674)
Non-current portion	363,961	689,354

34. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

As at 31 December 2016

	Fair value	
	Assets	Liabilities
	RMB'000	RMB'000
Derivatives held for trading		
Currency derivatives		
Currency forwards and swaps, and cross-currency interest rate swaps	274,090	254,632
Currency options	3,810	3,810
Interest rate derivatives		
Interest rate swaps	359,275	416,181
Interest rate options	10,567	10,567
	647,742	685,190
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards and swaps, and cross-currency interest rate swaps	166,367	81,676
Interest rate derivatives		
Interest rate swaps	10,925	530,307
Commodity derivatives and others	–	10,817
	177,292	622,800
	825,034	1,307,990
Portion classified as current assets/liabilities	(445,382)	(505,115)
Non-current portion	379,652	802,875

35. FINANCE LEASE RECEIVABLES

Total future minimum lease receivables under finance leases and their present values are as follows:

	2017 RMB'000	2016 RMB'000
Gross lease receivables:		
Within one year	**1,937,017**	1,058,984
In the second year	**541,396**	256,945
In the third to fifth years, inclusive	**154,827**	95,257
Total minimum finance lease receivables	**2,633,240**	1,411,186
Less:		
Unearned finance income	**(90,670)**	(66,135)
Future value-added tax	**(168,080)**	(106,862)
Provision for lease receivables	**(26,363)**	(19,913)
	2,348,127	1,218,276
Portion classified as current finance lease receivables	**(1,749,081)**	(929,759)
Non-current portion	**599,046**	288,517

At 31 December 2017, the Group's finance lease receivables with a carrying amount of RMB984,386,000 (2016: RMB562,857,000) were pledged to secure bank loans, as set out in note 40 to the financial statements.

The movement in the provision for impairment of lease receivables is as follows:

	2017 RMB'000	2016 RMB'000
At 1 January	**19,913**	–
Additions	**6,450**	–
Acquisition of subsidiaries	**–**	19,913
At 31 December	**26,363**	19,913

36. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 RMB'000	2016 RMB'000
Listed investments, at fair value		
Equity investments	**9,119,888**	6,468,622
Debt investments	**1,590,052**	237,963
	10,709,940	6,706,585
Unlisted investments, at fair value	**6,448,233**	1,622,111
	17,158,173	8,328,696

At 31 December 2017, the Group's investments at fair value through profit or loss with a carrying amount of RMB992,560,000 (2016: RMB940,778,000) were pledged to secure bank loans, as set out in note 40 to the financial statements.

37. TRADE AND NOTES RECEIVABLES

	2017 RMB'000	2016 RMB'000
Trade receivables	**5,324,958**	3,694,175
Notes receivable	**1,025,000**	627,558
	6,349,958	4,321,733

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

	2017 RMB'000	2016 RMB'000
Outstanding balances with ages:		
Within 90 days	**4,373,772**	2,552,417
91 to 180 days	**395,662**	537,061
181 to 365 days	**289,561**	592,950
1 to 2 years	**450,863**	112,707
2 to 3 years	**49,340**	62,974
Over 3 years	**67,354**	32,532
	5,626,552	3,890,641
Less: Provision for impairment of trade receivables	**(301,594)**	(196,466)
	5,324,958	3,694,175

37. TRADE AND NOTES RECEIVABLES *(Continued)*

The movements in the provision for impairment of trade receivables are as follows:

	2017	2016
	RMB'000	RMB'000
At 1 January	**196,466**	181,553
Amount written off as uncollectible	**(14,476)**	(59,396)
Disposal of subsidiaries	**(2,608)**	–
Provision for impairment losses	**122,212**	74,309
At 31 December	**301,594**	196,466

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2017	2016
	RMB'000	RMB'000
Neither past due nor impaired	**4,238,749**	2,073,006
Within 90 days past due	**216,797**	173,754
91 to 180 days past due	**40,791**	56,029
Over 180 days past due	**45,401**	385,501
	4,541,738	2,688,290

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.

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 2017, the Group's trade and notes receivables with a carrying amount of approximately RMB39,339,000 (2016: RMB255,216,000) were pledged to secure bank loans, as set out in note 40 to the financial statements.

Trade and notes receivables of the Group mainly arose from the Health Ecosystem segment and Hive Property segment. Credit terms granted to the Group's customers are as follows:

	Credit terms
Health Ecosystem segment	90 to 180 days
Hive Property segment	30 to 360 days

38. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2017 RMB'000	2016 RMB'000
Due from related companies:			
Associates	*(i)*	**1,983,459**	2,177,863
Joint ventures	*(ii)*	**10,312,873**	9,534,297
Other related companies	*(iii)*	**13,136**	29,575
		12,309,468	11,741,735

Notes:

(i) As at 31 December 2017, the balances due from associates included the amount of RMB1,441,677,000 (2016: RMB1,833,304,000), 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 2017, the balances due from joint ventures included the amount of RMB10,311,281,000 (2016: RMB9,534,047,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The remaining balances due from joint ventures amounting to RMB1,592,000 (2016: RMB250,000) are trade in nature, interest-free and repayable on demand.

(iii) As at 31 December 2017, the balances due from other related companies were non-trade in nature, unsecured, interest-free and repayable on demand.

	Notes	2017 RMB'000	2016 RMB'000
Due to the holding company	*(iv)*	**769,062**	381,646
Due to related companies:			
Associates	*(v)*	**2,223,975**	1,793,316
Non-controlling shareholders of subsidiaries	*(vi)*	**305,548**	498,556
Joint ventures	*(vii)*	**1,393,405**	1,355,301
		3,922,928	3,647,173

(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 2017, the balances due to associates included the amount of RMB2,219,330,000 (2016: RMB1,787,816,000), 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 2017, the balances due to non-controlling shareholders of subsidiaries comprised of:

– an amount of RMB176,404,000, being the payables for purchase of low grade ore products from Hainan Iron and Steel Co., Ltd., which is interest-free.

– the remaining balances of RMB129,144,000, being non-trade in nature, interest-free and repayable on demand.

(vii) As at 31 December 2017, the balances due to joint ventures included the amount of RMB1,393,393,000 (2016: RMB1,349,499,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The remaining balances due to joint ventures are trade in nature, interest-free and repayable on demand.

39. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Notes	2017 RMB'000	2016 RMB'000
Carrying amount of the assets of a disposal group	*(i)/(ii)*	**2,532,067**	58,650,003
Liabilities directly associated with the assets classified as held for sale	*(i)/(ii)*	**204,047**	40,674,050

Notes:

(i) As at 31 December 2016, all the assets and liabilities of Ironshore Inc. 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. The disposal of equity interest in Ironshore Inc. was completed in May 2017.

(ii) In November 2017, Fidelidade – Companhia de Seguros, S.A. and Fidelidade Property Europe, subsidiaries of the Group, have decided to sell 277 real estate properties classified as investment properties and property, plant and equipment. The management expects the sales transaction will be completed no later than May 2018. As at 31 December 2017, all the investment properties, property, plant and equipment and related deferred tax recognised 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.

The assets and liabilities classified as held for sale as at 31 December 2017 are as follows:

	Notes	2017 RMB'000
Assets		
Property, plant and equipment	*13*	**258,757**
Investment properties	*14*	**2,037,180**
Deferred tax assets	*27*	**236,130**
Assets of a disposal group classified as held for sale		**2,532,067**
Liabilities		
Deferred tax liabilities	*27*	**204,047**
Liabilities directly associated with the assets classified as held for sale		**204,047**

40. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2017 RMB'000	2016 RMB'000
Bank loans:	*(1)*		
Guaranteed		**2,151,006**	3,729,760
Secured		**28,087,191**	35,881,524
Unsecured		**50,933,598**	35,328,083
		81,171,795	74,939,367
Corporate bonds and enterprise bonds	*(2)*	**19,587,388**	20,667,981
Private placement note	*(3)*	**2,990,880**	1,990,046
Private placement bond	*(4)*	**6,480,460**	2,986,689
Senior notes	*(5)*	**19,859,994**	11,520,603
Medium-term notes	*(6)*	**2,398,852**	4,389,895
Super short-term commercial papers	*(7)*	**5,267,152**	2,005,397
Other borrowings, secured	*(8)*	**5,817,407**	4,107,492
Other borrowings, unsecured	*(8)*	**6,801,136**	3,361,571
Total		**150,375,064**	125,969,041
Repayable:			
Within one year		**58,027,951**	43,874,088
In the second year		**21,253,842**	25,357,639
In the third to fifth years, inclusive		**58,829,138**	49,222,810
Over five years		**12,264,133**	7,514,504
		150,375,064	125,969,041
Portion classified as current liabilities		**(58,027,951)**	(43,874,088)
Non-current portion		**92,347,113**	82,094,953

40. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(1) Certain of the Group's bank loans are secured by the pledge of certain of the Group's buildings amounting to RMB271,442,000 (2016: RMB137,833,000), construction in progress amounting to RMB4,201,920,000 (31 December 2016: RMB1,783,652,000), investment properties amounting to RMB16,569,869,000 (2016: RMB8,769,265,000), prepaid land lease payments amounting to RMB884,963,000 (2016: RMB1,098,517,000), properties under development amounting to RMB12,970,888,000 (2016:RMB14,488,486,000), completed properties for sale amounting to RMB1,137,211,000 (2016: RMB3,452,109,000), trade and notes receivables amounting to RMB39,339,000 (2016: RMB255,216,000), finance lease receivables amounting to RMB984,386,000 (2016: RMB562,857,000), equity investment at fair value through profit or loss amounting to RMB992,560,000 (2016: RMB940,778,000), investments in associates amounting to RMB6,588,124,000 (2016: RMB10,376,000), an investment in a joint venture pledged amounting to nil (2016: RMB500,920,000), investments in available-for-sale entities amounting to RMB5,395,434,000 (2016: RMB5,365,658,000) and investments in subsidiaries.

Bank balances amounting to RMB307,344,000 (2016: RMB352,478,000) were pledged to secure the interest-bearing bank and other borrowings.

The Group's interest-bearing bank and other borrowings amounting to RMB1,960,283,000 (2016: RMB3,729,760,000) were guaranteed by Fosun Holdings Limited which is the holding company of the Group, and RMB190,723,000 (2016:RMB400,000,000) were guaranteed by management of Hainan Mining Co., Ltd. which is the subsidiary of the Group.

The bank loans bear interest at rates ranging from 0.45% to 6.65% (2016: 0.13% to 6.65%) per annum.

(2) Corporate bonds and enterprise bonds

On 20 November 2015, Shanghai Forte Land Co., Ltd. (Forte) issued five-year domestic corporate bonds with a par value of RMB4,000,000,000 and an effective interest rate of 4.39% per annum. Interest is paid annually in arrears and the maturity date is 20 November 2020.

On 17 December 2015, Eynsford Tokutei Mokuteki Kaisha, an indirect subsidiary of Fosun Property Holdings Limited, issued five-year corporate bonds with a par value of JPY1,000,000,000 and an interest rate of 3 month Tokyo Interbank Offered Rate plus 5.30% per annum. Interest will be paid quarterly in arrears since April 2016. The principal amount of the corporate bonds will be repaid by instalments and the final maturity date is 17 December 2020.

On 21 January 2016, Shanghai Fosun High Technology (Group) Co., Ltd ("Fosun High Technology") issued five-year domestic corporate bonds with a par value of RMB4,000,000,000 and an effective interest rate of 3.89% per annum. Interest is paid annually in arrears and the maturity date is 21 January 2021.

On 4 March 2016, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB3,000,000,000 and an effective interest rate of 3.46% per annum. Interest is paid annually in arrears and the maturity date is 4 March 2021.

On 21 March 2016, Forte issued three-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 3.76% per annum. Interest is paid annually in arrears and the maturity date is 21 March 2019.

On 14 April 2016, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 3.81% per annum. Interest is paid annually in arrears and the maturity date is 14 April 2021.

On 26 May 2016, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB4,400,000,000 and an effective interest rate of 3.87% per annum. Interest is paid annually in arrears and the maturity date is 26 May 2021.

On 30 August 2016, Hainan Mining Co., Ltd. (Hainan Mining) issued five-year domestic corporate bonds with a par value of RMB106,000,000 and an effective interest rate of 5.65% per annum. Interest is paid annually in arrears and the maturity date is 30 August 2021.

