



智·行  
INTELLIGENCE IN ACTION

復星國際有限公司  
FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)  
(Stock Code: 00656)

FOSUN 复星

INTERIM REPORT 2018

# MISSION

## CREATING HAPPIER LIVES FOR FAMILIES WORLDWIDE

### Vision

**Rooted in China, creating a global happiness ecosystem  
fulfilling the needs of one billion families in health,  
happiness and wealth**

### Intelligence in Action

"A journey of a thousand miles begins with a single step". Over the past two decades, Fosun has continued to be bold yet humble, building its success with stability and consistency. Looking ahead, we must continue to pursue our customer-to-maker (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 that can leverage growth momentum both in China and overseas. 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 goal of helping our family customers live in a healthier, happier and wealthier life.

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# FINANCIAL SUMMARY

In RMB million	For the six months ended 30 June	
	2018	2017 (restated)
<b>Revenue</b>	<b>43,511.8</b>	36,272.8
Health Ecosystem	13,985.0	10,294.6
Happiness Ecosystem	8,708.6	6,525.7
Wealth Ecosystem	21,155.6	19,756.8
<i>Insurance and Finance</i>	12,645.0	14,286.9
<i>Investment</i>	1,935.7	1,721.2
<i>Hive Property</i>	6,574.9	3,748.7
Eliminations	(337.4)	(304.3)
<b>Profit attributable to owners of the parent</b> <sup>Note</sup>	<b>6,858.3</b>	5,864.5
Health Ecosystem	828.9	631.6
Happiness Ecosystem	832.6	791.5
Wealth Ecosystem	5,196.8	4,441.4
<i>Insurance and Finance</i>	1,737.2	1,523.5
<i>Investment</i>	3,062.9	2,557.8
<i>Hive Property</i>	396.7	360.1
<b>Earnings per share – basic (in RMB)</b>	<b>0.80</b>	0.68
<b>Earnings per share – diluted (in RMB)</b>	<b>0.79</b>	0.68

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



# BUSINESS OVERVIEW & HIGHLIGHTS

During the Reporting Period, the Company delivered solid financial results, continued to actively implement its investment and operational strategies and maintained solid and healthy growth.

## 17% growth represents the sixth consecutive year of profit growth

Revenue reached RMB43.51 billion, an increase of approximately 20% over the same period of last year. Profit attributable to owners of the parent stood at RMB6.86 billion, an increase of approximately 17% over the same period of last year with Health, Happiness and Wealth Ecosystems growing 31%, 5% and 17% respectively. According to the old accounting standards (HKAS 39) for financial instruments, pro-forma profit attributable to owners of the parent was RMB8.29 billion, up by 41% over the same period of last year. Earnings per share was HKD0.98 (RMB0.80), an increase of approximately 18%<sup>1</sup> over the same period of last year. This is the sixth consecutive year of profit and earnings per share growth.

As at 30 June 2018, the Company continued to focus on maintaining a healthy and stable balance sheet and achieved a net gearing ratio of 53.6% with an overall financing cost of 5.18%. In January 2018, Moody's upgraded the Company's credit rating from Ba3 Positive to Ba2 Stable.

The Company's adjusted net asset value (adjusted NAV), estimated by management, was HKD30.78 per share, representing a decrease of HKD2.50 from the adjusted NAV recorded as of 31 December 2017. The main change in adjusted NAV was attributable to secondary market volatility in the first half of 2018.

As at 30 June 2018, the Company's book value per share was HKD13.79 and represents a 10 year compounded annual growth rate of 14.4%<sup>2</sup>.

## Fosun continues to focus on value creation while developing its core ecosystems in Health, Happiness and Wealth

Over the last 26 years, Fosun has developed a world-class investment and post-investment mechanism consisting of approximately 40 investment teams and over 600 professionals around the world.



<sup>1</sup> calculated by RMB

<sup>2</sup> calculated for ten years from 30 June 2008 to 30 June 2018



During the Reporting Period, Fosun's major investments include the joint acquisition of French leading healthy food company St Hubert with Sanyuan Foods for EUR625 million, an investment of 17.99% in China's leading brewery Tsingtao Brewery for approximately HKD6.62 billion, as well as investing in world renowned fashion brands including Lanvin from France and Wolford from Austria. In July 2018, the Group acquired approximately 69.18% in Baihe Jiayuan, China's matchmaking-to-wedding industry chain leader for approximately RMB4.0 billion. Key divestments in 2018 include the Company's remaining stake in Focus Media, among which 2.51% was not yet completed as at 28 August 2018 and 5.0% equity interest in Sun Paper.

### Operations upgrade, strategic partnerships and asset monetization through capital markets

In 2018, the Company accomplished several key milestones, particularly in the Happiness Ecosystem.

In tourism sector, the Company established the Fosun Tourism Group, which saw the official opening of its Atlantis Sanya in April 2018. Atlantis Sanya is located in Haitang Bay National Coast of Sanya in Hainan Province and aims at providing a one-stop leisure and vacation experiences for families worldwide. From December 2017 through the end of the Reporting Period, Club Med opened Club Med Grand Massif Samoëns Morillon Resort in the French Alps and Club Med Tomamu Resort in Japan, and re-opened Club Med Cefalu in Italy. In addition, Club Med has launched "Club Med Joyview" to target the fast-growing Chinese market by providing

Chinese customers with an opportunity to experience resorts located within two to three hours' driving distance from urban areas, and a flexible choice of various packages. This includes Club Med Joyview Golden Coast Resort and Club Med Joyview Anji Resort which opened in 2018.

The Company also established the Fosun Fashion Group, a new pure-play platform of fashion which includes Lanvin, Wolford, St. John, Caruso and Tom Tailor with the aim to develop the portfolio brands into the Chinese market and worldwide. On 28 August 2018, Fosun Fashion Group announced the appointment of Mr. Jean-Philippe Hecquet as global CEO of Lanvin, who had a very successful career at two leading global fashion brand companies.

In May 2018, the Company's football team in the England, Wolverhampton Wanderers F.C. ("**Wolves**") won the English Football League Championship and was promoted into the top Premier League in England. Since Fosun's investment, Wolves has successfully collaborated with many of the Group's other consumer facing products, including Tsingtao Brewery, Club Med and Thomas Cook on marketing and sales strategy worldwide.

In August 2018, the Group's film division, Studio 8, run by Jeff Robinov, saw the release of Albert Hughes directed *Alpha* with plans to release Yann Demange directed *White Boy Rick* starring Matthew McConaughey in September 2018.

In 2018, the Group signed several strategic partnerships agreements to support the future growth plans. These include a strategic



collaboration agreement with Tsingtao Brewery to jointly improve its corporate governance and global operations, a global strategic collaboration agreement with HSBC to support Fosun's future growth and a series of strategic collaboration agreements with financial institutions including New China Life Insurance, Shanghai Pudong Development Bank and the Shanghai Branch of Postal Saving Bank of China to lay the groundwork for future cooperation.

The Group is also executing its private-to-public strategy to monetize some key investee companies, allowing them to access the capital markets and to improve disclosure of the Group. In July 2018, Yuyuan completed the asset reorganization and the Group made further acquisition of its shares on the secondary market. Thus, the Group held approximately 68.52% of equity interest in Yuyuan as of 28 August 2018. In June 2018, the Company's 24.8%-owned associate Babytree, the leading maternity and child-focused community platforms in China, submitted a listing application to the Hong Kong Stock Exchange and in August 2018, Fosun Tourism Group also submitted a listing application to the Hong Kong Stock Exchange.

### **Future growth driven by technology, innovation and Customer-to-Maker (C2M)**

During the Reporting Period, RMB4 billion was invested into technology and innovation companies as well as research and development and incubation of the Group's own technology initiatives. In investment, the Company's venture capital arms, including Fosun RZ, Innostar Capital and Fosun Capital grew their global presence

focusing on telecommunication, media and technology (TMT), healthcare and fintech. The Company also increased investments into major proprietary technology projects, including Shanghai Henlius, China's leading biosimilar company invested by Fosun Pharma; Proxima, Fosun's first incubated artificial intelligence ("AI") firm and Youle Customer Loyalty Program ("youlè"). While still in early development, youlè connected the Group's various consumer products and services through an easily-accessible mobile phone based program and has already acquired a total user base exceeding 148 million within six months of launch. In June 2018, Insurance Technology Group was established to strengthen Fosun's development in insurance technology and innovation through investment, collaboration and incubation.

Technology innovation also advances in members of Fosun family. Yuyuan collaborated with Ant Financial Service Group in Alipay to attract online customers to Yuyuan's offline scenarios through Alipay, thus realising superior shopping experience of new retail mechanism. During the Reporting Period, Fosun Pharma invested RMB1,188 million in total in research and development, up by 89.8% over the same period of last year. Nanjing Nangang and its affiliated enterprise made a total investment of over RMB700 million in scientific and technology innovation with a focus on the industries, such as intelligent manufacturing, energy conservation and environment protection, internet of things, new materials and aerospace technology.

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW

As at the end of the Reporting Period, total assets of the Group amounted to RMB564,292.1 million, representing an increase of approximately 5.7% from the end of 2017. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB6,858.3 million, representing an increase of approximately 16.9% over the same period in 2017.

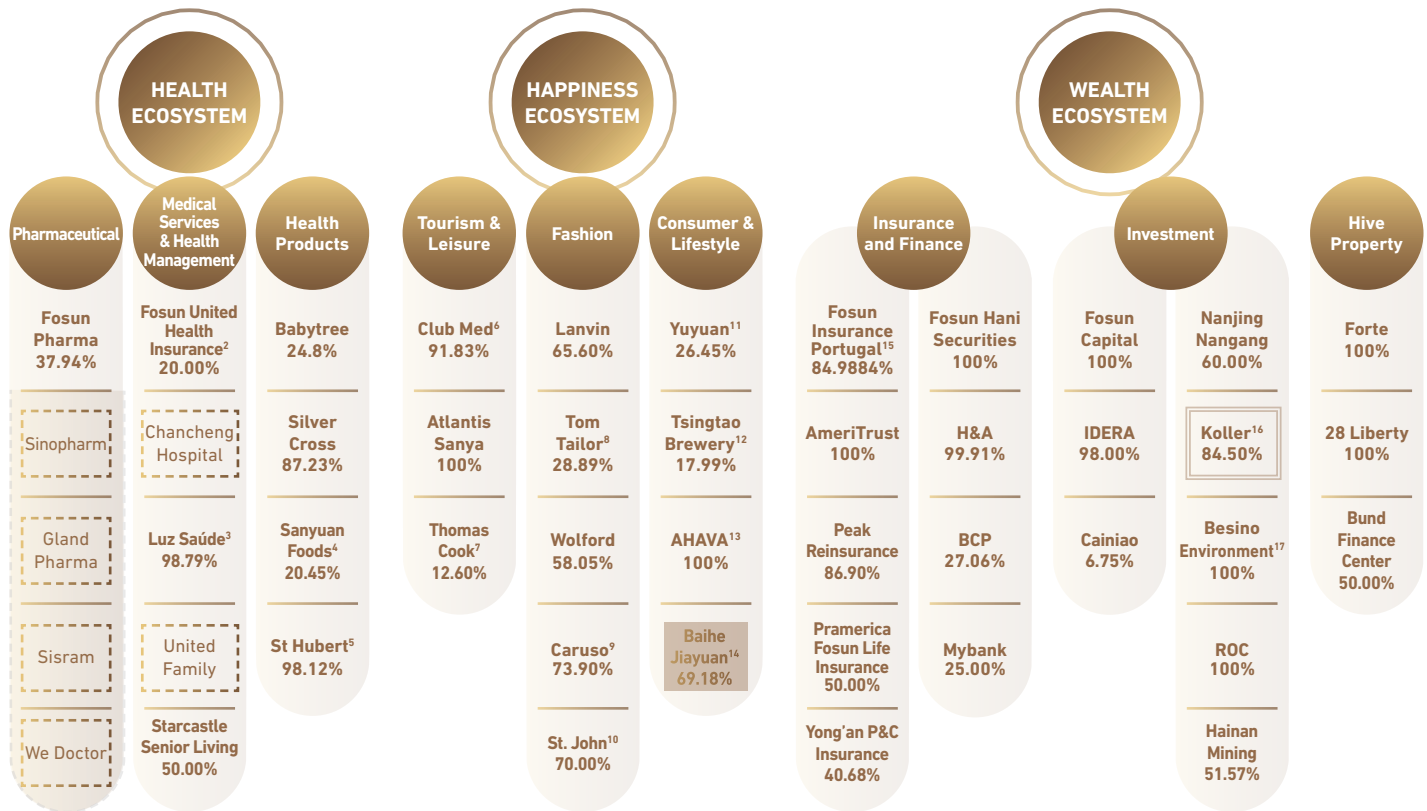
## ASSET ALLOCATION OF THE GROUP

Unit: RMB million

Segment	Total assets as at 30 June 2018	Total assets as at 31 December 2017 (restated)	Change from the end of 2017
<b>Health Ecosystem</b>	<b>81,000.2</b>	75,521.0	7.3%
<b>Happiness Ecosystem</b>	<b>45,603.5</b>	38,079.7	19.8%
<b>Wealth Ecosystem</b>	<b>452,668.1</b>	433,177.8	4.5%
Insurance and Finance	<b>247,851.2</b>	241,578.0	2.6%
Investment	<b>87,484.2</b>	76,673.1	14.1%
Hive Property	<b>117,332.7</b>	114,926.7	2.1%
<b>Eliminations</b>	<b>(14,979.7)</b>	(12,990.4)	N/A
<b>Total</b>	<b>564,292.1</b>	533,788.1	5.7%



## Corporate Structure<sup>1</sup> (as of 30 June 2018)



### Notes:

- 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 30 June 2018. The companies marked in the dotted box are invested by Fosun Pharma. For specific information, please refer to the disclosure of Fosun Pharma. The company marked in the shadow box is the project remained to be completed as at the end of the Reporting Period.
- Under accounting treatment, it is listed under the segment of "Insurance and Finance" in operating segment information.
- The Company and Fidelidade, a subsidiary of the Group held 49.00% and 49.79% equity interest in Luz Saúde, respectively. Therefore, the Group held 91.32% effective equity interest in Luz Saúde.
- 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 effective interest and limited partnership effective interest of totally 37.25%, thus, the Group held 18.08% effective equity interest in Sanyuan Foods.
- St Hubert was held as to 98.12% by an associate (the Group held 51% equity interest in such associate).
- Club Med is indirectly held by Fosun Tourism Group, a subsidiary which the Group held as to 99.10%. Club Med is held as to 90.25% by a wholly-owned subsidiary of Fosun Tourism Group and as to 1.58% by a subsidiary (Fosun Tourism Group held 50.62% equity interest in such subsidiary). Therefore, the Group held 90.23% effective equity interest in Club Med.
- The Group through its subsidiaries, Fosun Tourism Group and Fidelidade, held 5.375% and 7.225% equity interest in Thomas Cook, respectively. Therefore, the Group held 11.47% effective equity interest in Thomas Cook.
- 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 in which Fidelidade held 51% equity interest. Therefore, the Group held 25.01% effective equity interest in Tom Tailor.
- 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 43.50% effective equity interest in Caruso.
- 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).
- Yuyuan completed the asset reorganization in July 2018 and the Group made further acquisition of its shares on the secondary market. Thus, as of 28 August 2018, the Group held 68.52% equity interest in Yuyuan.
- Tsingtao Brewery was held as to 11.66% by two wholly-owned subsidiaries of the Group, as to 2.55% and 0.53% by Fidelidade and Peak Reinsurance (both are subsidiaries of the Group) respectively, and as to 3.25% by a fund managed by the Group. Therefore the Group held 14.29% effective equity interest in Tsingtao Brewery.
- The Group through its subsidiary held 100% equity interest in AHAVA. Such subsidiary was owned as to 84.26% and 15.28% by the Group and Yuyuan, the Group's associate respectively. Therefore, the Group held 84.26% effective equity interest in AHAVA.
- The Group signed an agreement in July 2018 to acquire 69.18% equity interest in Baihe Jiayuan and the transaction was completed as of 28 August 2018.
- The Group held 84.9884% equity interest in Fidelidade, 80% equity interest in Multicare and 80% equity interest in Fidelidade Assistência through its wholly-owned subsidiary.
- Nanjing Nangang, the company's joint venture company, held 84.50% equity interest in Koller.
- 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

	For the six months ended 30 June 2018	For the six months ended 30 June 2017 (restated)	Change over the same period of last year
Revenue	<b>13,985.0</b>	10,294.6	35.8%
Profit attributable to owners of the parent	<b>828.9</b>	631.6	31.2%

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. Profit attributable to owners of the parent of the Health Ecosystem mainly comes from the contribution of Fosun Pharma, meanwhile includes the investment income related to 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 30 June 2018, the Group held 37.94% equity interest in Fosun Pharma.

Fosun Pharma was established in 1994, the principal business is providing drugs, medical devices, diagnostic products and healthcare service.

During the Reporting Period, the revenue of Fosun Pharma increased by 42.17% as compared to the corresponding period of 2017 to RMB11,767 million, and excluding the impacts of the new acquisitions of enterprises in 2017 for comparison purposes and other factors, revenue would have increased by 23.46% as



compared to the corresponding period of 2017. Of which, the revenue from pharmaceutical manufacturing and research and development (R&D) segment of Fosun Pharma amounted to RMB8,872 million, representing an increase of 55.49% (31.51% on the same basis) as compared to the corresponding period of 2017. The revenue from healthcare service business amounted to RMB1,199 million, representing an increase of 18.60% as compared to the corresponding period of 2017.

During the Reporting Period, Fosun Pharma recorded profit before tax of RMB2,038 million, net profit attributable to owners of the parent of RMB1,560 million and net profit attributable to owners of the parent (after extraordinary gain or loss) of RMB1,201 million, which represented a decrease of 6.49%, 7.61% and 5.32% as compared to the corresponding period of 2017 respectively. The decrease was mainly due to the reduction of RMB61 million in extraordinary gain or loss as less gain from assets disposal, and the decrease of RMB67 million in ordinary gain or loss as compared to the corresponding period of the previous year.



During the Reporting Period, Fosun Pharma continued to enhance its R&D investment. The total R&D investment amounted to RMB1,188 million, representing an increase of RMB562 million or 89.82% as compared to the corresponding period of 2017. In particular, R&D expenses amounted to RMB709 million, representing an increase of RMB248 million or 53.69% as compared to the corresponding period of 2017. The R&D investment in the pharmaceutical manufacturing segment amounted to RMB1,064 million, representing an increase of RMB534 million or 100.90% as compared to the corresponding period of 2017. In particular, the R&D expenses of the pharmaceutical manufacturing segment amounted to RMB596 million, representing an increase of RMB231 million or 63.29% as compared to the corresponding period of 2017.

For more information, please refer to the interim results announcement for the six months ended 30 June 2018 of Fosun Pharma published on the Hong Kong Stock Exchange's website on 27 August 2018.

## Medical Services & Health Management

### Fosun United Health Insurance

Fosun United Health Insurance actively operates in medical insurance, illness insurance, disability income insurance, health care insurance and accident insurance markets in the PRC, providing high quality life cycle products for Chinese families.

At present, Fosun United Health Insurance is committed to providing health insurance and health services to its customers and has already launched more than 40 products. Among them, long-term insurance products called **Kang Le** have been well-received by the market and customers, of which the premium income has continued to increase, accounting for approximately 59% of the total premium income as of 30 June 2018.

As of 30 June 2018, Fosun United Health Insurance had commenced operations in Guangdong and Beijing, and set up branches in Guangzhou, Foshan, Dongguan, Jiangmen and Zhongshan; its insurance income amounted to RMB152.11 million, with a long-term insurance new business value rate of 69% and short-term comprehensive cost ratio of 123%; its core solvency adequacy ratio is 331.65%, and the comprehensive risk rating continues to be A-rated.

Fosun United Health Insurance will continue to explore the establishment of online health consultation services and to launch healthcare newsletters to help customers manage chronic illnesses, and to provide positive experience in medical treatment to customers and high quality health services to more individuals and families through youle platform.

### Star Healthcare

Shanghai Star Healthcare Co., Ltd. ("**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 including planning products for employee healthcare benefits that targets for corporate customers, innovative products targeting insurance customers and healthcare service products focused on mothers and their children.

As of 30 June 2018, the revenue of Star Healthcare amounted to RMB7.80 million, representing a year-on-year increase of 446%. The direct billing network resources of Star Healthcare in China concentrated in 340 cooperative medical and checkup institutions in 14 cities. 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.

## 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 30 June 2018. In Starcastle Senior Living's Pujiang Community, there were a total of 395 units, with an occupancy rate of 42% as of 30 June 2018. Together, Phase I and Pujiang Community of Starcastle Senior Living 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 provide 900 units and is expected to commence its operations in 2019.

## Luz Saúde

Luz Saúde is a leading private healthcare provider group in Portugal with 98.79% of its equity interest held by the Group as of 30 June 2018. Luz Saúde owns 12 private hospitals, 1 national health service hospital under a public private partnership, 9 private ambulatory clinics and 2 senior residences. Luz Saúde started operations in the Coimbra region of Portugal in the first quarter of 2018 through the acquisition of Idealmed medical system.

As at the end of the Reporting Period, Luz Saúde provided approximately 1,650 beds and continued its growth in the Portuguese private healthcare market through the acquisition of a hospital and three clinics in the Coimbra region. In addition, Luz Saúde opened a clinic in Odivelas and expanded the area of Hospital da Luz Oeiras, doubling its capacity and expanding the portfolio of services.

Hospital da Luz Lisboa of Luz Saúde (already the largest private hospital in Portugal) is currently undergoing expansion to increase service capacity by 80% and further reinforce its market leadership position. In addition, a new private hospital in Vila Real (north of Portugal) is also under construction in order to strengthen Luz Saúde's presence in the region and expand its client base.

## Health Products

Fosun's health products business focuses on investment in 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 87.23% equity interest as at the end of the Reporting Period. Established in 1877, Silver Cross is one of the most iconic maternal and nursery brands in the UK.

Silver Cross remains renowned for its meticulous design, high-end craftsmanship, excellent materials and attention to details. Its traditional hand-made baby prams, travel accessories, safety seats and furniture are well-recognized and highly-rated by customers worldwide. Silver Cross benefits from its international distribution channels and offices spanning in the UK, US, Europe, Russia, the Middle East and the Asia-Pacific region.



In 2017 Silver Cross acquired Micralite, a baby stroller brand with a multitude of patents, which was relaunched in Hong Kong in January 2018. Silver Cross has established a long-term authorising partnership with Aston Martin and has launched a new product range utilising the license with childrenswear brand "Marie Chantal" in the first half of 2018.

During the Reporting Period, Silver Cross reported operating revenue of approximately GBP22.26 million and a profit before tax of GBP1.57 million.

## Sanyuan Foods

The Group is the second largest shareholder of Sanyuan Foods with 20.45% equity interest, which was 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 achieve integrated development of Sanyuan Foods and enhance its leading position in the Chinese dairy industry by optimising corporate strategies and introducing merger and acquisition targets. In January 2018, Fosun and Sanyuan Foods completed the joint acquisition of St Hubert in France, through which they will leverage the strengths of both parties in providing innovative and high quality healthy food products.

As of 31 March 2018, Sanyuan Foods recorded revenue of RMB1,752.6 million, and net profit attributable to shareholders of the listed company of RMB35.5 million.

### Juewei Food

As at 30 June 2018, the Group held 6.20% equity interest in Juewei Food Co., Ltd. ("**Juewei Food**"), a company listed on the SSE with stock code 603517. On 29 June 2018, the closing price for Juewei Food was RMB42.45 per share with a total market capitalization of approximately RMB17,404.50 million.

Juewei Food, a company mainly engages in research and development, production and sales of braised foods, is the market leader of the braised food industry in China. Juewei Food's market share in domestic leisure braised products is around 9% as at the end of the Reporting Period. Benefiting from the rapid development of the leisure fast moving consumer goods market in China, there is significant room for future growth of the braised food market.

Juewei Food has established direct sales and franchise chain sales network covering 29 provinces/municipalities. As at the end of the Reporting Period, Juewei Food had more than 3,000 franchisees and more than 9,000 offline stores nationwide. Online registered users totaled more than 40.00 million. In the first half of 2018, the company opened up market in Hong Kong, and entered market in Singapore which represented a breakthrough in overseas market.

As of 30 June 2018, Juewei Food recorded operating revenue of RMB2,085.00 million, and net profit attributable to shareholders of the listed company of RMB315.13 million.

### St Hubert

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

Established in 1904, St Hubert has annual sales of approximately 35,000 tonnes. St Hubert has a leading edge in research and development and innovation and is a pioneer in the healthy food 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 market leaders of their local vegetable 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 Foods expect to help St Hubert establish retail and corporate customer channels in China, as well as sharing logistics resources and jointly developing new health product lines, such as new type of vegetable spreads and other plant-based products.

### Babytree

The Group held 24.8% equity interest in Babytree as of 30 June 2018. Babytree is the largest and the most active maternity and child-focused community platforms in China by the average monthly active users ("**MAU**"), dedicated to connecting and serving young families, which are families between two years before the birth of a child and six years after. In 2017, the MAU of Babytree reached 139 million. Right after the strategic investment in Babytree by the Group, the two parties quickly launched a cooperative test in the C2M strategy so as to successfully create customized commodity consumption service for young Chinese families. On the other hand, Babytree leveraged the Group's medical and health resources to start online premium content and health service businesses.

In May 2018, Babytree announced that it had received a strategic investment from Alibaba Group Holding Limited. In June 2018, Babytree submitted a listing application to the Hong Kong Stock Exchange.