On 14 March 2017, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,250,000,000 and an effective interest rate of 4.66% per annum. Interest is paid annually in arrears and the maturity date is 14 March 2022.

40. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(2) Corporate bonds and enterprise bonds *(Continued)*

On 24 March 2017, Hainan Mining issued five-year domestic corporate bonds with a par value of RMB200,000,000 and an effective interest rate of 6.50% per annum. Interest is paid annually in arrears and the maturity date is 27 March 2022.

On 3 April 2017, Tekapo TMK, a subsidiary of Fosun Management Holdings Limited, issued five-year corporate bonds with a par value of JPY700,000,000 and an effective interest rate of 2.02% per annum. Interest will be paid quarterly in arrears since April 2017. The final maturity date is 3 April 2022.

(3) Private placement note

On 3 April 2015, Fosun High Technology issued three-year private placement notes with a par value of RMB1,000,000,000 and the effective interest rate is 5.82% per annum. Interest is paid annually in arrears and the maturity date is 3 April 2018.

On 18 November 2016, Fosun High Technology issued three-year private placement notes with a par value of RMB1,000,000,000 and the effective interest rate is 3.91% per annum. Interest is paid annually in arrears and the maturity date is 18 November 2019.

On 17 March 2017, Fosun High Technology issued three-year private placement notes with a par value of RMB1,000,000,000 and the effective interest rate is 5.41% per annum. Interest is paid annually in arrears and the maturity date is 17 March 2020.

(4) Private placement bond

On 24 August 2016, Forte issued three-year private placement bonds with a par value of RMB3,000,000,000 and the effective interest rate is 4.56% per annum. Interest is paid annually in arrears and the maturity date is 24 August 2019.

On 2 May 2017, Forte issued three-year private placement bonds with a par value of RMB3,000,000,000 and the effective interest rate is 6.66% per annum. Interest is paid annually in arrears and the maturity date is 2 May 2020.

On 31 August 2017, Fosun High Technology issued three-year private placement bonds with a par value of RMB500,000,000 and an effective interest rate of 0.13% per annum. Interest is paid annually in arrears and the maturity date is 31 August 2020.

(5) Senior notes

In 2014, Xingtao Assets Limited, a direct subsidiary of Fosun Industrial Holdings Limited, issued eight-year senior notes with the effective interest rates of 3.31%. Among these, senior notes with the par values of EUR682,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 9 October 2022.

On 17 August 2016, Wealth Driven Limited, a subsidiary of Fosun Industrial Holdings Limited, issued three tranches of seven-year senior notes with the par values of USD180,000,000, USD120,000,000 and USD290,000,000 and the effective interest rates of 5.603%, 5.599% and 5.41%, respectively. Among these, senior notes with the par values of USD555,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date which is 17 August 2023.

On 23 March 2017, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued two tranches of five-year senior notes with the par values of USD800,000,000 and USD600,000,000 and the effective interest rates of 5.33% and 5.04%, respectively. Among these, senior notes with the par values of USD1,390,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 23 March 2022.

On 28 November 2017, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued three-year senior notes with the par values of USD300,000,000 and the effective interest rates of 5.59%, respectively. Among these, senior notes with the par values of USD280,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 28 November 2020.

40. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(6) Medium-term notes

On 5 March 2015, Fosun High Technology issued three-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 5.21% per annum. Interest is paid annually in arrears and the maturity date is 5 March 2018.

On 10 September 2015, Fosun Pharma issued three-year medium-term notes with a par value of RMB400,000,000 and an effective interest rate of 4.05% per annum. Interest is paid annually in arrears and the maturity date is 10 September 2018.

(7) Super short-term commercial papers

On 18 July 2017, Fosun High Technology issued super short-term commercial paper with a par value of RMB2,000,000,000 and an effective interest rate of 4.99% per annum. Interest is payable at the maturity date which is 14 April 2018.

On 20 October 2017, Fosun High Technology issued super short-term commercial paper with a par value of RMB2,000,000,000 and an effective interest rate of 5.54% per annum. Interest is payable at the maturity date which is 17 July 2018.

On 24 November 2017, Fosun High Technology issued super short-term commercial paper with a par value of RMB1,200,000,000 and an effective interest rate of 6.11% per annum. Interest is payable at the maturity date which is 21 August 2018.

(8) Other borrowings

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 0.95% to 8.33% (31 December 2016: 1.13% to 8.5%) per annum.

41. CONVERTIBLE BONDS

Logo Star Limited, an indirect wholly-owned subsidiary of the Company, issued convertible bonds in a principal amount of HKD3,875,000,000 (equivalent 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 a par value of HKD0.10 each of the Company. The Convertible Bonds bear interest at the rate of 1.5% per annum payable semi-annually in arrears on 22 May and 22 November in each year. The Convertible Bonds will mature on 22 November 2018 ("Maturity 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.

As at 31 December 2017, there were 9,700,000 convertible bonds with the principal amount of HKD97,000,000 still outstanding and the movement of the liability component is as follows:

	2017 **RMB'000**	2016 RMB'000
Liabilities component at the beginning of year	**307,730**	268,983
Interest expense	**20,647**	24,420
Interest paid	**(3,393)**	(17,627)
Conversion into equity	**(227,609)**	–
Exchange realignment	**(15,947)**	31,954
Liability component at 31 December	**81,428**	307,730

The effective interest rate of the liability component is 8.93% per annum.

42. TRADE AND NOTES PAYABLES

	2017 **RMB'000**	2016 RMB'000
Trade payables	**12,230,295**	9,348,109
Notes payable	**137,982**	221,830
	12,368,277	9,569,939

42. TRADE AND NOTES PAYABLES *(Continued)*

An ageing analysis of the trade payables as at the end of the reporting period is as follows:

	2017 RMB'000	2016 RMB'000
Outstanding balances with ages:		
Within 90 days	**6,020,166**	2,196,510
91 to 180 days	**764,742**	1,319,954
181 to 365 days	**1,402,636**	2,134,960
1 to 2 years	**1,898,174**	2,070,265
2 to 3 years	**760,955**	288,259
Over 3 years	**1,383,622**	1,338,161
	12,230,295	9,348,109

Trade and notes payables of the Group mainly arose from the Health Ecosystem and Hive Property segment. The trade and notes payables are non-interest-bearing and the credit terms granted by the Group's suppliers are as follows:

	Credit terms
Health Ecosystem segment	0 to 360 days
Hive Property segment	180 to 360 days

43. ACCRUED LIABILITIES AND OTHER PAYABLES

	2017 RMB'000	2016 RMB'000
Advances from customers	**20,629,552**	18,614,929
Payables related to:		
Purchases of property, plant and equipment	**226,839**	187,607
Deposits received	**1,285,284**	920,439
Payroll	**1,944,847**	1,486,440
Accrued interest expenses	**1,353,994**	1,147,700
Value-added tax	**465,429**	312,110
Accrued utilities	**262,686**	145,444
Acquisition of subsidiaries	**611,455**	230,337
Current portion of other long term payables (note 53)	**6,594**	10,746
Funding from third parties for business development	**5,755,757**	4,151,069
Other accrued expense	**3,932,585**	2,795,640
Others	**5,436,557**	3,708,496
	41,911,579	33,710,957

44. FINANCE LEASE PAYABLES

Total future minimum lease payments under finance leases and their present values are as follows:

	2017 RMB'000	2016 RMB'000
Repayable:		
Within one year	**72,692**	53,072
In the second year	**88,937**	71,591
In the third to fifth years, inclusive	**194,000**	137,293
Total minimum finance lease payments	**355,629**	261,956
Less: Future finance charges	**(18,395)**	(16,046)
	337,234	245,910
Portion classified as current finance lease payables	**(68,323)**	(48,686)
Non-current portion	**268,911**	197,224

45. DEPOSITS FROM CUSTOMERS

	2017 RMB'000	2016 RMB'000
Demand deposits		
– Corporate deposits	**30,956,787**	15,355,680
– Personal deposits	**3,494,737**	2,740,496
	34,451,524	18,096,176
Time deposits		
– Corporate deposits	**460,190**	382,285
– Personal deposits	**165,853**	101,784
	626,043	484,069
Total deposits from customers at amortised cost	**35,077,567**	18,580,245
Portion classified as current liabilities	**(34,971,708)**	(18,511,530)
Non-current portion	**105,859**	68,715

Deposits from customers which are related parties are disclosed in note 63 to the financial statements.

46. UNEARNED PREMIUM PROVISIONS

		31 December 2017			31 December 2016		
			Reinsurers'			Reinsurers'	
		Gross	share	Net	Gross	share	Net
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Life insurance	*(i)*	32,620	(1,009)	31,611	15,272	(998)	14,274
Non-life insurance	*(ii)*	5,812,647	(818,830)	4,993,817	5,178,746	(599,838)	4,578,908
		5,845,267	(819,839)	5,025,428	5,194,018	(600,836)	4,593,182

Notes:

(i) Analysis of movements in the unearned premium provisions for the life insurance business:

	31 December 2017			31 December 2016		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	15,272	(998)	14,274	16,619	(869)	15,750
Premiums written during the year	4,071,163	(102,340)	3,968,823	2,690,356	(102,883)	2,587,473
Premiums earned during the year	(4,053,825)	102,396	(3,951,429)	(2,692,342)	102,779	(2,589,563)
Exchange realignment	10	(67)	(57)	639	(25)	614
At 31 December	32,620	(1,009)	31,611	15,272	(998)	14,274

(ii) Analysis of movements in the unearned premium provisions for the non-life insurance business:

	31 December 2017			31 December 2016		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	5,178,746	(599,838)	4,578,908	12,865,360	(2,818,543)	10,046,817
Premiums written during the year	27,017,569	(4,426,432)	22,591,137	33,114,343	(7,456,493)	25,657,850
Premiums earned during the year	(21,923,413)	2,733,667	(19,189,746)	(33,056,975)	6,972,504	(26,084,471)
Exchange realignment	(4,460,255)	1,473,773	(2,986,482)	953,733	(153,692)	800,041
Included in liabilities directly associated with the assets classified as held for sale	–	–	–	(8,697,715)	2,856,386	(5,841,329)
At 31 December	5,812,647	(818,830)	4,993,817	5,178,746	(599,838)	4,578,908

47. PROVISION FOR OUTSTANDING CLAIMS

		31 December 2017			31 December 2016		
			Reinsurers'			Reinsurers'	
		Gross	share	Net	Gross	share	Net
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Life insurance	*(i)*	2,294,170	(83,668)	2,210,502	1,612,183	(73,357)	1,538,826
Non-life insurance	*(ii)*	29,323,182	(5,810,187)	23,512,995	25,670,855	(5,089,593)	20,581,262
		31,617,352	(5,893,855)	25,723,497	27,283,038	(5,162,950)	22,120,088
Portion classified as current liabilities		(13,325,966)			(10,518,108)		
Non-current portion		18,291,386			16,764,930		

Notes:

(i) Analysis of movements in the provision for outstanding claims for the life insurance business:

	31 December 2017			31 December 2016		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	1,612,183	(73,357)	1,538,826	1,364,432	(79,182)	1,285,250
Claims paid during the year	(2,251,259)	49,395	(2,201,864)	(1,969,939)	71,564	(1,898,375)
Claims incurred during the year	2,916,123	(54,633)	2,861,490	2,164,667	(63,394)	2,101,273
Exchange realignment	17,123	(5,073)	12,050	53,023	(2,345)	50,678
At 31 December	2,294,170	(83,668)	2,210,502	1,612,183	(73,357)	1,538,826

(ii) Analysis of movements in the provision for outstanding claims for the non-life insurance business:

	31 December 2017			31 December 2016		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	25,670,855	(5,089,593)	20,581,262	45,644,916	(9,932,876)	35,712,040
Claims paid during the year	(12,672,805)	1,333,149	(11,339,656)	(17,885,232)	3,155,302	(14,729,930)
Claims incurred during the year	16,390,594	(2,727,271)	13,663,323	20,980,140	(4,486,579)	16,493,561
Exchange realignment	(65,462)	673,528	608,066	2,599,624	(3,297,456)	(697,832)
Included in liabilities directly associated with the assets classified as held for sale	–	–	–	(25,668,593)	9,472,016	(16,196,577)
At 31 December	29,323,182	(5,810,187)	23,512,995	25,670,855	(5,089,593)	20,581,262

48. FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

	Notes	2017 RMB'000	2016 RMB'000
Financial liabilities for unit-linked contracts	*(i)*	**1,370,019**	3,748,246
Investment contract liabilities	*(ii)*	**65,602,113**	56,848,461
Commissions on the issue of financial products		**(96,665)**	(95,966)
		66,875,467	60,500,741
Portion classified as current liabilities		**(6,207,326)**	(1,619,530)
Non-current portion		**60,668,141**	58,881,211

Notes:

(i) Unit-linked contracts

	2017 RMB'000	2016 RMB'000
At 1 January	**3,748,246**	4,065,916
Issues	**16,686**	265,434
Redemptions	**(2,630,290)**	(704,031)
Profit or loss	**30,406**	(1,622)
Other	**(462)**	(806)
Exchange realignment	**205,433**	123,355
At 31 December	**1,370,019**	3,748,246

(ii) Other investment contract liabilities

	2017 RMB'000	2016 RMB'000
At 1 January	**56,848,461**	53,232,403
Issues	**15,096,499**	15,275,050
Redemptions	**(10,850,098)**	(14,304,527)
Profit or loss	**726,098**	1,091,803
Other	**(164,647)**	(24,122)
Exchange realignment	**3,945,800**	1,577,854
At 31 December	**65,602,113**	56,848,461

49. OTHER LIFE INSURANCE CONTRACT LIABILITIES

31 December 2017

	Life RMB'000	**Non-life RMB'000**	**Total RMB'000**
Mathematical provision for life insurance	**14,225,169**	**–**	**14,225,169**
Provision for profit sharing	**864,103**	**2**	**864,105**
Provision for interest rate commitments	**58,680**	**–**	**58,680**
Provision for portfolio stabilisation	**190,416**	**–**	**190,416**
	15,338,368	**2**	**15,338,370**
Portion classified as current liabilities			**(1,475,431)**
Non-current portion			**13,862,939**

31 December 2016

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	12,138,017	–	12,138,017
Provision for profit sharing	502,061	2	502,063
Provision for interest rate commitments	51,332	–	51,332
Provision for portfolio stabilisation	158,929	–	158,929
	12,850,339	2	12,850,341
Portion classified as current liabilities			(1,429,933)
Non-current portion			11,420,408

49. OTHER LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

31 December 2017

Analysis of movements 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	**12,138,017**	**502,061**	**51,332**	**158,929**	**12,850,339**
Liabilities originated in period and interest attributed	**1,009,777**	**(44,186)**	**3,795**	**20,325**	**989,711**
Amount attributable to insured from shareholders' equity	**–**	**453,588**	**–**	**–**	**453,588**
Change in deferred acquisition costs	**(569)**	**–**	**–**	**–**	**(569)**
Other movements	**165,084**	**–**	**–**	**–**	**165,084**
Income distributed	**66,338**	**(87,480)**	**–**	**–**	**(21,142)**
Exchange realignment	**846,521**	**40,121**	**3,553**	**11,162**	**901,357**
At 31 December	**14,225,168**	**864,104**	**58,680**	**190,416**	**15,338,368**

31 December 2016

Analysis of movements 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	12,026,825	487,892	39,921	179,311	12,733,949
Liabilities originated in period and interest attributed	(339,432)	70,699	10,269	(25,852)	(284,316)
Amount attributable to insured from shareholders' equity	–	17,280	–	–	17,280
Change in deferred acquisition costs	(453)	–	–	–	(453)
Other movements	24,936	–	–	–	24,936
Income distributed	66,282	(88,373)	–	–	(22,091)
Exchange realignment	359,859	14,563	1,142	5,470	381,034
At 31 December	12,138,017	502,061	51,332	158,929	12,850,339

50. INSURANCE AND REINSURANCE CREDITORS

	2017 RMB'000	2016 RMB'000
Amounts due to insurance customers and suppliers	**3,556,290**	1,959,885
Amounts due to insurance intermediaries	**766,674**	764,120
Deposits retained from reinsurers/retrocessionaires	**529,623**	415,358
Prepaid premiums received	**183,930**	145,673
Others	**2,137**	–
	5,038,654	3,285,036
Portion classified as current liabilities	**(4,896,620)**	(3,109,676)
Non-current portion	**142,034**	175,360

The following is an ageing analysis of the amounts due to insurance customers and suppliers:

	2017 RMB'000	2016 RMB'000
Amounts due to insurance customers and suppliers:		
Within 90 days	**3,214,972**	2,417,232
91 to 180 days	**851,426**	308,022
181 to 365 days	**476,391**	79,976
1 to 2 years	**114,308**	268,545
2 to 3 years	**156,328**	16,388
Over 3 years	**225,229**	194,873
	5,038,654	3,285,036

51. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2017 RMB'000	2016 RMB'000
Due to European Central Bank	**455,075**	426,987
Due to: Banks in Germany	**318,228**	470,254
Banks in other European countries	**783,001**	245,030
Banks in other countries and regions	**324**	397
	1,101,553	715,681
Total	**1,556,628**	1,142,668
Portion classified as current liabilities	**(1,101,553)**	(715,681)
Non-current portion	**455,075**	426,987

52. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2017 RMB'000	2016 RMB'000
Special purpose fund for technology improvement	**443,670**	436,174
Government grants for property development and fixed asset construction	**450,780**	1,078,249
	894,450	1,514,423

53. OTHER LONG TERM PAYABLES

	Notes	2017 RMB'000	2016 RMB'000
Payables for rehabilitation	*(i)*	**194,513**	245,015
Payables for employee benefits	*(ii)*	**657,490**	642,808
Payables for restructuring provisions		**48,161**	75,447
Payables for acquisition of additional interests in subsidiaries		**173,729**	167,420
The share redemption option granted to non-controlling shareholders of a subsidiary	*(iii)*	**1,859,564**	–
Loans from non-controlling shareholders of subsidiaries		**1,143,177**	1,974,034
Others		**1,891,437**	1,055,318
		5,968,071	4,160,042

Notes:

(i) The movements of payables for rehabilitation are set out below:

	2017 RMB'000	2016 RMB'000
At 1 January	**245,015**	128,035
Additions	**138,000**	105,415
Disposal of subsidiaries (note 57(b))	**(125,124)**	–
Payment made	**(56,633)**	(790)
Exchange realignment	**(6,745)**	12,355
At 31 December	**194,513**	245,015

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:

	2017 RMB'000	2016 RMB'000
At 1 January	**642,808**	553,252
Additions	**70,986**	105,246
Acquisition of subsidiaries	**–**	154,546
Interest increment (note 7)	**32,790**	35,920
Payments made	**(92,172)**	(202,464)
Classified as current portion (note 43)	**(6,594)**	(10,746)
Exchange realignment	**9,672**	7,054
At 31 December	**657,490**	642,808

Payables for employee benefits are based on estimates of future payments made by management and are discounted at rates in the range of 0.3% to 3.75% (2016: 1% to 5.4%).

(iii) The movements of the share redemption option granted to non-controlling shareholders of a subsidiary are set out below:

The share redemption option granted to non-controlling shareholders of Breas Medical Holdings AB and Gland Pharma Limited, subsidiaries acquired by Fosun Pharma during the year of 2017, amounted to RMB210,680,000 and RMB1,648,884,000 respectively, were reclassified into other long-term payables as at 31 December 2017.

54. SHARE CAPITAL

Shares

	2017 RMB'000	2016 RMB'000
Issued and fully paid: 8,587,720,344 (2016: 8,603,280,644) ordinary shares	**36,485,351**	36,157,089

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Issued capital RMB'000
At 1 January 2016	8,609,881,144	36,046,143
Share award scheme (Note)	5,150,000	113,548
Share issue expenses	–	(2,602)
Re-purchase of shares	(11,750,500)	–
At 31 December 2016 and 1 January 2017	8,603,280,644	36,157,089
Share award scheme (Note)	4,605,200	50,033
Re-purchase of shares	(47,365,500)	–
Conversion of convertible bonds to ordinary shares	27,200,000	278,229
At 31 December 2017	8,587,720,344	36,485,351

Note:

According to the share award scheme announced by the Company, the Company issued and the employee benefit trust established by the Company allotted 4,605,200 (2016: 5,150,000) new shares which were awarded to selected participants and will be vested based on certain vesting conditions.

55. RESERVES

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.

(a) 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.

(b) 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 Chinese Mainland (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 capitalisation is not less than 25% of the registered capital.

In accordance with the Company Law of Portugal, a percentage of not less than 10% or 5% of each year's net profit, depending on whether a company is an insurance or other company, must be transferred to the legal reserve, until it totals the amount of share capital or up to 20% of the capital, respectively. The legal reserve may not be distributed, but only be used to increase share capital or offset accumulated losses.

56. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2017	2016
Percentage of equity interest held by non-controlling interests:		
Fosun Pharma	**62.06%**	61.17%
Portuguese Insurance Group	**15.01%**	15.01%

Fidelidade – Companhia de Seguros, S.A., Multicare – Seguros de Saúde, S.A. and Fidelidade Assistência – Companhia de Seguros, S.A. are collectively referred to as "Portuguese Insurance Group".

	2017 **RMB'000**	2016 RMB'000
Profit for the year allocated to non-controlling interests:		
Fosun Pharma	**1,939,064**	1,716,331
Portuguese Insurance Group	**235,950**	300,559
Dividends paid to non-controlling interests:		
Fosun Pharma	**541,998**	444,999
Accumulated balances of non-controlling interests at the reporting dates:		
Fosun Pharma	**16,037,192**	14,031,539
Portuguese Insurance Group	**2,859,025**	1,895,866

56. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2017	**Portuguese Insurance Group RMB'000**	**Fosun Pharma RMB'000**
Revenue	**12,468,043**	**18,361,608**
Total expenses	**(10,629,314)**	**(14,776,349)**
Profit for the year	**1,838,729**	**3,585,259**
Total comprehensive income for the year	**6,435,589**	**3,119,290**
Current assets	**38,167,788**	**15,056,487**
Non-current assets	**97,637,499**	**46,857,634**
Current liabilities	**(23,788,824)**	**(16,600,472)**
Non-current liabilities	**(89,682,349)**	**(15,629,082)**
Net cash flows from operating activities	**6,303,239**	**2,580,226**
Net cash flows used in investing activities	**(8,876,122)**	**(10,504,102)**
Net cash flows (used in)/from financing activities	**(566,212)**	**9,908,627**

2016	Portuguese Insurance Group RMB'000	Fosun Pharma RMB'000
Revenue	10,420,360	14,505,584
Total expenses	(8,584,313)	(11,284,242)
Profit for the year	1,836,047	3,221,342
Total comprehensive income for the year	1,681,553	3,149,202
Current assets	28,366,258	10,764,307
Non-current assets	86,803,465	32,946,593
Current liabilities	(15,927,225)	(10,108,553)
Non-current liabilities	(83,038,015)	(8,408,908)
Net cash flows (used in)/from operating activities	(450,914)	2,110,039
Net cash flows used in investing activities	(9,211,822)	(2,447,096)
Net cash flows from financing activities	1,553,231	1,446,030

57. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL

The major acquisition of subsidiaries accounted for as business combinations not under common control is set out as follows:

In March 2017, Fosun Medical Holdings AB, a subsidiary of the Group, acquired a 80% equity interest in Breas Medical Holdings AB at a consideration of USD84,642,000 (equivalent to RMB585,003,000). The acquisition was undertaken to further develop the health business of the Group.

In June 2017, Fosun Property Europe Holdings (Lux) S.a.r.l., an indirectly owned subsidiary of the Company completed the acquisition of a 71.37% equity interest in Paris Reality Fund S.A. at a consideration of EUR63,033,000 (equivalent to RMB488,480,000). The acquisition was undertaken to further develop the property business of the Group.

In October 2017, several indirectly owned subsidiaries of Fosun Pharma including Fosun Pharma Industrial Pte. Ltd., acquired a 74% equity interest in Gland at a consideration of USD1,085,363,000 (equivalent to RMB7,203,444,000). The acquisition was undertaken to further develop the health business of the Group.

In November 2017, Shanghai Fosun Hospital Investment (Group) Co., Ltd., a indirectly owned subsidiary of Fosun Pharma, acquired a 60% equity interest in Shenzhen Hengsheng Hospital at a consideration of RMB909,000,000. The acquisition was undertaken to further develop the health 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 interest's proportionate share of the acquired subsidiary's identifiable net assets.

57. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL *(Continued)*

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows:

	2017 Fair value recognised on acquisition RMB'000
Property, plant and equipment	1,419,301
Intangible assets (note 19)	3,990,021
Prepaid land lease payments (note 15)	15,201
Cash and bank	8,098,433
Loans and advances to customers	385,005
Investments in associates	143,290
Investment properties	813,631
Derivative financial assets	61,575
Available-for-sale investments	198,256
Deferred tax assets	25,662
Trade and notes receivables	812,602
Due from related companies	299,969
Prepayments, deposits and other receivables	792,765
Inventories	615,711
Properties under development	3,899,674
Interest-bearing bank and other borrowings	(1,484,112)
Trade and notes payables	(1,087,272)
Accrued liabilities and other payables	(2,937,658)
Due to related companies	(1,854,188)
Tax payable	(7,509)
Deferred income	(39,854)
Other long term payables	(6,016)
Due to banks and other financial institutions	(699,593)
Deposits from customers	(5,110,130)
Finance lease payables	(13,897)
Derivative financials instruments	(71,950)
Deferred tax liabilities	(1,330,091)
Total identifiable net assets at fair value	6,928,826
Non-controlling interests	(1,750,136)
Total net assets acquired	5,178,690
Gain on bargain purchase of subsidiaries (note 6)	(234,355)
Goodwill on acquisition (note 20)	5,310,504
	10,254,839

57. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL *(Continued)*

	2017 Fair value recognised on acquisition RMB'000
Satisfied by:	
Cash consideration paid	**9,603,088**
Investment in joint ventures	**111,655**
Foreign currency influence	**7,211**
Cash consideration unpaid	**532,885**
	10,254,839

The fair values of the trade receivables and prepayments, deposits and other receivables as at the dates of acquisition amounted to RMB812,602,000 and RMB792,765,000, respectively. The gross contractual amounts of trade receivables and prepayments, deposits and other receivables were RMB814,842,000 and RMB792,765,000, respectively.

The Group incurred transaction costs of RMB16,291,000 for these acquisitions. These transaction costs 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 RMB2,783,211,000 to the Group's turnover and net profit of RMB378,254,000 to the consolidated profit for the year ended 31 December 2017.

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 2017 would have been RMB91,473,747,000 and RMB17,021,767,000, 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, Shanghai Qijin Investment Management Limited, an indirectly owned subsidiary of the Company, acquired a 67% equity interest in Lijiang Derun Real Estate Co., Ltd ("Lijiang DeRun") at a consideration of RMB321,600,000. The major asset of Lijiang DeRun is a piece of land located in Yunnan, China.

During the year, Fosun Investmentos (Brasil) Ltda, an indirectly owned subsidiary of the Company, acquired a 100% equity interest in Parque da Cidade at a consideration of BRL422,452,000 (equivalent to RMB907,356,000). The major assets of Parque da Cidade are investment properties located in St Paulo Brazil.

During the year, Fosun Property Holdings Limited, a subsidiary of the Company, acquired a 90% equity interest in Torgoviy Dom Tsentralniy Voenniy Universalniy Magazin ("Voentorg") at a consideration of USD103,860,000 (equivalent to RMB705,760,000). The major assets of Voentorg are investment properties located in Russia.

57. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(II) ACQUISITION OF SUBSIDIARIES NOT ACCOUNTED FOR AS BUSINESS COMBINATION *(Continued)*

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.

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 is as follows:

	Allocation of purchase cost RMB'000
Cash and bank	111,402
Property, plant and equipment	40
Investment properties	2,015,036
Available-for-sale investments	32,928
Deferred tax assets	45,934
Prepayments, deposits and other receivables	14,804
Properties under development	475,250
Interest-bearing bank and other borrowings	(436,325)
Deferred tax liabilities	(3,946)
Tax payable	(21)
Accrued liabilities and other payables	(83,568)
	2,171,534
Non-controlling interests	(236,818)
Total purchase costs	1,934,716
Satisfied by:	
Cash consideration paid	1,934,716

(III) AN ANALYSIS OF THE CASH FLOWS IN RESPECT OF THE ACQUISITION OF SUBSIDIARIES AS SET OUT IN (I) AND (II) ABOVE IS AS FOLLOWS:

	RMB'000
Consideration settled by cash	(11,537,804)
Cash and cash equivalents acquired	7,634,348
	(3,903,456)
Cash consideration already paid in the prior year	109,078
Payment of unpaid cash consideration as at 31 December 2016	(130,229)
	(21,151)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(3,924,607)
Transaction costs of these acquisitions included in cash flows from operating activities	(16,291)
	(3,940,898)

57. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries

The major disposal during the year is set out as follows:

In May 2017, Mettlesome Investments (HK) Limited and Mettlesome Investments (Cayman) III Limited, subsidiaries of the Group, completed the disposal transaction of a 100% equity interest in Ironshore Inc. ("Ironshore") at a consideration of USD2,935,288,000 (equivalent to RMB20,233,234,000). As at 31 December 2016, the carrying amounts of the assets and liabilities of Ironshore were classified as held for sale in the consolidated statement of financial position.

The total net assets disposed of in respect of the disposal of the subsidiaries during the year were as follows:

	2017	2016
	RMB'000	RMB'000
Net assets disposed of:		
Property, plant and equipment	**582,740**	8,105
Oil and gas assets (note 18)	**103,665**	–
Intangible assets	**3,218,952**	343
Completed properties for sale	**59,636**	–
Goodwill	**1,720,080**	–
Investments in associates	**13,304**	–
Available-for-sale investments	**34,195,225**	–
Deferred tax assets	**566,717**	–
Properties under development	**445,954**	2,915,012
Investment properties (note 14)	**–**	18,572,407
Cash and bank	**3,242,479**	505,261
Investments at fair value through profit or loss	**1,016,512**	–
Trade and notes receivables	**49,640**	37,620
Prepayments, deposits and other receivables	**1,290,372**	3,750,692
Inventories	**112,726**	19,270
Insurance and reinsurance debtors	**3,983,509**	–
Reinsurers' share of insurance contract provisions	**9,828,183**	–
Insurance and reinsurance creditors	**(1,709,144)**	–
Unearned premium provisions	**(8,178,953)**	–
Provision for outstanding claims	**(26,262,886)**	–
Interest-bearing bank and other borrowings	**(2,792,230)**	(4,226,840)
Trade and notes payables	**(159,719)**	(403,973)
Due to related companies	**–**	(452,228)
Accrued liabilities and other payables	**(2,596,732)**	(8,473,642)
Tax payable	**(1,966)**	(2,872)
Other long term payables	**(125,124)**	–
Deferred tax liabilities	**(278,699)**	(1,278,657)
Non-controlling interests	**(6,411)**	–
	18,317,830	10,970,498
Fair value of the retained interests in subsidiaries disposed of	**–**	(6,037,056)
Net gain on disposal of subsidiaries (note 6)	**2,323,121**	559,558
	20,640,951	5,493,000

57. 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:

	2017 RMB'000	2016 RMB'000
Satisfied by:		
Cash	**20,640,951**	4,163,000
Other receivables	**–**	1,330,000
	20,640,951	5,493,000
Cash consideration	**20,640,951**	4,163,000
Cash and cash equivalents disposed of	**(3,242,479)**	(505,261)
Receipt of unreceived cash consideration for disposal as at 31 December 2016	**1,330,000**	12,722
Net inflow of cash and cash equivalents included in cash flows from investing activities	**18,728,472**	3,670,461

58. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Borrowings directly associated with the assets classified as held for sale RMB'000	Bank and other loan RMB'000	Loans from non-controlling shareholder of a subsidiary included in other long term payables RMB'000	Finance lease payable RMB'000	Convertible bond RMB'000	Interest payable RMB'000	Capital notes included in other long term payables RMB'000
At 31 December 2016	2,610,372	125,969,041	1,643,616	245,910	307,730	1,147,700	330,418
Changes from financing cash flows	–	21,918,208	(576,183)	(54,923)	–	–	–
Conversion into equity	–	–	–	–	(227,609)	–	–
Interest paid	–	(430,982)	–	–	(3,393)	(5,150,242)	–
New finance lease	–	–	–	132,350	–	–	–
Foreign exchange movement	(34,376)	570,409	–	–	(15,947)	48,101	–
Interest expense	–	644,185	75,744	–	20,647	4,344,732	–
Interest capitalised under properties under development	–	–	–	–	–	846,443	–
Interest capitalised under property, plant and equipment	–	–	–	–	–	117,260	–
Transfer to accrued liabilities and other payables	–	–	–	–	–	–	(330,418)
Increase arising from acquisition of subsidiaries	–	1,920,437	–	13,897	–	–	–
Decrease arising from disposal of subsidiaries	(2,575,996)	(216,234)	–	–	–	–	–
At 31 December 2017	**–**	**150,375,064**	**1,143,177**	**337,234**	**81,428**	**1,353,994**	**–**

59. SHARE-BASED PAYMENTS

(a) Share award scheme of the Company

The Company adopts a share award scheme ("Share Award Scheme") for the purpose to align the interests of the eligible persons with those of the Group through ownership of shares, dividends and other distributions paid on shares and/or the increase in value of the shares; and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

SHARE AWARD SCHEME I

On 26 March 2015, the Board of Directors of the Company has resolved to award an aggregate of 4,620,000 award shares ("Award Shares 2015") to 71 selected participants under the share award scheme ("Share Award Scheme I"), of which (i) 2,430,000 award shares are awarded to 52 selected participants by way of issue and allotment of new shares pursuant to the general mandate; and (ii) 2,190,000 award shares are awarded to 19 connected selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 28 May 2015.

Award Shares 2015 shall be locked up immediately upon granting. The Award Shares 2015 granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2015 held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2015 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2015 granted amounted to approximately HKD60,274,000. The Group has recognised an amount of HKD9,367,000 (equivalent to RMB8,103,000) as expenses for the year ended 31 December 2017 (2016: equivalent to RMB24,214,000).

SHARE AWARD SCHEME II

On 1 April 2016, the Board of Directors of the Company has resolved to award an aggregate of 5,410,000 award shares ("Award Shares 2016") to 69 selected participants under the share award scheme ("Share Award Scheme II"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 1 June 2016.

Award Shares 2016 shall be locked up immediately upon granting. The Award Shares 2016 granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2016 held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2016 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2016 granted amounted to approximately HKD52,048,000. The Group has recognised an amount of HKD20,578,000 (equivalent to RMB17,800,000) as expenses for the year ended 31 December 2017 (2016: equivalent to RMB18,722,000).

59. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

SHARE AWARD SCHEME III

On 4 May 2017, the Board of Directors of the Company has resolved to award an aggregate of 5,275,000 award shares ("Award Shares 2017") to 65 selected participants under the share award scheme ("Share Award Scheme III"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 6 June 2017.

Award Shares 2017 shall be locked up immediately upon granting. The Award Shares 2017 granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2017 held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2017 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2017 granted amounted to approximately HKD58,264,000. The Group has recognised an amount of HKD22,333,000 (equivalent to RMB19,318,000) as expenses for the year ended 31 December 2017.

(b) Share option scheme of the Company

The Company adopts a share option scheme ("Share Option Scheme") for the purpose of providing incentive and/or reward to eligible persons for their contribution to the Group, and continuing efforts to promote the interests of the Group.

SHARE OPTION SCHEME I

On 8 January 2016, the Company has granted 111,000,000 options ("Options 2016") to subscribe for an aggregate of 111,000,000 ordinary shares in the Company under its Share Option Scheme. Each Option 2016 shall entitle the holder of such Option 2016 to subscribe for one share upon exercise of such Option 2016 at an exercise price of HK$11.53 per share.

The Options 2016 are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2016, at any time from the date falling on the fifth anniversary of the date of grant till the end the end of the 10-year period commencing from the date of grant ("Option Period 2016");

ii. up to a further 30% of the Options 2016, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2016; and

iii. in respect of the remaining 50% of the Options 2016, which, for the avoidance of doubt, comprise those Options 2016 which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2016.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD315,876,000. The Group has recognised an amount of HKD51,383,000 (equivalent to RMB44,447,000) as expenses for the year ended 31 December 2017 (2016: equivalent to RMB43,081,000).

59. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME II

On 4 May 2017, the Company has granted 56,400,000 options ("Options 2017") to subscribe for an aggregate of 56,400,000 ordinary shares in the Company under its Share Option Scheme. Each Option 2017 shall entitle the holder of such Option 2017 to subscribe for one share upon exercise of such Option 2017 at an exercise price of HK$11.75 per share.