# 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

	For the six months ended 30 June 2018	For the six months ended 30 June 2017 (restated)	Change over the same period of last year
Revenue	<b>8,708.6</b>	6,525.7	33.5%
Profit attributable to owners of the parent	<b>832.6</b>	791.5	5.2%

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. Profit attributable to owners of the parent remains stable.

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

## Tourism & Leisure

Fosun Tourism Group is one of the world's leading leisure-focused and integrated tourism groups. Its principal business activities include resorts, tourism destinations and services and solutions in various tourism and leisure settings.

### Resorts

#### Club Med

The Group privatized Club Med in February 2015. As of 30 June 2018, the Group held approximately 91.83% equity interest in Club Med.

Club Med, founded in 1950 and headquartered in France, pioneered the concept of the all-inclusive resort holiday experience around the world. By the end of the Reporting Period, Club Med had





operations in more than 40 countries and regions with 69 resorts (including one cruise ship) located in more than 26 countries and regions. For the year ended 31 December 2017 and six months ended 30 June 2018, Club Med recorded approximately 1.35 million and approximately 0.74 million customers respectively. As a leading premium all-inclusive vacation resorts service provider, Club Med continues to innovate and provide exciting new vacation experiences to its customers. From December 2017 through the end of the Reporting Period, Club Med opened Club Med Grand Massif Samoëns Morillon Resort in the French Alps and Club Med Tomamu Resort in Japan, and re-opened Club Med Cefalu in Italy.

In addition, Club Med has launched the “Club Med Joyview” to target the fast-growing Chinese market by providing Chinese customers with an opportunity to experience resorts located within two to three hours’ driving distance from urban areas, and a flexible choice of various packages. This includes Club Med Joyview Golden Coast Resort and Club Med Joyview Anji Resort which opened in 2018.

## Tourism Destinations

### Atlantis Sanya

Atlantis Sanya is located in Haitang Bay National Coast of Sanya, Hainan Province in China, aiming at providing one-stop leisure and distinctive holiday experiences for families worldwide.

Atlantis Sanya held its soft opening in February 2018 and officially opened in April 2018. For the months ended 30 June and 31 July 2018 respectively, the occupancy rate of Atlantis Sanya accommodation facilities was 66.4% and 79.3% respectively.

Atlantis Sanya also includes approximately 1,000 saleable residential vacation units, namely Tang Residence, which the Group recognized contract liabilities amounting to



approximately RMB6,988.8 million and plans to recognize its revenue upon the transfers of property ownership in the future.

### Albion

Albion was launched to provide design, technical, operational and management to owners and concession right holders of tourism destinations in China under the Albion brand.

## Services and Solutions in Various Tourism and Leisure Settings

The Group has been developing its culture and performing arts business, including the promotion and operations of Cirque du Soleil’s “Toruk” premiered in Sanya China.

In addition, the Group has established a joint venture with Mattel, Inc., which is a global leader in children’s learning and development through play and the owner of a number of copyrights and trademarks, to commence Miniversity. Miniversity provides one-of-a-kind learning and recreational clubs for children in both tourism destinations and modern cities. Its first club is located in Atlantis Sanya.





Other than direct and indirect distribution channels owned or utilized by Club Med, the Fosun Tourism Group also launched its proprietary FOLIDAY platform, to provide and distribute tailor-made tourism and leisure solutions to families including membership services through youlè. Through the FOLIDAY platform, Fosun Tourism Group promotes and distributes products of its brands, including resorts, tourism destinations, shows and other tailor-made solutions and packages through various types of products and transportation arrangements.

The Group invested in British travel and leisure group Thomas Cook in March 2015. As of 30 June 2018, the Group held approximately 12.60% equity interest in Thomas Cook. For the six months ended 31 March 2018, Thomas Cook recorded revenue of GBP3.227 billion, representing an increase of 7.8% over the same period of last year. Fosun Tourism Group established a joint venture with Thomas Cook called Kuyi International Travel Agency (Shanghai) Co., Ltd, as a part of its travel agency and distribution network, in which Fosun Tourism Group held 51% equity interest.

## Fashion

Fosun Fashion Group is an important component of the Happiness Ecosystem of Fosun, which focuses on in-depth operation and global integration of relevant industries surrounding consumers' life and happiness. The operation model of Fosun Fashion Group combines strategic investment and industrial operation. Currently, it engages in apparel, jewelry, leather goods, footwear and other sectors within fashion. The current portfolio assets include French high fashion brand Lanvin, Austrian high-end lingerie and stocking brand Wolford, American high fashion brand St. John, Italian high-end menswear brand Caruso, and German fast fashion brand Tom Tailor. In the future, Fosun Fashion Group aims to meet the leisure demand of families, integrate resources, and establish a fashion ecosystem with global influence.



### Tom Tailor

The Group made a strategic investment in the German fashion group Tom Tailor in 2014. As of 30 June 2018, the Group held 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 the Reporting Period, Tom Tailor has continued to focus on profitable growth as well as operational transformation. In its core activities and markets, Tom Tailor is growing continuously and profit margins have been further increased. The restructuring efforts which were initiated in the fourth quarter of 2016 have been concluded. Key investments for 2018 are mainly related to selective retail and wholesale expansion projects, marketing spendings for the Tom Tailor brand as well as additional capital expenditures for major IT projects.

As a result, Tom Tailor has achieved a revenue of EUR399 million in the first half of 2018, with an EBITDA of EUR26.8 million and net profit of EUR2.03 million.

### Lanvin

During the Reporting Period, the Group completed the investment in France's oldest luxury couture house that remains active, Lanvin, becoming its controlling shareholder. This investment was a major step in developing Fosun Fashion Group, the pure-play fashion platform of the Group.



Founded in 1889 by Jeanne Lanvin, Lanvin has long been synonymous with Parisian elegance, style and fashion. 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.

During the Reporting Period, Lanvin was reshaping the new management team and will open up new product power and explore great potential. On 28 August 2018, Fosun Fashion Group announced the appointment of Mr. Jean-Philippe Hecquet as global CEO of Lanvin. Hecquet had a very successful career at two leading global fashion brand companies.

### Wolford

In May 2018, the Group completed an acquisition of majority stake of 50.87% in Wolford for EUR12.80 per share. As of 30 June 2018, the Group held a 58.05% stake in Wolford.

Founded in 1950 and headquartered in Bregenz Austria, Wolford is a well-known Austrian textiles manufacturer focusing on high-end stocking, lingerie and pajama. Over the past 68 years, Wolford has introduced numerous innovations, in particular, it is a leader of the global stockings, lingerie and pajama market by relying on continuous innovation and upgrading of technology and manufacturing ability to launch numerous popular products to the market. Wolford designs and manufactures its products exclusively in Europe and is marketed in 60 countries and regions around the world.

At present, there is a transparent growing trend of global consumption escalation, particularly in China. Combining this motivation with Wolford's exceptional high quality of production, the Group will continue to empower Wolford under its happiness ecosystems for global families as well as the profound industrial accumulation of the Group.

With about 1,555 employees, Wolford operates 16 subsidiaries and markets its products through 262 offline monobrand boutiques (owned and partner operated) and 16 online stores. Wolford generated EUR149.1 million in sales in 2017/2018 financial year.



## Consumer & Lifestyle

### Yuyuan

In November 2002, the Group became the largest shareholder of Yuyuan. As of 30 June 2018, Yuyuan had a market value of RMB13.58 billion and the Group held a total of 26.45% equity interest in it. In July 2018, Yuyuan completed the asset reorganization and the Group made further acquisition of its shares on the secondary market. Thus, the Group held approximately 68.52% of equity interest in Yuyuan as of 28 August 2018.

Yuyuan is a "new commerce" 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 mainly include two gold and jewelry brands, "Laomiao Gold" and "Yayi Jewelry"; real estate business 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 Jewelry was 1,974. Yuyuan also holds part of the equity interest in Zhaojin Mining Industry Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code: 01818).

During the Reporting Period, Yuyuan recorded revenue of RMB9.89 billion, representing an increase of 7.67% compared with the same period of last year; and profit attributable to the shareholders of the listed company of RMB372.5 million, representing an increase of 13.46% compared with the same period of last year.

### Cirque du Soleil

The Group invested in Canada's Cirque du Soleil in July 2015. Yuyuan and two Fosun-managed funds jointly held equity interest in Cirque du Soleil.

Cirque du Soleil is headquartered in Montreal Quebec, providing high-quality artistic theatre entertainment. In 2017, Cirque du Soleil launched "Volta", a new touring show. In the first half of 2018, Toruk went on its tour in Sanya, while KOOZA went on its tour in Beijing, Shenzhen, Hong Kong and Changsha. 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 its award-winning Blue Man 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 a 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 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 of the end of the Reporting Period, the Group held 80% equity interest in the Class A shares of Studio 8.

During the Reporting Period, Studio 8 has around 40 projects in the pipeline. In August 2018, Studio 8 saw the release of Albert Hughes directed "Alpha" with plans to release Yann Demange directed 'White Boy Rick' starring Matthew McConaughey in September 2018, which are the first two projects developed independently by Studio 8.



## Tsingtao Brewery

In December 2017, the Group and the 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. As at the end of the Reporting Period, the Group and the fund held 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. 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 quarter of 2018, Tsingtao Brewery recorded total revenue of RMB7.252 billion, an increase of 3.01% over the same period of last year and a net profit attributable to owners of the parent of RMB667 million, up by 15.16% over the same period of last year.

In June 2018, the Group and Tsingtao Brewery signed framework agreement of strategic cooperation and agreed to create synergy and strengthen cooperation.

## AHAVA

The Group invested RMB539 million into Israeli cosmetic company AHAVA in September 2016 and the Group held 100% equity interest in AHAVA as of 30 June 2018.

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 the first half of 2018, AHAVA's revenue in Israel grew by 11% over the same period of last year. 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 despite of the instability of Israel's political situation at the beginning of this year. Ever since AHAVA was acquired by the Group, Fosun's post-investment team has worked closely with the Israeli management team and has helped the company enter into the Chinese market.

In the first half of 2018, AHAVA's net sales grew by 17% over the same period of last year, keeping positive growth since acquisition. As of 30 June 2018, 60 Stock Keeping Units (“SKUs”) received approvals from State Administration for Market Regulation in China, and almost 20,000 Chinese customers were recorded during the latest 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.

## Folli Follie

Folli Follie, a globally renowned fashion retail group, was an overseas investment made by the Group in 2011. As at the end of the Reporting Period, the Group and the affiliated enterprise held 16.37% equity interest in Folli Follie.

In May 2018, the Hellenic Capital Markets Commission suspended trading on Folli Follie shares citing the company's inability to provide financial data following a report by a hedge fund questioning its Asian business. Folli Follie is currently undergoing an independent audit by Ernst & Young at the request of the Greek regulator. The Group will continue to follow closely on the development of the incident.

The Group invested in Folli Follie with the initial cost of EUR86 million. The total dividend the Group has received over the years is EUR7 million. The fair value gain recognized in prior years is EUR62 million. Based on the closing price of EUR4.8 per share before its suspension, the fair value loss recognized in the Reporting Period was EUR101 million, while the accumulative fair value loss was EUR39 million.



# WEALTH ECOSYSTEM

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

	For the six months ended 30 June 2018	For the six months ended 30 June 2017 (restated)	Change over the same period of last year
Revenue	<b>12,645.0</b>	14,286.9	-11.5%
Profit attributable to owners of the parent	<b>1,737.2</b>	1,523.5	14.0%

During the Reporting Period, the revenue of Insurance and Finance segment decreased by 11.5% compared with the same period of last year. Excluding the impact of the disposal of 100% equity of Ironshore Inc. completed in May 2017, the revenue of Insurance and Finance segment increased by 14.0% over the same period of the last year. Among the subsidiaries in this segment, revenues from Fosun Insurance Portugal, Peak Reinsurance and H&A had increased significantly. The increase in profit attributable to owners of the parent was mainly attributable to the profit growth of the Group's 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 84.9884% equity interest in Fidelidade and 80.00% equity interest in Multicare and Fidelidade Assistência respectively as of 30 June 2018. 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. ("CGD"), a leading Portuguese bank. It also has an international presence in seven countries, with products distributed on three continents (Europe, Asia and Africa).

Fosun Insurance Portugal had a total market share in Portugal of 35.6% in June 2018. Life insurance business has achieved a 40.2% market share in June 2018, an increase of 15.6 percentage points over June 2017 reflecting an extraordinary effort of CGD in an environment of extremely low interest rates and limited alternative bank products. In the non-life insurance business, there was a market share increase of 0.6 percentage point over June 2017 to 28.2%.

During the Reporting Period, Fosun Insurance Portugal recorded total premium income of EUR2,436.5 million, non-life insurance business combined ratio of 97.7% and net profit of EUR170.3 million. Net assets totalled EUR2,977.3 million with EUR15,379.0 million for total investable assets. Total investment return was 2.8% (not annualized).

Fosun Insurance Portugal's international business recorded overall premiums of EUR140.4 million, an increase of 25.9% when compared with the same period of last year, reflecting a favorable performance from life insurance business, which grew 91.2% over the same period of last year. Non-life insurance international business had a decrease of 7.3% in premiums due to weaker performance from Angolan operation. As of 30 June 2018, premiums recorded from international business represented 4.3% of life insurance business and 9.0% of non-life insurance business.

Fidelidade's property, life and health insurance markets are ranked first in Portugal, with significant advantage over competitors. In 2018, Fosun Insurance Portugal won several distinguished awards, such as "Marca de Confiança 2018" (2018 Most Trusted Brand) for Fidelidade and Multicare and "Escolha do Consumidor 2018" (2018 Consumer's Choice) for Fidelidade and Multicare.



### AmeriTrust (Formerly Known as 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 and casualty 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 USD309.7 million, net profit of USD27.2 million, combined ratio of 100.6%, investable assets of USD1,594.3 million, total investment return of 2.2% (not annualized), solvency adequacy ratio of 442.9% (Risk-based capital ratio and local statutory solvency ratio as of 31 December 2017), and net assets of USD588.7 million as of 30 June 2018.

## 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, 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.

In February 2018, Peak Reinsurance announced that a wholly-owned subsidiary of U.S.-headquartered Prudential Financial, Inc. ("**PFI**"), had 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 in May 2018, the Group and PFI each respectively holds 86.9% and 13.1% of Peak Reinsurance via Peak Reinsurance Holdings.



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 third consecutive year by *Asian Banking and Finance* magazine in 2018 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. During the Reporting Period, it generated premium income of USD671.2 million compared to USD472.4 million over the same period of last year. Peak Reinsurance continues to make consistent profit starting from the first year of operations. During the Reporting Period, net profit increased to USD30.2 million (with technical combined ratio of 96.3%), reflecting robust growth throughout a difficult period for the reinsurance industry.

As of 30 June 2018, Peak Reinsurance's total investment return was 1.5% (not annualized), with investable assets and net assets growing to USD1,637.2 million and USD1,020.4 million respectively. Solvency remains very strong with solvency adequacy ratio of 521.6%. Peak Reinsurance continues to deliver 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 30 June 2018, 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, intermediary and elite agency.

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 RMB536.7 million with a growth of 106.1% compared with the same period of last year. Total net asset was RMB1,974.5 million, a decrease of 2.0% from the start of 2018. Pramerica Fosun Life Insurance recorded net loss of RMB1.7 million, indicating a reduction of 89.5% compared with same period of last year, solvency adequacy ratio of 552.6%, investable assets of RMB3,944.4 million, total investment return of 3.6% (not annualized).

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 a growth of 96.8% compared with the same period of last year during the Reporting Period.

### Yong'an P&C Insurance

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 RMB5,067.2 million, net profit of RMB89.8 million, investable assets of RMB10,914.7 million and net asset of RMB4,697.4 million as at the end of the Reporting Period. Yong'an P&C Insurance recorded a combined ratio of 103.9%, total investment return of 2.5% (not annualized) and solvency adequacy ratio of 247.0% as at the end of the Reporting Period.

### Fosun Hani Securities

Fosun Hani Securities is an integrated financial platform and the investment institution wholly-owned by Group based in Hong Kong. With the transition towards fintech, Fosun Hani Securities, in close

cooperation with the Group, has increased its investment in the field of technology innovation. In line with the Group's C2M strategy, the transition of company has made progress in terms of integrating with the Group's online and offline resources, including supporting the design and launch of Xiaolu Health App and providing products and services of overseas asset allocation for family customers. In the meantime, the company is dedicated to building a boutique investment bank with its competitiveness in healthcare business. As at the end of the Reporting Period, the net asset, total revenue and net profit of the company amounted to HKD1,267.3 million, HKD124.8 million and HKD32.4 million, respectively.



### Hauck & Aufhäuser Privatbankiers AG (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<sup>1</sup> 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 the Group.

<sup>1</sup> Market Capitalization ≤ EUR750 million

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 the Group to expand its institutional and corporate customers.

As at the end of the second quarter of 2018, H&A's assets under management reached EUR120 billion, representing an increase of 71.4% compared with the same period of last year, whilst the total assets grew to EUR5,677 million. H&A also recorded a gross income of EUR105 million by the end of the second quarter, which corresponds to an increase of 64.1% compared with the same period in 2017. Profit before tax at the end of the second quarter stood at EUR14.2 million, representing an increase of EUR7.4 million compared with the same period of last year.

## BCP

In November 2016, the Group invested in BCP. As of 30 June 2018, 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 30 June 2018.

Established in 1985, BCP offers banking products and financial services in Portugal and abroad, including retail banking, corporate and investment banking, private banking businesses, and owns a leading innovative 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.

The net profit as of 30 June 2018 was EUR150.6 million, increased 67.5% compared with the EUR89.9 million of the same period in 2017. The business volume has increased by EUR2.9 billion compared with the same period of 2017. The number of active customers in Portugal has increased by 103,000 compared with the same period of last year.



BCP and Ant Financial Services Group have signed a cooperation agreement. The two companies will work together, combining Alipay's expertise and experience in online and mobile payment systems as well as BCP's local and international banking business and transactional capabilities, to launch payments "Alipay in-store" linking Portuguese merchants of goods and services to Chinese visitors in Portugal and to provide innovative, cutting-edge services to their respective customers.

BCP has signed a clearing and settlement of Renminbi business agreement with the Bank of China Macau Branch (the Chinese bank for clearing Renminbi for Portuguese-speaking countries designated by the People's Bank of China), which reinforces its presence in the Chinese market. With this agreement executed, BCP becomes the first bank in Portugal to be considered a participating bank with access to Macau's payments system.

In Switzerland, BCP has set up its Chinese desk, preparing for enlarging its customer base and developing its products by leveraging the Group's C2M platform.

The new executive committee and new board of directors (for the term 2018-2021) of BCP have been resolved in the shareholders' meeting in May 2018 and approved by European Central Bank in July 2018.

## 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 to 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 so as to assist in the development of real economy.



Since the opening, Mybank has provided services to 5.71 million small and micro businesses and operators with an average loan amount RMB28,000. In the year of 2017, Mybank has issued RMB446.8 billion of loans to small and micro businesses and operators. At the same time of developing online lending business, Mybank is also actively exploring the development of other financial products to provide credit services for small and micro merchants, which include its offline business in credit products to over 1 million small and micro businesses by the end of 2017. It also sold monetary fund products to a total of 6.75 million customers.

In 2017, Mybank recorded the revenue of RMB4,275 million, up by 62.12% over the same period of last year and net profit of RMB404 million, up by 27.85% over the same period of last year. By the end of 2017, Mybank had its total asset at RMB78,171 million, total liability at RMB73,500 million and shareholder's equity at RMB4,671 million. The solvency ratio stood at 13.51%, while the ratio of non-performing loan was at 1.23%.

## 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

	For the six months ended 30 June 2018	For the six months ended 30 June 2017 (restated)	Change over the same period of last year
Revenue	<b>1,935.7</b>	1,721.2	12.5%
Profit attributable to owners of the parent	<b>3,062.9</b>	2,557.8	19.7%

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.

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 of Alibaba. Cainiao will further strengthen its global logistics network with the aim to realize the mission of fulfilling orders within 24 hours in China and within 72 hours anywhere in the world, and enable greater efficiencies and lower costs in China's logistics sector.

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 the first half of 2018, including network coverage, product penetration, package volume and timeliness of delivery.

As of 30 June 2018, Cainiao had next-day delivery coverage capacity in over 1,500 districts and counties within China. Meanwhile, Cainiao plans to deploy 6 digital intelligent logistics hubs worldwide in 6 cities, including Kuala Lumpur, Hong Kong, Liège, Dubai, Moscow and Hangzhou. The purpose of such establishments is to provide small and medium enterprises worldwide with the same logistics service as larger companies to conduct trade.

### 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 RMB256 million. As at the end of the Reporting Period, the scale of the asset management business of the Group reached RMB121,010.2 million and net assets attributable to the Group of RMB7,306.0 million. The asset management of the Group includes equity funds, real estate funds and asset management platforms.

## Equity Funds

As at the end of the Reporting Period, the scale of the equity funds managed by the Group amounted to RMB30,898.3 million, the number of projects invested increased to 91 projects with new projects in the first half of this year such as Tsingtao Brewery.

Fosun Capital is an equity investment and management company, established and wholly owned by the Group. Established in April 2007, its 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.

As at the end of the Reporting Period, its assets under management were RMB14,325 million.

## Real Estate Funds and Asset Management Platforms

As at the end of the Reporting Period, the scale of the real estate funds and asset management platforms under management of the Group amounted to RMB90,111.9 million, including the Japanese real estate capital 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 Brazilian 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 JPY296,195 million (representing approximately RMB17,746.2 million) assets. During the Reporting Period, IDERA recorded unaudited revenue of JPY1,869.4 million (approximately RMB109.9 million) according to the Japanese Accounting Standards.

## Others

### ROC

The Group intends to utilize 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.

ROC successfully entered into two transactions with Buru Energy Limited for a 50% non-operated interest in the Ungani production licences (L20 and L21), onshore Western Australia; and a 50% non-operated exploring interest in each of EP391, EP428 and EP436, onshore Western Australia. Completion of these two transactions is subject to government approval.

In July 2018, ROC together with its partner, Smart Oil Investment Ltd., signed a contract with China National Offshore Oil Corporation for joint operatorship of the exploration and development of Weizhou 10-3W Oilfield and Block 22/04 in the Beibu Gulf, offshore of South China Sea.

During the Reporting Period, ROC realized sales revenue of USD89.8 million (1H2017: USD65.1 million), net profit of USD34.2 million (1H2017: USD25.1 million) and net cash inflow from operating activities of USD65.0 million (1H2017: USD42.0 million).

## Hainan Mining

The Group invested in Hainan Mining in 2007. As of 30 June 2018, the Group held 51.57% equity interest in Hainan Mining. The Group engages in iron ore production and operation through Hainan Mining, a subsidiary of the Group which owns a 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. During the Reporting Period, Hainan Mining's operating income was RMB779.5 million, down by 30.82% over the same period of last year, and the loss attributable to owners of the parent was RMB206.0 million. The decrease in net profit for the period compared with the same period of last year was mainly attributable to the factors such as the decline in iron ore sales, the increase in land acquisition costs and volatility in the secondary market.

### Nanjing Nangang

As of 30 June 2018, 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 as well as new materials. In the first half of 2018, Nanjing Nangang realized a revenue of RMB21,948.54 million, representing an increase of 25.59% over the same period of last year, and the total profit was RMB3,079.91 million, representing an increase of 93.34% over the same period of last year.

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. During the Reporting Period, the production and sales of its leading products of high-quality medium-size plate and special long steel plate were booming. The operational mechanism of "efficiency in production and cost-saving in manufacturing" was consistently optimized. The gross profit margin of products increased significantly year-on-year, and the competitiveness of products increased steadily. The operational performance has reached the best level in history. In particular, the sales proportion of special steel plate products increased to over 87%, and that of special long steel plate reached more than 60%.

At present, the transformation of Nanjing Nangang is progressing steadily. In terms of environmental protection, the Group and Nanjing Nangang jointly invested and acquired 100% shareholding in Besino Environment. In terms of new materials, Nanjing Nangang, through Nanjing Iron & Steel, participated in the private placement of Jiangsu Tiangong Technology Company Limited (listed on the NEEQ with stock code: 834549), and completed its investment as the controlling shareholder in Koller, a German supplier of lightweight parts for the automotive industry in August 2017 and improved its layout of the new material industry chain. In terms of

intelligent manufacturing, Nanjing Iron & Steel strengthened the construction of industrial internet. Its thick plate production line was awarded as an excellent demonstration workshop in Jiangsu Province; the "JIT+C2M" model was introduced to its manufacturing process to satisfy the customer needs and facilitate its deep operation over the whole industry chain. Jiangsu Jinheng Information Technology Co., Ltd. (江蘇金恒信息科技股份有限公司), its subsidiary which specializes in intelligent manufacturing solutions for the metallurgical industry, has been listed on the NEEQ with stock code 872438.



### 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 and is estimated to open to traffic by the end of 2021.

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 Greater 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

	For the six months ended 30 June 2018	For the six months ended 30 June 2017 (restated)	Change over the same period of last year
Revenue	<b>6,574.9</b>	3,748.7	75.4%
Profit attributable to owners of the parent	<b>396.7</b>	360.1	10.2%

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. The increase in profit attributable to the owners of the parent company was lower than that of the income growth was mainly due to the valuation gain reduced as compared with the same period of last year.

## Forte

In the first half of 2018, Forte focused on market changes, localized its strategies, and accelerated its destocking drive to cash in on new sales with a sound sales performance over the half year. In terms of investment and operation, Forte continued its "dynamic Hive Cities" strategy, and combined it with the

Group's first-tier assets such as Club Med, to highly connect family life with industries like finance, culture, business, health and trade in the city.