The Options 2017 are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2017, at any time from the date falling on the fifth anniversary of the date of grant till the end the end of the 10-year period commencing from the date of grant ("Option Period 2017");

ii. up to a further 30% of the Options 2017, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2017; and

iii. in respect of the remaining 50% of the Options 2017, which, for the avoidance of doubt, comprise those Options 2017 which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2017.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD155,132,000. The Group has recognised an amount of HKD16,662,000 (equivalent to RMB14,413,000) as expenses for the year ended 31 December 2017.

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Share Option Scheme I	Share Option Scheme II
Share price (HK$ per share)	10.80	11.68
Volatility (%)	30.00	25.17
Risk-free interest rate (%)	1.36	1.23
Expected life of options (year)	10	10
Dividend yield (%)	1.57	1.80

No other feature of the options granted was incorporated into the measurement of fair value.

59. SHARE-BASED PAYMENTS *(Continued)*

(c) 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.

RESTRICTED A SHARE INCENTIVE SCHEME I

On 7 January 2014 (the "Date of Grant"), pursuant to the Restricted A Share Incentive Scheme I, 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 members 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") have 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 the Restricted Shares and ending on the date on which all the Restricted Shares granted have been unlocked or otherwise repurchased and cancelled.

Restricted Shares shall be locked up immediately upon granting. The Restricted Shares granted to Share Incentive Participants shall be subject to various lock-up periods ranging from one year 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 RMB66,413,000, of which RMB43,893,000 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 amounting to RMB22,520,000. The Group has no expenses for the year ended 31 December 2017 (2016: RMB14,409,000).

RESTRICTED A SHARE INCENTIVE SCHEME II

On 19 November 2015 (the "Date of Grant"), pursuant to the Restricted A Share Incentive Scheme II, 2,695,000 A shares of the Fosun Pharma were granted to 45 eligible participants of the Restricted A Share Incentive Scheme II at a grant price of RMB10.54 per share.

Restricted Shares issued pursuant the Restricted A Share Incentive Scheme II shall be locked up immediately upon granting. The Restricted Shares granted to Share Incentive Participants shall be subject to various Lock-up Periods ranging from one year 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 RMB68,102,000, of which RMB39,697,000 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 amounting to RMB28,405,000. The Group has recognised an amount of RMB10,357,000 as expenses for the year ended 31 December 2017 (2016: RMB22,709,000).

60. 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:

	2017 **RMB'000**	2016 RMB'000
Within one year	**599,933**	569,744
In the second to fifth years, inclusive	**1,422,548**	1,103,704
Over five years	**2,861,271**	670,322
	4,883,752	2,343,770

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 had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 **RMB'000**	2016 RMB'000
Within one year	**1,591,654**	1,385,416
In the second to fifth years, inclusive	**5,552,712**	4,504,104
Over five years	**4,803,975**	5,038,329
	11,948,341	10,927,849

61. COMMITMENTS

In addition to the operating lease commitments detailed in note 60 above, the Group had the following capital commitments at the end of the reporting period:

	2017 RMB'000	2016 RMB'000
Contracted, but not provided for:		
Plant and machinery	**3,695,665**	2,744,708
Properties under development	**17,910,441**	6,977,527
Investments	**10,389,522**	11,992,159
	31,995,628	21,714,394

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2017 RMB'000	2016 RMB'000
Contracted but not provided for:		
Properties under development	**906,283**	11,284
	906,283	11,284

62. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	Notes	2017 RMB'000	2016 RMB'000
Principal amount of the guaranteed bank loans and corporate bonds of:			
Related parties		**2,783,749**	2,847,749
Third parties		**30,308**	87,071
Qualified buyers' mortgage loans	*(1)*	**2,929,897**	2,878,019
Guarantees given related to tourism industry	*(2)*	**573,095**	727,121
		6,317,049	6,539,960

(1) As at 31 December 2017, the Group provided guarantees of approximately RMB2,929,897,000 (31 December 2016: RMB2,878,019,000) 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.

(2) Guarantees given related to tourism industry are guarantees given by Club Med, a subsidiary of the Group, including guarantees in connection with travel and transport agent licences, guarantees for credit card processors, rent guarantees and guarantees given related to development projects. Based on historical experience and information currently available, Club Med does not believe that they will be required to pay any amount under these guarantee arrangements. Therefore, Club Med has not recorded any liability beyond what is required in connection with these guarantee arrangements.

(3) Owing to the nature of the insurance business, the insurance segment of the Group is 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.

63. 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	2017 RMB'000	2016 RMB'000
Sales of goods			
Sinopharm Group Co. Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	**1,756,747**	1,135,375
Chongqing Pharmaceutical Group Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	**325,649**	294,512
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 9)	Sales of powdered iron	**91,894**	35,671
Nanjing Iron & Steel Group International Trade Co., Ltd. (Notes 2 & 9)	Sales of powdered iron	**60,286**	–
Shanghai Xingyao Medical Technology Development Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	**19,516**	–
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	**3,376**	2,373
Shanghai Lingjian Information Technology Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	**2,852**	–
Chindex International.,Inc. (Notes 2 & 9)	Sales of pharmaceutical products	**2,320**	2,295
Shanghai Diai Medical Instrument Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	**2,052**	–
Fosun Kite Biological Technology Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	**1,812**	–
Healthy Harmony Holdings L.P. (Notes 2 & 9)	Sales of pharmaceutical products	**1,684**	3,354
Total sales of goods		**2,268,188**	1,473,580
Purchases of goods			
Sinopharm Group Co. Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	**166,276**	97,329
Yong'an Property Insurance Company Limited (Notes 2 & 9)	Purchases of insurance products	**3,979**	3,697
Anhui Sunhere Pharmaceuticals Excipients Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	**2,519**	2,098
Shanghai Xingyao Medical Technology Development Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	**2,005**	–
Saladax Biomedical, Inc. (Notes 2 & 9)	Purchases of pharmaceutical products	**1,762**	–
Total purchases of goods		**176,541**	103,124

63. RELATED PARTY TRANSACTIONS *(Continued)*

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

Name of related parties	Nature of transactions	2017 RMB'000	2016 RMB'000
Service income			
National General Insurance Corporation N.V. (Notes 2 & 10)	Reinsurance services provided to the related company	**479,189**	468,385
Nanjing Nangang Iron&Steel United Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	**46,302**	–
Yong'an Property Insurance Company Limited (Notes 2 & 10)	Reinsurance services provided to the related company	**10,106**	10,892
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 10)	Other services provided to the related company	**6,332**	–
Shenyang Yuyuan Tourist Mart Property Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	**4,245**	7,271
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	**1,374**	–
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2 & 10)	Other services provided to the related company	**452**	5,256
Guangzhou Xingjianxingsui Property Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	**–**	13,340
Fuyang Furun Property Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	**–**	4,616
Yantai Xingyi Properties Co., Ltd. (Notes 4 & 10)	Other services provided to the related company	**–**	2,426
Total service income		**548,000**	512,186
Interest income			
Tangshan Jianlong Special Steel Co., Ltd. (Notes 2 & 12)	Interest income	**31,698**	–
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 12)	Interest income	**28,529**	41,673
Shanghai Xingyao Real Estate Development Co., Ltd. (Notes 2 & 12)	Interest income	**28,279**	–
Fuyang Furun Property Co., Ltd. (Notes 2 & 12)	Interest income	**10,398**	–
Acacias Property S.à r.l (Notes 2 & 12)	Interest income	**9,548**	–
FPH Europe Holdings III (HK) Limited (Notes 2 & 12)	Interest income	**7,310**	–
Yadong Supervision and BEWG Co., Ltd. (Notes 2 & 12)	Interest income	**3,192**	–
Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (Notes 2 & 12)	Interest income	**1,696**	–
Taizhou Xingyao Real Estate Development Co., Ltd. (Notes 2 & 12)	Interest income	**1,300**	–
Yantai Xingyi Properties Co., Ltd. (Notes 4 & 12)	Interest income	**–**	54,746
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 5 & 12)	Interest income	**–**	11,682
Others	Interest income	**256**	658
Total interest income		**122,206**	108,759

63. RELATED PARTY TRANSACTIONS *(Continued)*

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

Name of related parties	Nature of transactions	2017 RMB'000	2016 RMB'000
Rental income			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2 & 10)	Operating lease in respect of office buildings leased to the related company	**9,424**	–
Rental expense			
Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (Notes 2 & 10)	Operating lease in respect of office buildings leased from the related company	**79,060**	–
Interest expense			
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 12)	Interest expense	**1,923**	–
Wuxi Forte Real Estate Development Co., Ltd. (Notes 6 & 12)	Interest expense	**–**	1,390
Total interest expense		**1,923**	1,390
Interest paid for deposits from related parties			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2 & 7)	Interest paid for deposits	**9,194**	11,324
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 7)	Interest paid for deposits	**205**	1,468
Others	Interest paid for deposits	**1,216**	2,306
Total interest paid for deposits from related parties		**10,615**	15,098
Other expenses			
Hainan Haigang Group Co., Ltd. (Notes 3 & 11)	Operating lease in respect of land leased from the related company	**15,924**	20,319
Fosun Eurasia Capital LLC (Notes 2 & 11)	Consulting fees	**5,329**	1,038
Fosun Sinopharm (Hong Kong) Logistics Properties Management Company Limited (Notes 2 & 11)	Consulting fees	**2,746**	–
Total other expenses		**23,999**	21,357

63. RELATED PARTY TRANSACTIONS *(Continued)*

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

Name of related parties	Nature of transactions	2017 RMB'000	2016 RMB'000
Increase of deposits from related companies			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**1,842,381**	596,732
Shanghai Xingyao Real Estate Development Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**1,519,209**	596
Nanjing Iron & Steel United Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**1,378,244**	174
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**790,079**	–
Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (Notes 2 & 7)	Increase of deposits from the related company	**781,723**	22,675
Tangshan Jianlong Special Steel Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**432,894**	–
Fuyang Furun Property Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**414,361**	–
Yadong Supervision and BEWG Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**245,753**	–
Taizhou Xingyao Real Estate Development Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**220,922**	–
Tianjin Jianlong Iron & Steel Industrial Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**200,004**	–
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**168,257**	35,735
Hangzhou Goujia Network Technology Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**150,135**	–
Nanjing Nangang Iron& Steel United Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**150,041**	–
Sichuan Huanglong Forte Real Estate Development Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**1**	192
Hefei Xinghong Financial City Development Co., Ltd. (Notes 7 & 14)	Increase of deposits from the related company	**–**	40,130
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 7)	Increase of deposits from the related company	**–**	402
Hangzhou Likun Investment Development Co., Ltd. (Notes 7 & 15)	Increase of deposits from the related company	**–**	271
Others	Increase of deposits from the related company	**7**	1,317
Total increase of deposits from related companies		**8,294,011**	698,224

63. RELATED PARTY TRANSACTIONS *(Continued)*

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

Name of related parties	Nature of transactions	2017 RMB'000	2016 RMB'000
Guarantees of bank loans and corporate bonds			
Fosun Holdings Limited (Notes 1, 8 & 13)	Bank loans guaranteed by the related company	**1,960,283**	3,329,760
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 13)	Guarantees granted for corporate bonds of the related company	**2,783,749**	2,783,749
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 13)	Guarantees granted for bank loans of the related company	**–**	64,000
Total loans and corporate bonds guaranteed		**4,744,032**	6,177,509
Increase of loans to related companies			
Shanghai Xingyao Real Estate Development Co., Ltd. (Notes 2 & 12)	Increase of loans provided to the related company	**1,000,000**	–
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 12)	Increase of loans provided to the related company	**550,000**	–
Shanghai Yuyuan Tourist Mart Property Co., Ltd. (Notes 2 & 12)	Increase of loans provided to the related company	**500,000**	–
Fuyang Furun Property Co., Ltd. (Notes 2 & 12)	Increase of loans provided to the related company	**394,539**	–
Tangshan Jianlong Special Steel Co., Ltd. (Notes 2 & 12)	Increase of loans provided to the related company	**300,000**	100,000
Acacias Property S.àr.l (Notes 2 & 12)	Increase of Shareholder loans provided to the related company	**264,342**	–
Taizhou Xingyao Real Estate Development Co., Ltd. (Notes 2 & 12)	Increase of loans provided to the related company	**200,000**	–
FPH Europe Holdings III (HK) Limited (Notes 2 & 12)	Increase of Shareholder loans provided to the related company	**183,089**	–
Yadong Supervision and BEWG Co., Ltd. (Notes 2 & 12)	Increase of loans provided to the related company	**70,000**	–
Poten Environment Group Co., Ltd. (Notes 2 & 12)	Increase of entrusted loans provided to the related company	**40,000**	–
Yantai Xingyi Properties Co., Ltd. (Notes 4 & 12)	Increase of entrusted loans provided to the related company	**–**	738,300
SAS Val Thorens Le Cairn (Notes 2 & 12)	Increase of entrusted loans provided to the related company	**–**	65,571
Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (Notes 2 & 12)	Increase of loans provided to the related company	**–**	40,000
Cloud Vision Networks Technology Corporation (Notes 2 & 12)	Increase of entrusted loans provided to the related company	**–**	40,000
Total increase of loans to related companies		**3,501,970**	983,871

63. RELATED PARTY TRANSACTIONS *(Continued)*

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

Notes:

(1) It is the holding company of the Group.