Forte continues to focus on the city's deep-rooted policy and to consolidate its foothold in key first and second-tier cities to further expand its business reach. At the same time, Forte continues to capture opportunities around the world and continues to enter into new markets. For finance control, Forte actively tapped into capital markets, and continuously optimized debt structure to improve debt rating and to provide multiple sources of funding for business development. Meanwhile, Forte participated in the reorganization of Yuyuan, helping Yuyuan realize the upgrade and integration of resources and platforms.

## I. Project development

	Total GFA (Unit: sq.m.)			Total Attributable GFA (Unit: sq.m.)		
	1H2018	1H2017	Change over the same period of last year	1H2018	1H2017	Change over the same period of last year
Projects under development	<b>5,713,424.1</b>	6,253,131.7	-8.63%	<b>3,582,716.8</b>	4,130,744.1	-13.27%
Newly commenced projects	<b>200,575.9</b>	654,418.5	-69.35%	<b>188,098.2</b>	387,680.0	-51.48%
Completed projects	<b>781,668.7</b>	236,094.6	231.08%	<b>662,233.8</b>	177,445.8	273.20%

## II. Project reserves

	Total Planned GFA (Unit: sq.m.)			Total Attributable GFA (Unit: sq.m.)		
	1H2018	1H2017	Change over the same period of last year	1H2018	1H2017	Change over the same period of last year
Newly added projects (2)	<b>209,663.2</b>	1,180,695.1	-82.24%	<b>154,732.3</b>	1,146,880.1	-86.51%
All projects (64)	<b>12,458,417.7</b>	11,964,855.5	4.13%	<b>8,664,234.6</b>	7,928,932.0	9.27%

## 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)
1H2018	<b>332,451.4</b>	<b>5,456.9</b>	<b>251,177.2</b>	<b>4,105.5</b>
1H2017	528,836.0	9,521.7	429,782.3	8,134.1

## IV. Property booked

	Area booked (Unit: sq.m.)	Amount booked (Unit: RMB million)	Attributable area booked (Unit: sq.m.)	Attributable amount booked (Unit: RMB million)
1H2018	<b>245,476.6</b>	<b>5,008.1</b>	<b>214,069.4</b>	<b>4,694.8</b>
1H2017	461,010.4	6,205.4	274,184.8	3,628.1

	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)
1H2018	<b>1,553,030.0</b>	<b>27,949.7</b>	<b>1,157,517.4</b>	<b>18,948.3</b>
1H2017	1,654,896.7	26,529.5	1,283,786.9	20,770.4

## 28 Liberty

In December 2013, the Group acquired a 100% equity interest 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 USD28.4 million.

## 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 four different types of properties, including Grade A offices, a shopping center, the Fosun arts center (Fosun Foundation Shanghai) 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		425,482
Grade A offices	S1	107,079
	S2	103,138
	N1	21,425
	N2	25,462
	N4	10,410
Shopping center		117,412
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	425,482	50%	9,836.2	The north side was completed in 2016, the south side was completed in 2017	3,965.9



## Cloudjet

Shanghai Cloudjet Information Technology Co., Ltd. (“**Cloudjet**”) was established in 2015. It is a smart technology innovation platform wholly-owned by the Group. Cloudjet has been developing industrial connectivity and technological capabilities and has focused on two ecosystems, smart consumption and smart healthcare, which empower the industrial customers with technology and add value to the industrial customers with the ecosystems.

Shanghai Ziku Information Technology Co., Ltd. (“**Ziku**”), incubated by Cloudjet, taps into one-stop Social Customer Relationship Management (SCRM) and user operation management business. By upgrading clients' online experiences and building digital operating platforms, it helps to redefine corporate operation model through smart technology. At this stage, Ziku serves mostly catering and retail industries and covers approximately 2,000 stores and 500,000 customers.

Fonova, a total solution service provider driven by big data, focused on “business entity + destinations”, creating a unique business model in vertical scenarios such as tourism, commercial real estate, tourist attractions etc. Fonova provides productions such as traffic analysis in visitors, customers, regions, brands and public opinions based on 1 billion unique online device data and 300 million offline commercial data.

In September 2017, Proxima was established as the first independently incubated AI company within the Group. It has successfully initiated the product research and development and built up a competent team of talents.

In 2017, Proxima launched the first AI-based diagnostic product to better detect lung diseases. This was also the first intelligent diagnosis product that combined deep learning and evidence-based medicine. Furthermore, for the second time, Proxima has 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 30 June 2018, Proxima's product was already able to diagnose 20 types of diseases.

Proxima is a major milestone in the Group's efforts in the intelligent technology of the medical field. Proxima will continue to explore new business opportunities and to detect new business models by taking advantage of near 100 AI models in different disease areas.

As at the end of Reporting Period, the data processing capability of Cloudjet has reached a level of one petabyte, whilst its database has reached approximately 700 million independent devices and covered 300 million offline customers' behaviour data. This would promote the construction of an industry ecosystem and upgrade the families' experience. In the future, Cloudjet will continue to focus on smart consumption and smart healthcare, develop the incubation of smart technology innovations and explore more opportunities.

## RECENT DEVELOPMENT

### Baihe Jiayuan

In July 2018, the Group acquired approximately 69.18% of the equity interest in Baihe Jiayuan with a total consideration of approximately RMB4 billion.

Baihe Jiayuan is principally engaged in internet and information service, providing products and services in dating and matchmaking industry chain. As of 31 December 2017, the audited total assets and net assets of Baihe Jiayuan were approximately RMB3,339.3 million and RMB2,583.5 million, respectively.

Centering around families, Fosun is focused on families' core needs of happiness. As China's matchmaking-to-wedding industry chain leader, Baihe Jiayuan is devoted to building a happiness ecosystem of marriage and families. Dating and matchmaking, wedding planning and relationship management are indispensable for happy families. It is a shared strategic vision of both companies to create happiness ecosystem for Chinese families.

Through the acquisition, Fosun integrates dating and matchmaking business with three ecosystems “Health, Happiness and Wealth”, based on the core needs of the Chinese young families and ever-increasing demands of family consumption levels, so as to make finer products and services and create happy lives for families worldwide.

### Guide<sup>Note</sup>

In February 2018, the Group signed an agreement to acquire Guide Investimentos S.A. Corretora de Valores (“**Guide**”), a fast-growing Brazilian brokerage and wealth management firm based in Sao Paulo, with more than 50 years of history in the market. Guide used to be a subsidiary of Banco Indusval S.A. in which the Brazilian bank will retain a 0% -20% stake. 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.

Note: As at 28 August 2018, the transaction was not yet completed.

This deal follows the Group's strategy of investing and building operations in emerging markets, especially in Latin America. It is the second time of the Group to invest in the financial assets in Brazil and 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 will act as the 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.

In August 2018, the transaction was approved by Central Bank of Brazil and still being pended for the approval by National Monetary Council of Brazil and a presidential decree.

## FINANCIAL REVIEW

### Net Interest Expenditures

Net interest expenditures, net of capitalized amounts of the Group, increased to RMB3,143.6 million for the six months ended 30 June 2018 from RMB2,488.9 million for the six months ended 30 June 2017. The increase in net interest expenditures was mainly attributable to the growth in scale of total borrowings. For the six months ended 30 June 2018, the interest rates of borrowings were approximately between 0.45% and 9.3% as compared with approximately between 0.64% and 8.5% over the same period of last year.

### Tax

Tax of the Group was RMB1,860.4 million for the six months ended 30 June 2018, which was increased by RMB152.1 million compared with that for the six months ended 30 June 2017 of RMB1,708.3 million. The increase in tax was mainly due to the increase in taxable profit from the Group.

### Capital Expenditures And Capital Commitment

The capital expenditures of the Group mainly consist 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. With an aim to further strengthen our leading role in the happiness industry, we have made extra efforts in the happiness ecosystem.

As at 30 June 2018, the Group's capital commitment contracted but not provided for was RMB4,675.4 million. It was mainly committed for purchase of plant and machinery and investments. Details of capital commitment are set out in note 17 to interim condensed consolidated financial statements.

### Indebtedness And Liquidity Of The Group

As at 30 June 2018, the total debt of the Group was RMB162,465.1 million, representing an increase over RMB150,456.5 million as at 31 December 2017, which was mainly due to the increase in borrowings as a result of business expansion of various segments of the Group. As at 30 June 2018, mid-to-long-term debt of the Group accounted for 55.7% of total debt, as opposed to 61.4% as at 31 December 2017. As at 30 June 2018, cash and bank balance and term deposits dramatically increased by RMB6,290.7 million to RMB88,906.8 million as compared with RMB82,616.1 million as at 31 December 2017.

Unit: RMB million

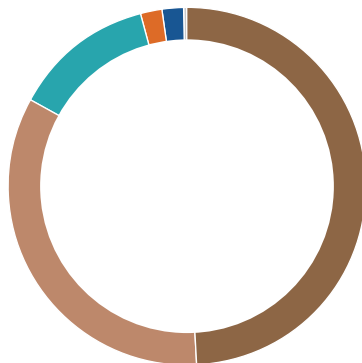
	30 June 2018	31 December 2017
Total debt	162,465.1	150,456.5
Cash and bank and term deposits	88,906.8	82,616.1



The original denomination of the Group's debt as well as cash and bank and term deposits by currencies, equivalent in RMB, as at 30 June 2018, is summarized as follows:

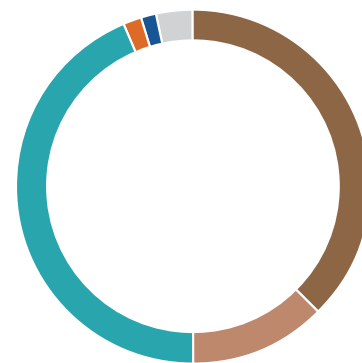
### Total Debt

RMB	80,315.0
USD	54,734.7
EUR	21,083.4
HKD	3,078.4
JPY	2,830.2
Others	423.4



### Cash and bank and term deposits

RMB	33,551.1
USD	11,129.9
EUR	38,586.0
HKD	1,621.3
JPY	1,140.0
Others	2,878.5



Unit: RMB million equivalent

### Total Debt To Total Capitalization Ratio

As at 30 June 2018, the ratio of total debt to total capitalization was 54.2% as compared with 52.4% as at 31 December 2017. 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

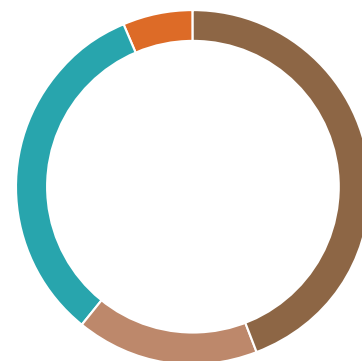
To stabilize interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure according to the interest rate policy, seeking to optimize the interest rate level. As at 30 June 2018, 55.4% of the Group's total borrowings bore interest at a fixed interest rate.

### The Maturity Profile Of Outstanding Borrowings

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

Outstanding borrowings classified by year of maturity as at 30 June 2018 are as follows:

44.3%	Within one year
16.6%	In the second year
32.9%	In the third to fifth years, inclusive
6.2%	Over five years



### Available Facilities

As at 30 June 2018, save for cash and bank and term deposits of RMB88,906.8 million, the Group had unutilized banking facilities of RMB173,016.1 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 30 June 2018, available banking facilities under these arrangements totalled approximately RMB292,247.9 million, of which RMB119,231.8 million was utilized.

## Pledged Assets

As at 30 June 2018, the Group had pledged assets of RMB59,931.7 million (31 December 2017: RMB50,343.5 million) for bank borrowings. Details of pledged assets are set out in note 12 to interim condensed consolidated financial statements.

## Contingent Liabilities

The Group's contingent liabilities was RMB3,400.3 million as at 30 June 2018 (31 December 2017: RMB5,744.0 million). Details of contingent liabilities are set out in note 18 to interim condensed consolidated financial statements.

## Interest Coverage

For the six months ended 30 June 2018, EBITDA divided by net

interest expenditures was 4.8 times as compared with 5.3 times for the same period in 2017. The decrease was mainly due to the increase in proportion of the Group's net interest expenditures higher than increase in EBITDA. Meanwhile, EBITDA of the Group increased to RMB14,932.1 million for the six months ended 30 June 2018 from RMB13,093.7 million for the six months ended 30 June 2017.

## Analysis Of The New Financial Instruments Standard

The Group adopted the Hong Kong Financial Reporting Standards 9 ("HKFRS 9") – Financial Instruments with effect from 1 January 2018. The impact on the Group's profit attributable to owners of the parent after adoption of the new standard is analyzed as below:

Unit: RMB million

	For the six months ended 30 June		Variance	
	2018	2017	Amount	%
Before adoption of HKFRS 9	<b>8,291.8</b>	5,864.5	2,427.3	41.4%
Difference <sup>1</sup>	<b>-1,433.5</b>	–	N/A	N/A
After adoption of HKFRS 9 <sup>2</sup>	<b>6,858.3</b>	5,864.5	993.8	16.9%

- 1) The differences between HKFRS 9 adopted on 1 January 2018 and HKAS 39 (being replaced) are mainly the reclassification, measurement and impairment of the financial instruments, which brought out the difference of investment income;
- 2) According to rules of initial application of HKFRS 9, the Group is not required to restate the comparable amount of the same period of last year;
- 3) On transition date of the HKFRS 9, the Group's line items on the statement of financial position and the statement of changes in equity were reclassified according to the rules of new standard. Please refer to the interim condensed consolidated statement of financial position and interim condensed consolidated statement of changes in equity for details.

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 Mainland China, the interest expenses of the Group will increase if the People's Bank of China or foreign banks increase their interest rates.

## Application of derivatives

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

## Forward-Looking Statements

This interim 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.

## 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 organized 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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
<b>REVENUE</b>	4	<b>43,511,760</b>	36,272,764
Cost of sales		<b>(27,892,441)</b>	(22,627,044)
Gross profit		<b>15,619,319</b>	13,645,720
Other income and gains	5	<b>10,964,495</b>	11,057,555
Amount reported in profit or loss applying overlay approach		<b>1,873,225</b>	–
Selling and distribution expenses		<b>(8,007,922)</b>	(5,935,371)
Administrative expenses		<b>(7,221,724)</b>	(6,599,963)
Other expenses		<b>(3,036,248)</b>	(2,815,695)
Finance costs	6	<b>(3,289,480)</b>	(2,690,384)
Share of profits and losses of:			
Joint ventures		<b>873,160</b>	924,823
Associates		<b>2,499,611</b>	1,716,735
<b>PROFIT BEFORE TAX</b>	7	<b>10,274,436</b>	9,303,420
Tax	8	<b>(1,860,433)</b>	(1,708,307)
<b>PROFIT FOR THE PERIOD</b>		<b>8,414,003</b>	7,595,113
Attributable to:			
Owners of the parent		<b>6,858,320</b>	5,864,471
Non-controlling interests		<b>1,555,683</b>	1,730,642
		<b>8,414,003</b>	7,595,113
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
<b>Basic</b>			
– For profit for the Period (RMB)	9	<b>0.80</b>	0.68
<b>Diluted</b>			
– For profit for the Period (RMB)	9	<b>0.79</b>	0.68

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>8,414,003</b>	<b>7,595,113</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	–	6,293,905
Reclassification adjustments for gains/(losses) included in the consolidated statement of profit or loss		
– gain on disposal	–	(2,329,814)
– impairment loss	–	320,116
– gain on disposal of a subsidiary	–	(173,092)
Income tax effect	–	(977,096)
	–	3,134,019
Financial assets designated under overlay approach		
Amount reported in other comprehensive loss applying overlay approach	(1,873,225)	–
Income tax effect	550,894	–
	(1,322,331)	–
Debt instruments at fair value through other comprehensive income:		
Change in fair value	(2,559,626)	–
Changes in allowance for expected credit losses	200,560	–
Income tax effect	499,905	–
	(1,859,161)	–
Change in other life insurance contract liabilities due to potential losses/(gains) on financial assets	386,152	(245,402)
Income tax effect	(121,638)	72,394
	264,514	(173,008)
Fair value adjustments of hedging instruments in cash flow hedges	23,386	14,061
Income tax effect	(8,923)	(1,905)
	14,463	12,156
Fair value adjustments of hedging of a net investment in a foreign operation	(609,454)	(561,931)
Income tax effect	–	(42,551)
	(609,454)	(604,482)
<b>Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</b>	<b>(3,511,969)</b>	<b>2,368,685</b>

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
<b>Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</b>	<b>(3,511,969)</b>	2,368,685
Share of other comprehensive loss of joint ventures	<b>(18,906)</b>	(43,632)
Share of other comprehensive (loss)/income of associates	<b>(54,171)</b>	5,361
Exchange differences:		
Reclassification adjustments for a foreign operation disposed of during the Period	–	(20,812)
Exchange differences on translation of foreign operations	<b>(790,783)</b>	874,600
	<b>(790,783)</b>	853,788
<b>Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</b>	<b>(4,375,829)</b>	3,184,202
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Revaluation gain upon transfer from owner-occupied property to investment property	<b>4,179</b>	351
Actuarial reserve relating to employee benefit	<b>6,798</b>	24,498
Income tax effect	<b>20</b>	(2,034)
	<b>6,818</b>	22,464
Equity instruments at fair value through other comprehensive income		
Change in fair value	<b>(1,215,331)</b>	–
Income tax effect	<b>169,738</b>	–
	<b>(1,045,593)</b>	–
<b>Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods</b>	<b>(1,034,596)</b>	22,815
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(5,410,425)</b>	3,207,017
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3,003,578</b>	10,802,130
Attributable to:		
Owners of the parent	<b>2,084,007</b>	7,762,264
Non-controlling interests	<b>919,571</b>	3,039,866
	<b>3,003,578</b>	10,802,130

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
	Note		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	25,933,664	25,413,153
Investment properties		32,682,284	32,438,435
Prepaid land lease payments		2,480,780	2,359,772
Exploration and evaluation assets		309,386	174,935
Mining rights		538,126	542,180
Oil and gas assets		1,105,609	957,612
Intangible assets		11,616,658	10,880,302
Goodwill		15,726,432	15,203,443
Investments in joint ventures		24,383,517	20,418,447
Investments in associates		78,414,369	61,721,901
Available-for-sale investments		–	111,575,761
Financial assets at fair value through profit or loss		28,768,698	–
Financial assets at fair value through other comprehensive income		59,342,890	–
Debt instruments at amortised cost		13,956,510	–
Properties under development		24,194,143	22,850,114
Loans receivable		–	2,393,352
Due from related parties		33,832	–
Prepayments, deposits and other receivables		2,266,325	3,072,337
Deferred tax assets		4,784,665	3,852,666
Inventories		402,011	188,918
Policyholder account assets in respect of unit-linked contracts		160,158	858,734
Insurance and reinsurance debtors		155,104	152,094
Reinsurers' share of insurance contract provisions		4,565,621	4,630,070
Term deposits		351,561	964,496
Placements with and loans to banks and other financial institutions		114,773	117,035
Loans and advances to customers		601,865	2,543,362
Derivative financial instruments		268,736	363,961
Finance lease receivables		443,855	599,046
Total non-current assets		333,601,572	324,272,126

		30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
	Note		
<b>CURRENT ASSETS</b>			
Cash and bank		88,555,222	81,651,571
Investments at fair value through profit or loss		–	17,158,173
Financial assets at fair value through profit or loss		21,220,097	–
Financial assets at fair value through other comprehensive income		23,934,504	–
Debt instruments at amortised cost		3,448,975	–
Derivative financial instruments		637,207	1,122,387
Trade and notes receivables	11	6,546,369	6,349,958
Contract assets		122,801	–
Prepayments, deposits and other receivables		16,926,773	14,081,682
Inventories		4,646,471	4,182,799
Completed properties for sale		8,901,233	8,343,896
Properties under development		15,639,245	18,517,485
Loans receivable		–	982,891
Due from the holding company		657	–
Due from related companies		17,399,994	12,309,468
Available-for-sale investments		–	25,116,703
Policyholder account assets in respect of unit-linked contracts		193,740	511,285
Insurance and reinsurance debtors		10,629,291	8,932,147
Reinsurers' share of insurance contract provisions		2,412,755	2,170,922
Placements with and loans to banks and other financial institutions		10,957	345
Loans and advances to customers		5,236,087	3,803,068
Finance lease receivables		1,829,512	1,749,081
		228,291,890	206,983,861
Assets of a disposal group classified as held for sale		2,398,652	2,532,067
Total current assets		230,690,542	209,515,928

		30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
	Notes		
<b>CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	12	72,028,292	58,027,951
Convertible bonds	13	–	81,428
Contract liabilities		20,310,556	–
Trade and notes payables	14	12,753,329	12,368,277
Accrued liabilities and other payables		23,978,088	41,911,579
Tax payable		5,459,821	6,419,801
Finance lease payables		75,999	68,323
Deposits from customers		38,165,921	34,971,708
Due to the holding company		2,192,034	769,062
Due to related companies		8,252,437	3,922,928
Derivative financial instruments		1,287,624	1,065,674
Accounts payable to brokerage clients		99,935	40,967
Unearned premium provisions		6,502,134	5,845,267
Provision for outstanding claims		14,045,274	13,325,966
Provision for unexpired risks		440,318	384,049
Financial liabilities for unit-linked contracts		154,064	351,138
Investment contract liabilities		8,112,220	5,856,188
Other life insurance contract liabilities		1,250,342	1,475,431
Insurance and reinsurance creditors		6,005,768	4,896,620
Due to banks and other financial institutions		2,133,710	1,101,553
Placements from banks and other financial institutions		78,083	268,165
		223,325,949	193,152,075
Liabilities directly associated with the assets classified as held for sale		208,388	204,047
Total current liabilities		223,534,337	193,356,122
<b>NET CURRENT ASSETS</b>		<b>7,156,205</b>	<b>16,159,806</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>340,757,777</b>	<b>340,431,932</b>



		30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
	Note		
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	12	90,436,838	92,347,113
Contract liabilities		7,646	–
Finance lease payables		312,280	268,911
Deposits from customers		90,351	105,859
Derivative financial instruments		564,615	689,354
Deferred income		763,976	894,450
Other long term payables		9,412,199	5,968,071
Deferred tax liabilities		10,011,932	10,326,318
Provision for outstanding claims		17,693,727	18,291,386
Financial liabilities for unit-linked contracts		199,826	1,018,881
Investment contract liabilities		58,953,899	59,649,260
Other life insurance contract liabilities		14,546,642	13,862,939
Insurance and reinsurance creditors		135,303	142,034
Due to banks and other financial institutions		445,854	455,075
Total non-current liabilities		203,575,088	204,019,651
<b>Net assets</b>		<b>137,182,689</b>	<b>136,412,281</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		36,660,886	36,485,351
Treasury shares		(137,515)	(108,757)
Equity component of convertible bonds		–	18,054
Other reserves		63,302,923	64,566,106
		99,826,294	100,960,754
<b>Non-controlling interests</b>		<b>37,356,395</b>	<b>35,451,527</b>
<b>Total equity</b>		<b>137,182,689</b>	<b>136,412,281</b>

Guo Guangchang

Director

Wang Can

Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the parent									Total	Non-controlling interests	Total equity
	Issued capital	Treasury shares	Other deficits	Statutory surplus reserve	Fair value reserve	Other reserve	Convertible bonds	Retained earnings	Exchange fluctuation reserve			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2017 (audited)	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
Impact of adopting HKFRS 9 and HKFRS 15 (note 2.2)	-	-	-	-	(1,223,058)	-	-	1,159,328	-	(63,730)	(10,999)	(74,729)
At 1 January 2018 (unaudited)	36,485,351	(108,757)	(443,540)	7,406,761	4,495,000	1,017,528	18,054	52,781,667	(755,040)	100,897,024	35,440,528	136,337,552
Total comprehensive income/(loss) for the Period	-	-	-	-	(3,732,379)	(321,331)	-	6,858,320	(720,603)	2,084,007	919,571	3,003,578
Acquisition of subsidiaries (note 16(a))	-	-	-	-	-	-	-	-	-	-	662,951	662,951
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(942,996)	(942,996)
Transfer from retained profits	-	-	-	1,440,308	-	-	-	(1,440,308)	-	-	-	-
Disposal of subsidiaries (note 16(b))	-	-	-	-	-	-	-	-	-	-	(21,703)	(21,703)
Conversion of convertible bonds to ordinary shares (note 13)	99,190	-	-	-	-	-	(18,054)	-	-	81,136	-	81,136
Final dividend declared	-	-	-	-	-	-	-	(2,511,949)	-	(2,511,949)	-	(2,511,949)
Share of other reserve of associates	-	-	-	-	-	(11,458)	-	-	-	(11,458)	(7,734)	(19,192)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	(683,498)	-	-	-	(683,498)	(739,127)	(1,422,625)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	741,855	741,855
Deemed acquisition of additional interests in a subsidiary	-	-	-	-	-	(117)	-	-	-	(117)	117	-
Deemed disposal of partial interests in subsidiaries	-	-	-	-	-	228,233	-	-	-	228,233	1,265,508	1,493,741
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of a subsidiary	-	-	-	-	-	3,530	-	-	-	3,530	(3,530)	-
Repurchase of shares	-	-	-	-	-	-	-	(329,433)	-	(329,433)	-	(329,433)
Disposal of partial interests in a subsidiary without losing control	-	-	-	-	-	11,836	-	-	-	11,836	40,014	51,850
Equity-settled share-based payment of the Company**	76,345	(28,758)	-	-	-	8,819	-	-	-	56,406	-	56,406
Equity-settled share-based payment of a subsidiary	-	-	-	-	-	577	-	-	-	577	941	1,518
At 30 June 2018 (unaudited)	36,660,886	(137,515)	(443,540)*	8,847,069*	762,621*	254,119*	-	55,358,297*	(1,475,643)*	99,826,294	37,356,395	137,182,689

\* These reserve accounts comprised the consolidated other reserves of RMB63,302,923,000 in the interim condensed consolidated statement of financial position.