(2) They are associates and joint ventures of the Group.

(3) They are non-controlling shareholders of the subsidiaries of the Group.

(4) Yantai Xingyi Properties Co., Ltd. ("Yantai Xingyi") was a joint venture of the Group as at 31 December 2016. In March 2017, the Group acquired the remaining equity interest in Yantai Xingyi. Yantai Xingyi became a subsidiary of the Group thereafter 31 December 2017.

(5) Shanxi Jianqin Real Estate Development Co., Ltd. ("Shanxi Jianqin") was a joint venture of Forte as at 31 December 2015. In August 2016, Forte disposed of a 50% equity interest in Shanxi Jianqin. Shanxi Jianqin was no longer a related party of the Group thereafter 31 December 2016.

(6) Wuxi Forte Real Estate Development Co., Ltd. ("Wuxi Forte") was a joint venture of Forte as at 31 December 2015. In October 2016, Forte acquired the remaining a 50% equity interest in Wuxi Forte. Wuxi Forte became a subsidiary of the Group thereafter 31 December 2016.

(7) Interest paid for deposits from related parties represents 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.

(8) These transactions constituted connected transactions 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, financial services, labor services, reinsurance services and rental were determined based on prices available to third party customers.

(11) The directors consider that the fees for consulting services and leasing services paid to the related companies were determined based on prices available to third party customers of the related companies.

(12) The loans provided by/to the related companies are unsecured, repayable on demand. The directors consider that 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) Hefei Xinghong Financial City Development Co., Ltd ("Hefei Xinghong Financial City") was a joint venture of the Group as at 31 December 2016. In May 2017, the Group acquired the remaining equity interest in Hefei Xinghong Financial City. Hefei Xinghong Financial City became a subsidiary of the Group thereafter 31 December 2017.

(15) Hangzhou Likun Investment Development Co., Ltd. ("Hangzhou Likun") was a joint venture of Forte as at 31 December 2016. In March 2017, Forte disposed of a 51% equity interest in Hangzhou Likun. Hangzhou Likun was no longer a related party of the Group thereafter 31 December 2017.

(16) Compensation of key management personnel of the Group:

	2017 **RMB'000**	2016 RMB'000
Short-term employee benefits	**65,177**	75,257
Equity-settled share award/option scheme expenses	**45,741**	36,784
Pension scheme contributions	**426**	384
Total compensation paid to key management personnel	**111,344**	112,425

64. 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:

2017

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	–	–	–	136,692,464	136,692,464
Loans receivable	–	–	3,376,243	–	3,376,243
Cash and bank	–	–	81,651,571	–	81,651,571
Term deposits	–	–	964,496	–	964,496
Investments at fair value through profit or loss	7,315,783	9,842,390	–	–	17,158,173
Trade and notes receivables	–	–	6,349,958	–	6,349,958
Financial assets included in prepayments, deposits and other receivables (note 26)	–	–	10,993,132	–	10,993,132
Due from related companies	–	–	12,309,468	–	12,309,468
Derivative financial instruments	1,486,348	–	–	–	1,486,348
Policyholder account assets in respect of unit-linked contracts	973,202	–	396,817	–	1,370,019
Loans and advances to customers	–	–	6,346,430	–	6,346,430
Placements with and loans to banks and other financial institutions	–	–	117,380	–	117,380
Finance lease receivables	–	–	2,348,127	–	2,348,127
Insurance and reinsurance debtors	–	–	9,084,241	–	9,084,241
	9,775,333	9,842,390	133,937,863	136,692,464	290,248,050

64. 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)*

2017 *(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	–	150,375,064	150,375,064
Convertible bonds	–	81,428	81,428
Trade and notes payables	–	12,368,277	12,368,277
Financial liabilities included in accrued liabilities and other payables (note 43)	–	18,865,569	18,865,569
Due to related companies and the holding company	–	4,691,990	4,691,990
Deposits from customers	–	35,077,567	35,077,567
Financial liabilities included in other long term payables (note 53)	2,022,919*	3,093,149	5,116,068
Finance lease payables	–	337,234	337,234
Derivative financial instruments	1,755,028	–	1,755,028
Investment contract liabilities	–	65,505,448	65,505,448
Financial liabilities for unit-linked contracts	973,202	396,817	1,370,019
Accounts payable to brokerage clients	–	40,967	40,967
Placements from banks and other financial institutions	–	268,165	268,165
Due to banks and other financial institutions	–	1,556,628	1,556,628
Insurance and reinsurance creditors	–	5,038,654	5,038,654
	4,751,149	297,696,957	302,448,106

* The amount includes the share redemption option granted to non-controlling shareholders of several subsidiaries amounting to RMB1,859,564,000, of which fair value change is recognised in reserves due to the nature of equity transaction with non-controlling shareholders of the subsidiaries of the Group.

64. 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)*

2016

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	–	–	–	128,175,432	128,175,432
Loans receivable	–	–	2,943,898	–	2,943,898
Cash and bank	–	–	51,807,704	–	51,807,704
Term deposits	–	–	348,692	–	348,692
Investments at fair value through profit or loss	1,800,971	6,527,725	–	–	8,328,696
Trade and notes receivables	–	–	4,321,733	–	4,321,733
Financial assets included in prepayments, deposits and other receivables (note 26)	–	–	12,064,483	–	12,064,483
Due from related companies	–	–	11,741,735	–	11,741,735
Derivative financial instruments	825,034	–	–	–	825,034
Policyholder account assets in respect of unit-linked contracts	3,166,145	–	582,101	–	3,748,246
Loans and advances to customers	–	–	3,358,873	–	3,358,873
Placements with and loans to banks and other financial institutions	–	–	73,105	–	73,105
Finance lease receivables	–	–	1,218,276	–	1,218,276
Insurance and reinsurance debtors	–	–	6,550,221	–	6,550,221
	5,792,150	6,527,725	95,010,821	128,175,432	235,506,128

64. 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)*

2016 *(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	–	125,969,041	125,969,041
Convertible bonds	–	307,730	307,730
Trade and notes payables	–	9,569,939	9,569,939
Financial liabilities included in accrued liabilities and other payables (note 43)	70,178	13,216,554	13,286,732
Due to related companies and the holding company	–	4,028,819	4,028,819
Deposits from customers	–	18,580,245	18,580,245
Financial liabilities included in other long term payables (note 53)	–	3,272,219	3,272,219
Finance lease payables	–	245,910	245,910
Derivative financial instruments	1,307,990	–	1,307,990
Investment contract liabilities	–	56,752,495	56,752,495
Financial liabilities for unit-linked contracts	3,166,145	582,101	3,748,246
Accounts payable to brokerage clients	–	68,823	68,823
Placements from banks and other financial institutions	–	273,983	273,983
Due to banks and other financial institutions	–	1,142,668	1,142,668
Insurance and reinsurance creditors	–	3,285,036	3,285,036
	4,544,313	237,295,563	241,839,876

65. TRANSFERS OF FINANCIAL ASSETS

At 31 December 2017, 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 RMB993,873,000 (2016: RMB719,397,000). 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 RMB192,294,000 (2016: RMB243,793,000). The Endorsed Bills and the Discounted Bills had maturity from one to twelve 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 is 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.

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Available-for-sale investments	**127,980,077**	118,565,218	**127,980,077**	118,565,218
Loans receivable	**2,393,352**	813,210	**2,393,352**	813,210
Investments at fair value through profit or loss	**17,158,173**	8,328,696	**17,158,173**	8,328,696
Loans and advances to customers	**2,543,362**	454,502	**2,561,707**	452,839
Policyholder account assets in respect of unit-linked contracts	**973,202**	3,166,145	**973,202**	3,166,145
Derivative financial instruments	**1,486,348**	825,034	**1,486,348**	825,034
	152,534,514	132,152,805	**152,552,859**	132,151,142

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

	Carrying amounts		Fair values	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings	**92,347,113**	82,094,953	**89,091,025**	81,295,369
Convertible bonds	**–**	307,730	**–**	368,033
Financial liabilities stated at fair value included in accrued liabilities and other payables	**–**	70,178	**–**	70,178
Financial liabilities included in other long term payables	**5,116,068**	3,272,219	**5,116,068**	3,272,219
Deposits from customers	**105,859**	68,715	**103,121**	66,051
Placements from banks and other financial institutions	**–**	3,707	**–**	3,707
Due to banks and other financial institutions	**455,075**	426,987	**455,075**	426,987
Financial liabilities for unit-linked contracts	**973,202**	3,166,145	**973,202**	3,166,145
Derivative financial instruments	**1,755,028**	1,307,990	**1,755,028**	1,307,990
	100,752,345	90,718,624	**97,493,519**	89,976,679

Management has assessed that the fair values of cash and bank, term deposits, finance lease receivables, finance lease payables, placements with and loans to banks and other financial institutions, accounts payable to brokerage clients, 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, the current portion of loans receivables, loans and advances to customers, interest-bearing bank and other borrowings, deposits from customers, placements from banks and other financial institutions, due to banks and other financial institutions, 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.

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

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 financial liabilities included in other long term payables, interest-bearing bank and other borrowings and convertible bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of amounts due to related companies, financial liabilities included in other long term payables, finance lease payables and non-current portion of interest-bearing bank and other borrowings as at 31 December 2017 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 components of the convertible bonds and the fair values of listed bonds and senior notes are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include commodity derivative contracts, forward currency contracts, and currency and interest rate swaps. As at 31 December 2017, the fair values of commodity derivative contracts were measured using quoted market prices of commodity future contracts, while the fair values of the forward currency contracts and the fair values of currency and interest rate swaps were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs include 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.

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.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2. If one or more of the significant inputs is not based on observable market data, the instruments are included in level 3.

As at 31 December 2017, the fair value 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 is 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 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 was RMB8,712,387,000 (31 December 2016: RMB9,610,214,000), all of which are unlisted equity investments held by the Group in China, North America, European and other countries intended to be disposed of by the Group after getting listed on the designated stock exchanges in the future.

During the year ended 31 December 2017, the available-for-sale investments whose fair value could not be reliably measured with a carrying amount of RMB12,312,028,000 were derecognised and the relevant gain on disposal amounting to RMB356,492,000 was recognised in the consolidated statement of profit or loss.

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2017:

Unobservable inputs and sensitivity analysis for Level 3 assets

The financial assets measured at fair value held by the Group which were classified in Level 3 primarily correspond to debt securities, investment funds and certain unlisted equity securities 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, the Group does 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, the Group do not assess whether applying reasonably possible alternative assumptions would have an impact on the fair value of the Level 3 investment funds.

For certain unlisted equity securities, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as liquidity discount, etc. An increase (decrease) in liquidity discount would result in a lower (higher) fair value. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

Unobservable inputs and sensitivity analysis for Level 3 liabilities

As part of the purchases agreement, contingent consideration included in other long-term liabilities is payable, which is dependent on the date of which Gland's enoxaparin product was approved by the US Food and Drug Administration. The amount recognised as at 31 December 2017 was RMB163,355,000 (31 December 2016: Nil) 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 shareholders in 2019 and beyond. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

It is expected that Gland's enoxaparin product will be approved by the US Food and Drug Administration on the same date as the signing of the acquisition contract. Discount rate and discount for own non-performance risk are nil.