\*\* According to the share award scheme announced by the Company, the Company issued and the employee benefit trust established by the Company allotted 5,367,150 new shares which were awarded to selected participants and to be vested based on certain vesting conditions. During the Period, 4,436,850 shares were vested.

	Attributable to owners of the parent										Non-controlling interests RMB'000	Total equity RMB'000
	Issued capital RMB'000	Treasury shares RMB'000	Other deficits RMB'000	Statutory surplus reserve RMB'000	Fair value reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000		
At 1 January 2017 (audited)	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
Total comprehensive income/(loss) for the period	-	-	-	-	1,852,078	(739,845)	-	5,864,471	785,560	7,762,264	3,039,866	10,802,130
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	64,719	64,719
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(916,507)	(916,507)
Transfer from retained profits	-	-	-	805,851	-	-	-	(805,851)	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	3,136	3,136
Conversion of convertible bonds to ordinary shares	85,622	-	-	-	-	-	(15,445)	-	-	70,177	-	70,177
Final dividend declared	-	-	-	-	-	-	-	(1,613,959)	-	(1,613,959)	-	(1,613,959)
Share of other reserve of associates	-	-	-	-	-	(44,423)	-	-	-	(44,423)	(44,832)	(89,255)
Share of other reserve of joint ventures	-	-	-	-	-	(69,451)	-	-	-	(69,451)	-	(69,451)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	(256,460)	-	-	-	(256,460)	(549,375)	(805,835)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	281,634	281,634
Deemed disposal of partial interests in subsidiaries	-	-	-	-	-	832,770	-	-	-	832,770	2,014,568	2,847,338
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of a subsidiary	-	-	-	-	-	(108,382)	-	-	-	(108,382)	(110,338)	(218,720)
Repurchase of shares	-	-	-	-	-	-	-	(227,227)	-	(227,227)	-	(227,227)
Disposal of partial interests in a subsidiary without losing control	-	-	-	-	-	1,197	-	-	-	1,197	24	1,221
Equity-settled share-based payment of the Company**	51,018	(16,058)	-	-	-	9,933	-	-	-	44,893	-	44,893
Equity-settled share-based payment of a subsidiary	-	-	-	-	-	1,951	-	-	-	1,951	3,227	5,178
At 30 June 2017 (unaudited)	36,293,729	(109,066)	(443,540)*	7,165,750*	9,419,258*	1,905,910*	53,229	44,699,354*	(224,275)*	98,760,349	34,292,951	133,053,300

\* These reserve accounts comprised the consolidated other reserves of RMB62,522,457,000.

\*\* 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 new shares which were awarded to selected participants and to be vested based on certain vesting conditions. During the Period, 2,945,250 shares were vested.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		<b>8,156,615</b>	11,549,380
Tax paid		<b>(3,392,355)</b>	(2,040,440)
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>		<b>4,764,260</b>	9,508,940
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of property, plant and equipment, prepaid land lease payments, intangible assets, exploration and evaluation assets and oil and gas assets		<b>(3,639,893)</b>	(3,082,021)
Increase of investment properties		<b>(737,330)</b>	(453,563)
Purchase of financial assets		<b>(51,868,913)</b>	(98,997,488)
Proceeds from disposal of financial assets		<b>51,008,840</b>	91,507,817
Proceeds from disposal of items of property, plant and equipment, intangible assets, prepaid land lease payments, investment properties and oil and gas assets		<b>586,723</b>	226,988
Disposal of subsidiaries	16(b)	<b>2,644,478</b>	18,550,315
Disposal of partial interests in a subsidiary		<b>–</b>	1,221
Proceeds from disposal or partial disposal of associates and joint ventures		<b>628,468</b>	799,257
Acquisition of subsidiaries	16(a)	<b>(407,996)</b>	160,861
Acquisition and establishment of associates and joint ventures		<b>(8,340,057)</b>	(5,052,691)
Dividends and interests received from financial assets, associates and joint ventures		<b>2,006,175</b>	2,568,228
Shareholder loans provide to joint ventures and associates		<b>(639,903)</b>	(741,772)
Decrease/(increase) in pledged bank balances and time deposits with original maturity of more than three months		<b>5,039,749</b>	(738,782)
Prepayments for proposed acquisitions		<b>(364,004)</b>	(1,003,155)
Interest received		<b>317,566</b>	194,544
<b>NET CASH FLOWS GENERATED (USED IN)/FROM INVESTING ACTIVITIES</b>		<b>(3,766,097)</b>	3,939,759

	For the six months ended 30 June	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital contribution from non-controlling shareholders of subsidiaries	2,688,579	3,128,972
New bank and other borrowings	58,254,979	52,899,653
Repayment of bank and other borrowings	(43,934,139)	(37,708,565)
Dividends paid to non-controlling shareholders of subsidiaries	(410,600)	(775,100)
Acquisition of additional interests in subsidiaries	(1,415,565)	(799,768)
Interest paid	(3,787,601)	(2,865,977)
Dividends paid to shareholder	(371,957)	(633,325)
Repurchase of shares	(329,433)	(227,227)
Others	(14,222)	50,353
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>10,680,041</b>	<b>13,069,016</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>11,678,204</b>	<b>26,517,715</b>
Cash and cash equivalents at beginning of the Period	68,567,445	38,705,283
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>80,245,649</b>	<b>65,222,998</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:</b>		
<b>CASH AND BANK BALANCES AT END OF THE PERIOD</b>	<b>88,906,783</b>	<b>78,241,628</b>
Less: Pledged bank balances and term deposits with original maturity of more than three months	(6,660,987)	(11,236,034)
Required reserve deposits	(395,984)	(313,242)
Restricted presale proceeds of properties	(1,604,163)	(1,472,432)
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>80,245,649</b>	<b>65,219,920</b>
Cash and bank attributable to assets of a disposal group classified as held for sale	–	3,078
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>80,245,649</b>	<b>65,222,998</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

## 1. CORPORATE INFORMATION

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

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

The principal businesses of the Company and its subsidiaries (collectively referred to as 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 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. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

### 2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2018 and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended 30 June 2018 (the "Period"), have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(Continued)

### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and amendments effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 9 *Financial Instruments*. As required by HKAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### 2.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4

HKFRS 9 replaces HKAS 39 for annual periods beginning on or after 1 January 2018. The Group elected, as a policy choice permitted under HKFRS 9, to continue to apply hedge accounting in accordance with HKAS 39. 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.

The Group has not restated comparative information for 2017 for financial instruments in the scope of HKFRS 9. Therefore, the comparative information for 2017 is reported under HKAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of HKFRS 9 have been recognised directly in fair value reserves and retained earnings as of 1 January 2018 and are disclosed in note 2.2.1(d). 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 4) and volatility in profit or loss, when HKFRS 9 is applied before HKFRS 17.

##### (a) Changes to classification and measurement

On initial recognition, financial assets and financial liabilities at fair value through profit or loss are normally measured at their fair value on the date they are initially recognised. The initial measurement of other financial instruments is also based on their fair value, but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of instrument.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(Continued)

### 2.2 New standards, interpretations and amendments adopted by the Group (Continued)

#### 2.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4 (Continued)

##### (a) Changes to classification and measurement (Continued)

The new classification and measurement of the Group's debt financial assets are as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. Financial assets in this category are the Group's debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell. Under HKAS 39, the Group's debt instruments were classified as available-for-sale ("AFS") financial assets.

Other financial assets are classified and subsequently measured, as follows:

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. Such classification is determined on an instrument-by-instrument basis. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to classify upon initial recognition or transition. The Group classified some of its equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under HKFRS 9. Under HKAS 39, this kind of Group's equity instruments were classified as AFS financial assets.

Financial assets at FVPL comprise financial assets held for trading, derivative instruments other than those that are hedging instruments in cash flow hedges and equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under HKAS 39, the Group's equity securities were classified as AFS financial assets or investments at FVPL.

The accounting for financial liabilities remains largely the same as it was under HKAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the statement of profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.



## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

*(Continued)*

### 2.2 New standards, interpretations and amendments adopted by the Group *(Continued)*

#### 2.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4 *(Continued)*

##### **(b) Impairment**

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, contract assets, lease receivables, certain loan commitments, financial guarantees, etc.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For contract assets and trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets (i.e., loans and debt securities at FVOCI), contract assets, lease receivables, certain loan commitments, and financial guarantees, etc, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The adoption of the ECL requirements of HKFRS 9 resulted in increases in impairment allowances of the Group's debt financial assets. The increase in allowance resulted in adjustment to retained earnings and reserves.

Further details are disclosed in note 2.2.1 (d).

##### **(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. The Group elected to continue to apply hedge accounting in accordance with HKAS 39.

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(Continued)

### 2.2 New standards, interpretations and amendments adopted by the Group (Continued)

#### 2.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4 (Continued)

##### (d) The material impact of transition to HKFRS 9

The adjustment to the opening balance of retained earnings and fair value reserves attributable to owners of the parent as at 1 January 2018 has been recognised in the statement of changes in equity for the six months ended 30 June 2018 and is disclosed as follow:

	Fair value reserves and retained earnings RMB'000
<b>Fair value reserve attributable to owners of the parent</b>	
Closing balance under HKAS 39 (31 December 2017) (audited)	5,718,058
Reclassification of debt instruments from available-for-sale to amortised cost	(117,912)
Reclassification of investment (debt and equity) from available-for-sale to FVPL	(3,764,936)
Recognition of expected credit losses under HKFRS 9 for debt instruments at FVOCI	361,954
Re-measurement impact of the available-for-sale at cost to FVOCI	(3,019)
Reclassification between retained earnings and fair value reserve under overlay approach	1,948,399
Deferred tax in relation to the above	352,456
Opening balance under HKFRS 9 (1 January 2018) (unaudited)	4,495,000
<b>Retained earnings attributable to owners of the parent</b>	
Closing balance under HKAS 39 (31 December 2017) (audited)	51,622,339
Re-measurement impact of reclassifying financial assets held at amortised cost and available-for-sale at cost to FVPL	3,241
Reclassification of investment (debt and equity) from available-for-sale to FVPL	3,764,936
Recognition of expected credit losses under HKFRS 9	(380,493)
Reclassification between retained earnings and fair value reserve under overlay approach	(1,948,399)
Deferred tax in relation to the above	(312,051)
Opening balance under HKFRS 9 (1 January 2018) (unaudited)	52,749,573
<b>Total change in equity attributable to owners of the parent due to the adoption of HKFRS 9 (unaudited)</b>	<b>(95,824)</b>
<b>Total change in non-controlling interests (unaudited)</b>	<b>(10,999)</b>

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(Continued)

### 2.2 New standards, interpretations and amendments adopted by the Group (Continued)

#### 2.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4 (Continued)

##### (d) The material impact of transition to HKFRS 9 (Continued)

The following table shows the reconciliation of the aggregate opening loss provision allowances under HKAS 39 to the ECL allowances under HKFRS 9.