The delay of the date when Gland's enoxaparin product is approved by the U.S. Food and Drug Administration 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 subsidiaries included in other long-term liabilities of RMB1,859,564,000 (31 December 2016: Nil) is EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) of Breas Medical Holdings AB from April 2018 to March 2019 and the latest Equity Transfer Price of Gland on December 31, 2017.

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

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

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)

ASSETS MEASURED AT FAIR VALUE:

AS AT 31 DECEMBER 2017

	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	**105,713,457**	**15,405,309**	**6,861,311**	**127,980,077**
Investments at fair value through profit or loss	**10,995,960**	**6,157,539**	**4,674**	**17,158,173**
Policyholder account assets in respect of unit-linked contracts	**970,743**	**1,684**	**775**	**973,202**
Derivative financial instruments	**562,271**	**924,077**	**–**	**1,486,348**
	118,242,431	**22,488,609**	**6,866,760**	**147,597,800**

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

ASSETS MEASURED AT FAIR VALUE: *(Continued)*

AS AT 31 DECEMBER 2016

	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	73,792,130	39,713,912	5,059,176	118,565,218
Investments at fair value through profit or loss	6,513,012	1,767,482	48,202	8,328,696
Policyholder account assets in respect of unit-linked contracts	2,733,629	432,002	514	3,166,145
Derivative financial instruments	235,521	589,513	–	825,034
	83,274,292	42,502,909	5,107,892	130,885,093

During the year, the available-for-sale investments with a fair value of RMB533,448,000 in Level 2 as at 31 December 2016 was transferred out to Level 1 due to the end of the lock-up period for these equity investments in 2017 (2016: RMB774,895,000).

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

	2017 RMB'000	2016 RMB'000
At 1 January	**5,107,892**	13,738,708
Total losses recognised in the consolidated statement of profit or loss included in other expenses	**(34,239)**	(101,356)
Total gains recognised in other comprehensive income	**94,746**	444,254
Addition	**3,514,838**	1,608,108
Acquisition of subsidiaries	**96**	1,856,826
Disposals	**(2,587,675)**	(9,566,778)
Disposal of subsidiaries	**–**	(2,634,557)
Exchange realignment	**771,102**	(233,914)
Reclassification	**–**	(3,399)
	6,866,760	5,107,892

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED:

AS AT 31 DECEMBER 2017

	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 and advances to customers	**–**	**–**	**2,561,707**	**2,561,707**
Loans receivable	**–**	**2,393,352**	**–**	**2,393,352**
	–	**2,393,352**	**2,561,707**	**4,955,059**

AS AT 31 DECEMBER 2016

	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 and advances to customers	–	–	452,839	452,839
Loans receivable	–	813,210	–	813,210
	–	813,210	452,839	1,266,049

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

LIABILITIES MEASURED AT FAIR VALUE:

AS AT 31 DECEMBER 2017

	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 for unit-linked contracts	**970,742**	**1,684**	**776**	**973,202**
Financial liabilities included in other long term payables	**–**	**–**	**2,022,919**	**2,022,919**
Derivative financial instruments	**6,020**	**1,749,008**	**–**	**1,755,028**
	976,762	**1,750,692**	**2,023,695**	**4,751,149**

AS AT 31 DECEMBER 2016

	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 stated at fair value included in accrued liabilities and other payables	–	–	70,178	70,178
Financial liabilities for unit-linked contracts	2,733,629	432,002	514	3,166,145
Derivative financial instruments	132,446	1,175,544	–	1,307,990
	2,866,075	1,607,546	70,692	4,544,313

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

LIABILITIES MEASURED AT FAIR VALUE: *(Continued)*

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

	2017 **RMB'000**	2016 RMB'000
At 1 January	**70,692**	120,712
Total gains recognised in the consolidated statement of profit or loss included in other expenses	**17**	1,472
Addition	**2,023,274**	70,178
Disposals	**(150)**	(59,161)
Exchange realignment	**39**	1,951
Reclassification	**(70,177)**	(64,460)
At 31 December	**2,023,695**	70,692

LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED:

AS AT 31 DECEMBER 2017

	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	**25,219,704**	**63,871,321**	**–**	**89,091,025**
Deposits from customers	**–**	**–**	**103,121**	**103,121**
Due to banks and other financial institutions	**–**	**–**	**455,075**	**455,075**
Financial liabilities included in other long term payables	**–**	**3,093,149**	**–**	**3,093,149**
	25,219,704	**66,964,470**	**558,196**	**92,742,370**

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED: *(Continued)*

AS AT 31 DECEMBER 2016

	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	23,787,659	57,507,710	–	81,295,369
Convertible bonds	368,033	–	–	368,033
Deposits from customers	–	–	66,051	66,051
Placements from banks and other financial institutions	–	–	3,707	3,707
Due to banks and other financial institutions	–	–	426,987	426,987
Financial liabilities included in other long term payables	–	3,272,219	–	3,272,219
	24,155,692	60,779,929	496,745	85,432,366

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, finance lease payables, amounts due from/to related companies, loans receivable 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 deposits 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 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 2017, approximately 55% (2016: 47%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/(decrease) in basis points	**Increase/(decrease) in profit before tax RMB'000**
2017	**75**	**(424,773)**
	(75)	**424,773**
2016	75	(357,348)
	(75)	357,348

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

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 EUR 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.

	Increase/(decrease) in foreign currency rate %	Increase/(decrease) in profit before tax RMB'000
2017		
If RMB weakens against the United States dollar	**5**	**(423,075)**
If RMB strengthens against the United States dollar	**(5)**	**423,075**
If RMB weakens against the Hong Kong dollar	**5**	**24,090**
If RMB strengthens against the Hong Kong dollar	**(5)**	**(24,090)**
If RMB weakens against the EUR	**5**	**(534,196)**
If RMB strengthens against the EUR	**(5)**	**534,196**
2016		
If RMB weakens against the United States dollar	5	(588,208)
If RMB strengthens against the United States dollar	(5)	588,208
If RMB weakens against the Hong Kong dollar	5	(31,340)
If RMB strengthens against the Hong Kong dollar	(5)	31,340
If RMB weakens against the EUR	5	(123,417)
If RMB strengthens against the EUR	(5)	123,417

67. 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 62 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 notes 37 and 30 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. 35% (2016: 32%) of the Group's debts would mature in less than one year as at 31 December 2017 based on the carrying value of borrowings reflected in the financial statements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2017

	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	–	58,027,951	96,686,540	10,621,318	165,335,809
Convertible bonds	–	82,170	–	–	82,170
Trade and notes payables	4,062,426	8,305,851	–	–	12,368,277
Due to related companies and the holding company	4,691,990	–	–	–	4,691,990
Financial liabilities included in accrued liabilities and other payables	11,898,852	6,966,717	–	–	18,865,569
Other long term payables	–	–	5,084,868	31,200	5,116,068
Finance lease payables	–	72,692	282,937	–	355,629
Derivative financial instrument	–	549,647	493,930	711,451	1,755,028
Financial liabilities for unit-linked contracts	40,594	310,544	836,391	182,490	1,370,019
Investment contract liabilities	1,405,505	4,450,683	39,844,225	19,805,035	65,505,448
Insurance and reinsurance creditors	4,596,026	300,594	142,034	–	5,038,654
	26,695,393	79,066,849	143,370,925	31,351,494	280,484,661

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows: *(continued)*

2016

	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	–	43,874,088	84,008,111	10,561,779	138,443,978
Convertible bonds	–	–	339,447	–	339,447
Trade and notes payables	3,506,440	6,063,499	–	–	9,569,939
Due to related companies and the holding company	4,028,819	–	–	–	4,028,819
Financial liabilities included in accrued liabilities and other payables	10,760,097	2,526,635	–	–	13,286,732
Other long term payables	–	–	3,272,219	–	3,272,219
Finance lease payables	–	53,072	208,884	–	261,956
Derivative financial instrument	–	678,216	577,348	964,920	2,220,484
Financial liabilities for unit-linked contracts	83,109	154,350	3,235,057	275,730	3,748,246
Investment contract liabilities	96,916	1,285,155	55,094,351	276,073	56,752,495
Insurance and reinsurance creditors	2,741,383	412,509	131,144	–	3,285,036
	21,216,764	55,047,524	146,866,561	12,078,502	235,209,351

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 62.

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk

Price risk is the risk that the fair values of equity and debt securities decrease or increase as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to price risk arising from individual investments classified as equity investments at fair value through profit or loss (note 36) and available-for-sale investments measured at fair value (note 23) as at 31 December 2017. The Group's listed investments that are listed on stock exchanges in Hong Kong, Shenzhen, Shanghai, NASDAQ, Athens, Tokyo, Singapore, other countries in Europe, Oceania, Latin America, North America, South America, Africa and Asia are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to a reasonably possible 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. 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 investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2017				
Investments listed in:				
Hong Kong				
– Available-for-sale	10,295,319	5	–	514,766
		(5)	–	(514,766)
– Held-for-trading	2,128,501	5	106,425	–
		(5)	(106,425)	–
Shenzhen				
– Available-for-sale	9,071,753	5	–	453,588
		(5)	–	(453,588)
Shanghai				
– Available-for-sale	2,982,353	5	–	149,118
		(5)	–	(149,118)
– Held-for-trading	1,587,306	5	79,365	–
		(5)	(79,365)	–
United States				
– Available-for-sale	21,245,620	5	–	1,062,281
		(5)	–	(1,062,281)
– Held-for-trading	2,512,692	5	125,635	–
		(5)	(125,635)	–
Europe				
– Available-for-sale	70,371,981	5	–	3,518,599
		(5)	–	(3,518,599)
– Held-for-trading	4,407,119	5	220,356	–
		(5)	(220,356)	–

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2017 *(Continued)*				
Investments listed in: *(Continued)*				
Singapore				
– Available-for-sale	1,942,920	5	–	97,146
		(5)	–	(97,146)
Africa				
– Available-for-sale	92,686	5	–	4,634
		(5)	–	(4,634)
Oceania				
– Available-for-sale	105,190	5	–	5,260
		(5)	–	(5,260)
– Held-for-trading	771	5	39	–
		(5)	(39)	–
North America				
– Available-for-sale	274,782	5	–	13,739
		(5)	–	(13,739)
– Held-for-trading	5,705	5	285	–
		(5)	(285)	–
Asia				
– Available-for-sale	149,874	5	–	7,494
		(5)	–	(7,494)
– Held-for-trading	28,652	5	1,433	–
		(5)	(1,433)	–

* Excluding retained profits

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2016				
Investments listed in:				
Hong Kong				
– Available-for-sale	7,800,441	5	–	390,022
		(5)	–	(390,022)
– Held-for-trading	5,437,441	5	271,872	–
		(5)	(271,872)	–
Shenzhen				
– Available-for-sale	12,335,412	5	–	616,771
		(5)	–	(616,771)
Shanghai				
– Available-for-sale	2,878,552	5	–	143,928
		(5)	–	(143,928)
– Held-for-trading	13,142	5	657	–
		(5)	(657)	–
United States				
– Available-for-sale	16,348,115	5	–	817,406
		(5)	–	(817,406)
– Held-for-trading	107,995	5	5,400	–
		(5)	(5,400)	–
Europe				
– Available-for-sale	59,874,197	5	–	2,993,710
		(5)	–	(2,993,710)
– Held-for-trading	1,104,495	5	55,225	–
		(5)	(55,225)	–
Japan				
– Available-for-sale	194,900	5	–	9,745
		(5)	–	(9,745)
Singapore				
– Available-for-sale	1,174,088	5	–	58,704
		(5)	–	(58,704)
Africa				
– Available-for-sale	17,167	5	–	858
		(5)	–	(858)

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2016 *(Continued)*				
Investments listed in: *(Continued)*				
Oceania				
– Available-for-sale	84,925	5	–	4,246
		(5)	–	(4,246)
– Held-for-trading	722	5	36	–
		(5)	(36)	–
Latin America				
– Available-for-sale	37,391	5	–	1,870
		(5)	–	(1,870)
North America				
– Available-for-sale	84,172	5	–	4,209
		(5)	–	(4,209)
– Held-for-trading	64	5	3	–
		(5)	(3)	–
Asia				
– Available-for-sale	148,093	5	–	7,405
		(5)	–	(7,405)
– Held-for-trading	42,726	5	2,136	–
		(5)	(2,136)	–

* Excluding retained profits

67. 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 2017 and 31 December 2016.

The Group monitors capital using a total debt to total capitalisation ratio, which is total debt divided by total equity plus total debt. Total debt includes interest-bearing bank and other borrowings and the liability component of convertible bonds. Total equity includes equity attributable to owners of the parent and non-controlling interests. The total debt to total capitalisation ratios as at the end of the reporting periods were as follows:

	2017 **RMB'000**	2016 RMB'000
Interest-bearing bank and other borrowings	**150,375,064**	125,969,041
Convertible bonds, the liability component	**81,428**	307,730
Total debt	**150,456,492**	126,276,771
Total equity	**136,412,281**	122,873,828
Total equity and total debt	**286,868,773**	249,150,599
Total debt to total capitalisation ratio	**52%**	51%

68. EVENTS AFTER THE REPORTING PERIOD

(1) On 22 January 2018, Fortune Star (BVI) Limited, an indirect subsidiary of the company, issued three-year senior notes with a par value of USD250 million and an interest rate of 5.375% per annum and five-year senior notes with a par value of USD450 million and an interest rate of 5.950% per annum.

(2) Shanghai Yuyuan Tourist Mart Co., Ltd. ("Yuyuan"), an associate of the Group with an equity interest of 26.45% as at 31 December 2017, is currently undergoing a material asset restructuring whereby the Group will sell 24 target companies to Yuyuan for a total consideration of approximately RMB22.36 billion (subject to adjustment, if any), in exchange for shares in Yuyuan. The Group will hold approximately a 68.25% equity interest in Yuyuan upon completion of the transaction. The transaction was conditionally approved by the China Securities Regulatory Commission in January 2018.

(3) In December 2017, the Group together with a fund under its management entered into agreements with Asahi Group Holdings, Ltd. to acquire equity interests in Tsingtao Brewery Company Limited ("Tsingtao", stock code 00168.HK, 600600.SH) for a consideration of HKD6,617 million. The acquisition was completed on 19 March 2018, upon which the Group holds 243,108,236 H-Shares in total, representing 37.11% in aggregate of the issued H-Shares and 17.99% in aggregate of the total issued shares of Tsingtao.

69. COMPARATIVE AMOUNTS

As stated in note 5 to the consolidated financial statements, the comparative segment information has been restated to reflect the change of the reporting segments of the Group.

70. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**32,907,708**	27,446,986
Investment in an associate	**304,310**	–
Available-for-sale investments	**922,932**	842,901
Total non-current assets	**34,134,950**	28,289,887
CURRENT ASSETS		
Cash and bank	**6,159,907**	944,830
Investments at fair value through profit or loss	**4,359,922**	5,408,929
Derivative financial instruments	**133,675**	–
Prepayments, deposits and other receivables	**7,535**	9,417
Due from subsidiaries	**39,681,937**	34,789,472
Due from related companies	**12,487**	13,259
Total current assets	**50,355,463**	41,165,907
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**9,803,668**	5,405,116
Derivative financial instruments	**408,204**	–
Accrued liabilities and other payables	**197,371**	168,730
Due to the holding company	**769,062**	381,646
Due to subsidiaries	**21,895,274**	13,976,082
Total current liabilities	**33,073,579**	19,931,574
NET CURRENT ASSETS	**17,281,884**	21,234,333
TOTAL ASSETS LESS CURRENT LIABILITIES	**51,416,834**	49,524,220
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**10,688,014**	8,963,140
Deferred tax liabilities	**81,286**	62,238
Total non-current liabilities	**10,769,300**	9,025,378
Net assets	**40,647,534**	40,498,842
EQUITY		
Share capital	**36,485,351**	36,157,089
Equity component of convertible bonds (note)	**18,054**	68,674
Other reserves (note)	**4,144,129**	4,273,079
Total equity	**40,647,534**	40,498,842

Guo Guangchang
Director

Wang Can
Director

70. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(Continued)

Note:

A summary of the Company's reserves is as follows:

	Other reserves RMB'000	Exchange fluctuation reserve RMB'000	Available-for-sale investment revaluation reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2016	21,831	(928,938)	(208,449)	68,674	1,666,78	619,905
Final dividend declared	–	–	–	–	(1,226,568)	(1,226,568)
Repurchase of shares	–	–	–	–	(232,718)	(232,718)
Equity-settled share-based payments	(27,531)	–	–	–	–	(27,531)
Total comprehensive income for the year	–	2,507,155	261,196	–	2,440,314	5,208,665
At 31 December 2016 and 1 January 2017	(5,700)	1,578,217	52,747	68,674	2,647,815	4,341,753
Final dividend declared	–	–	–	–	(1,613,959)	(1,613,959)
Conversion of convertible bonds to ordinary shares	–	–	–	(50,620)	–	(50,620)
Repurchase of shares	–	–	–	–	(360,035)	(360,035)
Equity-settled share-based payments	54,048	–	–	–	–	54,048
Total comprehensive income for the year	–	(2,694,913)	176,894	–	4,309,015	1,790,996
At 31 December 2017	48,348	(1,116,696)	229,641	18,054	4,982,836	4,162,183

71. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2018.

EXECUTIVE DIRECTORS

Guo Guangchang *(Chairman)*
Wang Qunbin
Chen Qiyu
Xu Xiaoliang
Qin Xuetang
Wang Can
Kang Lan
Gong Ping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman
Zhang Huaqiao
David T. Zhang
Yang Chao
Lee Kai-Fu

AUDIT COMMITTEE

Zhang Shengman *(Chairman)*
Zhang Huaqiao
David T. Zhang
Yang Chao
Lee Kai-Fu

REMUNERATION COMMITTEE

Zhang Huaqiao *(Chairman)*
Wang Qunbin
Zhang Shengman
David T. Zhang
Yang Chao
Lee Kai-Fu

NOMINATION COMMITTEE

David T. Zhang *(Chairman)*
Wang Qunbin
Zhang Shengman
Zhang Huaqiao
Yang Chao
Lee Kai-Fu

COMPANY SECRETARY

Sze Mei Ming

AUTHORISED REPRESENTATIVES

Qin Xuetang
Wang Can

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

China Development Bank
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
China Merchants Bank
Ping An Bank
China Construction Bank
The Export-Import Bank of China
Bank of Communications
Agricultural Bank of China
Bank of Shanghai
Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Bank of East Asia
Crédit Agricole Corporate and Investment Bank
Natixis Bank

REGISTERED OFFICE

Room 808, ICBC Tower
3 Garden Road
Central
Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

00656

WEBSITE

http://www.fosun.com

GLOSSARY

FORMULA

Capital employed	=	equity attributable to owners of the parent + total debt
EBITDA	=	profit for the year + tax + net interest expenditures + depreciation and amortisation
Interest coverage	=	EBITDA/net interest expenditures
Net debt	=	total debt – cash and bank and term deposits
Net gearing ratio	=	net debt/shareholder's equity
Net interest expenditures	=	Interest expenses, net + interest on discounted bills + interest on finance leases
ROE	=	profit attributable to owners to of the parent for the year/[(opening balance of equity attributable to owners of the parent + ending balance of equity attributable to owners of the parent)/2]
Total debt	=	current and non-current interest-bearing borrowings + convertible bonds
Total debt to total capitalisation ratio	=	total debts/(shareholder's equity + total debts)

ABBREVIATIONS

Albion	Shanghai Fosun Albion Tourism Development Company Limited
AmeriTrust	AmeriTrust Group, Inc. (formerly known as Meadowbrook Insurance Group, Inc.)
Articles of Association	the current articles of association of the Company with the latest amendments made on 17 June 2008
BCP	Banco Comercial Português, S.A..
Besino Environment	Besino Environment Ltd.
the Board	the board of Directors
Cainiao	Cainiao Network Technology Co., Ltd.
Caruso	Raffaele Caruso S.p.A.
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
Chancheng Hospital	Foshan Chancheng Central Hospital Company Limited
Club Med	Club Med SAS
CMF	China Momentum Fund, L.P.
the Company	Fosun International Limited
the Director(s)	the director(s) of the Company
EUR	Euro, the official currency of the Eurozone
Fidelidade	Fidelidade-Companhia de Seguros, S.A.
Fidelidade Assistência	Fidelidade Assistência – Companhia de Seguros, S.A.
Focus Media	Focus Media Information Technology Co., Ltd., a company whose A shares are listed on the Shenzhen Stock Exchange with stock code 002027
Folli Follie	Folli Follie S.A., a company listed on the Athens Stock Exchange with stock code FFGRP
Forte	Shanghai Forte Land Co., Ltd.
Fosun Capital	Shanghai Fosun Capital Investment Management Co., Ltd.
Fosun Hani Securities	Fosun Hani Securities Limited
Fosun High Technology	Shanghai Fosun High Technology (Group) Co., Ltd
Fosun Holdings	Fosun Holdings Limited
Fosun Insurance Portugal	Fidelidade, Multicare and Fidelidade Assistencia
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company whose A shares are listed on the SSE with stock code 600196, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 02196
Fosun United Health Insurance	Fosun United Health Insurance Company Limited

GBP	Pound Sterling, the official currency of United Kingdom
GFA	gross floor area
Gland Pharma	Gland Pharma Limited
the Group or Fosun	the Company and its subsidiaries
H&A	Hauck & Aufhäuser Privatbankiers AG (formerly known as Hauck & Aufhäuser Privatbankiers KGaA)
Hainan Mining	Hainan Mining Co., Ltd., a company whose A shares are listed on the SSE with stock code 601969
HKD	Hong Kong dollars, the official currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IDERA	IDERA Capital Management Ltd.
Ironshore	Ironshore Inc.
JPY	Japanese yen, the official currency of Japan
Kutesmart	Qingdao Kutesmart Co., Ltd.
Lanvin	Jeanne Lanvin SAS
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Luz Saúde	Luz Saúde, S.A. (formerly known as ESPÍRITO SANTO SAÚDE – SGPS, SA), a company listed on the Euronext Lisbon with stock code LUZ
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.
Mybank	Zhejiang E-Commerce Bank Co., Ltd.
Nanjing Iron & Steel	Nanjing Iron and Steel Co., Ltd., a company whose A share are listed on the SSE with stock code 600282
Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd.
NEEQ	National Equities Exchange and Quotations
Peak Reinsurance	Peak Reinsurance Company Limited
Pramerica-Fosun China Opportunity Fund	Pramerica – Fosun China Opportunity Fund, L.P.
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd.
PRC or China	the People's Republic of China
Proxima	Shanghai Proxima Technology Ltd.
Reporting Period	the year ended 31 December 2017
Resource Property	Shanghai Resource Property Consultancy Co., Ltd., a company listed on NEEQ with stock code 833517
Rio Bravo	Rio Bravo Investimentos S.A.
RMB	Renminbi, the official currency of the PRC
ROC	Roc Oil Company Limited
Sanyuan Foods	Beijing Sanyuan Foods Co., Ltd., a company whose A shares are listed on the SSE with stock code 600429
SFO	the Securities and Futures Ordinance (Charter 571) of the laws of Hong Kong
Shanghai Henlius	Shanghai Henlius Biotech Co., Ltd.
Shanghai Zendai	Shanghai Zendai Property Limited, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 00755
Share(s)	the share(s) of the Company
Share Award Scheme	the share award scheme adopted by the Company on 25 March 2015, as amended from time to time
Silver Cross	Silver Cross Nurseries Limited
Sinopharm	Sinopharm Group Co., Ltd., a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01099

Sisram	Sisram Medical Ltd, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01696
SSE	the Shanghai Stock Exchange
Star Healthcare	Shanghai Star Healthcare Co., Ltd.
Starcastle Senior Living	Shanghai Starcastle Senior Living Co., Ltd.
St Hubert	St Hubert SAS
St. John	St. John Knit International Inc.
Thomas Cook	Thomas Cook Group plc
Tom Tailor	TOM TAILOR Holding AG
Tsingtao Brewery	Tsingtao Brewery Company Limited, a company whose A shares are listed on the SSE with stock code 600600, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 00168
USD	United States dollars, the official currency of the United States
Wanbang	Jiangsu Wanbang Biopharmaceuticals Group Co., Ltd.
Wolford	Wolford AG
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited
Yuyuan	Shanghai Yuyuan Tourist Mart Co., Ltd., a company whose A shares are listed on the SSE with stock code 600655
Zhaojin Mining	Zhaojin Mining Industry Co., Ltd., a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01818

FOSUN 复星