In RMB'000	Loss provision under HKAS 39 at 31 December 2017	Re-measurement ECL	Loss provision under HKFRS 9 at 1 January 2018
<b>Impairment allowance for</b>			
Loans and receivables per HKAS 39/financial assets at amortised cost under HKFRS 9	724,108	26,572	750,680
Available-for-sale debt investments per HKAS 39/Debt instruments at amortised cost under HKFRS 9	–	1,994	1,994
Available-for-sale debt investments per HKAS 39/debt financial assets at FVOCI under HKFRS 9	1,131,889	425,129	1,557,018

A reconciliation for the material financial instruments between the carrying amounts under HKAS 39 to the balances reported under HKFRS 9 as of 1 January 2018 is as follows:

In RMB'000	HKAS 39		Re-classification	Remeasurement		HKFRS 9 Amount
	Category	Amount		ECL	Other	
<b>Investments at fair value through profit or loss</b>	<b>FVPL</b>	<b>17,158,173</b>	<b>(17,158,173)</b>	<b>–</b>	<b>–</b>	<b>N/A</b>
To: Financial assets at FVPL		N/A <sup>3</sup>	17,158,173	–	–	17,158,173 <sup>a</sup>
<b>Available-for-sale investments</b>	<b>AFS</b>	<b>136,692,464</b>	<b>(136,692,464)</b>	<b>–</b>	<b>–</b>	<b>N/A</b>
To: Financial assets at FVPL		N/A	30,257,179	–	998	30,258,177 <sup>a</sup>
To: Debt instruments at FVOCI		N/A	83,678,242	–	–	83,678,242 <sup>b</sup>
To: Equity instruments at FVOCI		N/A	9,912,911	–	(7,679)	9,905,232 <sup>c</sup>
To: Debt instruments at amortised cost		N/A	12,844,132	(1,994)	(117,912)	12,724,226 <sup>d</sup>
<b>Loans and advances to customers</b>	<b>L&amp;R<sup>1</sup></b>	<b>6,346,430</b>	<b>–</b>	<b>(1,300)</b>	<b>–</b>	<b>6,345,130<sup>e</sup></b>
<b>Trade and notes receivables</b>	<b>L&amp;R</b>	<b>6,349,958</b>	<b>–</b>	<b>(16,157)</b>	<b>–</b>	<b>6,333,801<sup>f</sup></b>
<b>Loans receivable</b>	<b>L&amp;R</b>	<b>3,376,243</b>	<b>(3,376,243)</b>	<b>–</b>	<b>–</b>	<b>N/A</b>
To: Debt instruments at amortised cost		N/A	2,250,540	(9,115)	–	2,241,425 <sup>d</sup>
To: Financial assets at FVPL		N/A	982,453	–	663	983,116 <sup>a</sup>
To: Debt instruments at FVOCI		N/A	143,250	–	–	143,250 <sup>b</sup>

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(Continued)

### 2.2 New standards, interpretations and amendments adopted by the Group (Continued)

#### 2.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4 (Continued)

##### (d) The material impact of transition to HKFRS 9 as follows: (Continued)

	Notes	HKFRS 9	
		Category	Subtotal amount
Financial assets at FVPL	a	FVPL	48,399,466
Debt instruments at FVOCI	b	FVOCI	83,821,492
Equity instruments at FVOCI	c	FVOCI	9,905,232
Debt instruments at amortised cost	d	AC <sup>2</sup>	14,965,651
Loans and advances to customers	e	AC	6,345,130
Trade and notes receivables	f	AC	6,333,801

<sup>1</sup>L&R: Loans and receivables

<sup>2</sup>AC: Amortised cost

<sup>3</sup>N/A: Not applicable

#### 2.2.2 HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The Group adopted HKFRS 15 using the modified retrospective method of adoption. Under this transition method, the Group elects to apply HKFRS 15 retrospectively only to contracts that are not completed contracts at the date of 1 January 2018. The Group recognised the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The cumulative effect of the changes credited to retained earnings of the consolidated financial position at 1 January 2018 for the adoption of HKFRS 15 was RMB32,094,000.

##### (a) Accounting for revenue recognition

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Revenue is recognised at an amount that reflects the consideration that the Group is expected to be entitled to in exchange for transferring goods or services to a customer, using a five-step model for each revenue stream.

##### (b) Revenue from contracts with customers

Most of the revenue recognised by the Group relates to sales generated from contracts with customers. In accounting for these contracts, the Group recognises revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for goods or services. For each contract with a customer, the Group:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price;

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(Continued)

### 2.2 New standards, interpretations and amendments adopted by the Group (Continued)

#### 2.2.2 HKFRS 15 Revenue from Contracts with Customers (Continued)

##### (b) Revenue from contracts with customers (Continued)

- allocates the transaction price to the performance obligations in the contract; and
- recognises revenue when (or as) each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue recognition with respect to the Group's specific business activities are as follows:

##### (1) Sale of goods and rendering service

Revenue are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the asset may transfer over time or at a point in time.

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

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

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Upon entering into a contract with a customer, the Group obtains rights to receive considerations from the customer and assumes performance obligations to transfer goods or services to customers. The combination of those rights and performance gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtain a contract with a customer within contract assets if the Group expects to recover these costs.

##### (2) Revenue from insurance business

Given insurance contracts are scoped out of HKFRS 15, the new standard has no effect on the accounting treatment of revenue from insurance business.

## 3. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

## 4. 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;
- (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 segment 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 Period, as the 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.



## 4. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2018 (unaudited)

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem			Eliminations	Total
	RMB'000	RMB'000	Insurance and Finance RMB'000	Investment RMB'000	Hive property RMB'000	RMB'000	RMB'000
<b>Segment revenue:</b>							
Sales to external customers	13,736,118	8,708,191	12,582,977	1,927,861	6,556,613	–	43,511,760
Inter-segment sales	248,832	372	62,009	7,869	18,288	(337,370)	–
Total revenue	13,984,950	8,708,563	12,644,986	1,935,730	6,574,901	(337,370)	43,511,760
<b>Segment results:</b>	<b>2,545,578</b>	<b>955,745</b>	<b>2,821,417</b>	<b>3,799,921</b>	<b>1,257,989</b>	<b>(32,150)</b>	<b>11,348,500</b>
Unallocated expenses							(1,074,064)
Profit before tax	2,545,578	955,745	2,821,417	3,799,921	1,257,989	(32,150)	10,274,436
Tax	(210,753)	12,703	(544,430)	(262,757)	(852,292)	(2,904)	(1,860,433)
Profit for the Period	2,334,825	968,448	2,276,987	3,537,164	405,697	(35,054)	8,414,003
<b>Other segment information:</b>							
Interest and dividend income	64,705	31,467	1,719,897	312,146	86,676	(48,760)	2,166,131
Other income and gains (excluding interest and dividend income)	960,549	1,504,265	1,498,142	4,734,574	190,777	(89,943)	8,798,364
Amount reported in profit or loss applying overlay approach	–	–	1,873,225	–	–	–	1,873,225
Impairment losses recognised in the statement of profit or loss, net	(36,134)	(29)	(332,696)	(167)	2,682	–	(366,344)
Finance costs	(471,863)	(46,734)	(96,957)	(2,465,067)	(401,212)	192,353	(3,289,480)
Share of profits and losses of							
– Joint ventures	1,972	(3,435)	(842)	533,297	342,168	–	873,160
– Associates	774,710	42,455	809,079	896,185	(145)	(22,673)	2,499,611

## 4. OPERATING SEGMENT INFORMATION (Continued)

### Six months ended 30 June 2017 (unaudited) (restated)

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem				Total
	RMB'000	RMB'000	Insurance and Finance RMB'000	Investment RMB'000	Hive property RMB'000	Eliminations RMB'000	RMB'000
<b>Segment revenue:</b>							
Sales to external customers	10,066,451	6,525,746	14,220,371	1,721,246	3,738,950	–	36,272,764
Inter-segment sales	228,178	–	66,512	–	9,758	(304,448)	–
Total revenue	10,294,629	6,525,746	14,286,883	1,721,246	3,748,708	(304,448)	36,272,764
<b>Segment results:</b>							
	2,281,347	1,081,886	2,201,834	3,406,855	1,276,475	(1,417)	10,246,980
Unallocated expenses							(943,560)
Profit before tax	2,281,347	1,081,886	2,201,834	3,406,855	1,276,475	(1,417)	9,303,420
Tax	(276,797)	(64,135)	(286,020)	(407,279)	(672,333)	(1,743)	(1,708,307)
Profit for the Period	2,004,550	1,017,751	1,915,814	2,999,576	604,142	(3,160)	7,595,113
<b>Other segment information:</b>							
Interest and dividend income	59,370	6,451	1,629,994	524,301	53,093	(55,704)	2,217,505
Other income and gains (excluding interest and dividend income)	790,781	499,366	2,607,933	3,801,960	1,138,997	1,013	8,840,050
Impairment losses recognised in the statement of profit or loss, net	(53,520)	(4,016)	(534,032)	(413,329)	(58,798)	–	(1,063,695)
Finance costs	(293,039)	(30,268)	(112,112)	(1,976,931)	(381,762)	103,728	(2,690,384)
Share of profits and losses of							
– Joint ventures	(6,070)	(8,635)	(6,291)	605,367	340,452	–	924,823
– Associates	518,943	329,449	726,870	38,816	117,431	(14,774)	1,716,735

\* An analysis of revenue is as follows:

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Gross premiums written	13,994,753	16,860,918
Less: Premiums ceded to reinsurers and retrocessionaires	(1,845,854)	(3,054,014)
Net premiums written	12,148,899	13,806,904
Change in unearned premium provisions, net of reinsurance	(856,351)	(337,796)
Net earned premiums	11,292,548	13,469,108
Sale of goods	17,907,617	12,026,442
Rendering of services	14,513,732	10,890,263
Subtotal	43,713,897	36,385,813
Less: Government surcharges	(202,137)	(113,049)
	43,511,760	36,272,764

## 4. OPERATING SEGMENT INFORMATION *(Continued)*

Total segment assets and liabilities as at 30 June 2018 and 31 December 2017 are as follows:

### Segment assets:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited) (Restated)
Health Ecosystem	81,000,225	75,521,042
Happiness Ecosystem	45,603,478	38,079,707
Wealth Ecosystem		
Insurance and Finance	247,851,227	241,577,994
Investment	87,484,240	76,673,135
Hive Property	117,332,685	114,926,651
Eliminations*	(14,979,741)	(12,990,475)
Total consolidated assets	564,292,114	533,788,054

### Segment liabilities:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited) (Restated)
Health Ecosystem	39,527,183	35,897,429
Happiness Ecosystem	27,832,331	16,877,364
Wealth Ecosystem		
Insurance and Finance	186,223,354	185,079,743
Investment	113,122,755	100,194,924
Hive Property	81,353,889	81,392,701
Eliminations*	(20,950,087)	(22,066,388)
Total consolidated liabilities	427,109,425	397,375,773

\* Inter-segment loans and other balances are eliminated on consolidation.

## 5. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains is as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Other income</b>		
Interest income	347,507	230,688
Dividends and interests from financial assets	1,818,624	1,986,818
Rental income	250,350	322,021
Government grants	205,957	86,381
Consultancy and other service income	30,170	81,909
Fee income relating to investment contracts	240,552	345,148
Others	874,061	476,583
	<b>3,767,221</b>	<b>3,529,548</b>

	For the six months ended 30 June	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Gains</b>		
Gain on disposal of subsidiaries	11,185	2,094,484
Gain on deemed disposal of associates	265,871	–
Gain on disposal of associates	166,053	226,519
Gain on disposal of joint ventures	–	276,206
Gain on disposal of property, plant and equipment	76,244	17,753
Gain on disposal of investment properties	1,984	–
Gain on disposal of financial assets	1,779,240	–
Gain on disposal of available-for-sale investments	–	1,950,256
Gain on fair value adjustment of investment properties	63,637	581,947
Gain on fair value adjustment of investments at fair value through profit or loss	3,958,339	57,132
Gain on fair value adjustment of derivative financial instruments	–	890,993
Gain on bargain purchase of associates	–	1,109,927
Gain on reversal of impairment of insurance and reinsurance debtors	–	15,697
Gain on fair value adjustment of unit-linked contracts	626	–
Exchange gains, net	874,095	113,189
Reclassification of available-for-sale revaluation reserve from other comprehensive income to profit or loss upon disposal of a subsidiary	–	173,092
Reclassification of translation reserve from other comprehensive income to profit or loss upon disposal of a subsidiary	–	20,812
	<b>7,197,274</b>	<b>7,528,007</b>
Other income and gains	<b>10,964,495</b>	<b>11,057,555</b>

## 6. FINANCE COSTS

	For the six months ended 30 June	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Total interest expenses	3,695,263	2,851,331
Less: Interest capitalised	(551,702)	(362,460)
Interest expenses, net	3,143,561	2,488,871
Bank charges and other finance costs	145,919	201,513
Total finance costs	3,289,480	2,690,384

## 7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cost of sales	27,892,441	22,627,044
Depreciation of items of property, plant and equipment	1,097,462	863,339
Amortisation of:		
Prepaid land lease payments	12,410	25,113
Mining rights	4,187	17,729
Intangible assets	280,317	229,336
Oil and gas assets	119,722	165,848
Provision/(reversal) for impairment of:		
Trade and other receivables	(8,589)	126,440
Inventories	19,906	39,120
Completed properties for sale	–	(52,996)
Available-for-sale investments	–	779,508
Goodwill	–	122,959
Loans and advances to customers	20,698	64,361
Investments in associates	9,293	–
Insurance and reinsurance debtors	124,476	(15,697)
Debt instruments at FVOCI	200,560	–
Loss/(gain) on fair value adjustment of derivative financial instruments	1,054,574	(890,993)



## 8. TAX

The major components of tax expenses for the six months ended 30 June 2018 and 2017 are as follows:

	Notes	For the six months ended 30 June	
		2018	2017
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Current – Portugal, Hong Kong and others	(1)	<b>393,139</b>	677,087
Current – Mainland China			
– Income tax in Mainland China for the Period	(2)	<b>695,724</b>	535,614
– LAT in Mainland China for the Period	(3)	<b>542,046</b>	266,627
Deferred		<b>229,524</b>	228,979
Tax expenses for the Period		<b>1,860,433</b>	1,708,307

Notes:

- (1) Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period.

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") incorporated in Israel, is based on a preferential rate of 16% (six months ended 30 June 2017: 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 31.5% (six months ended 30 June 2017: 29.5%).

The provision for income tax of AmeriTrust Group, Inc. and its subsidiaries incorporated in the United States acquired by the Group is based on a rate of 21% (six months ended 30 June 2017: 35%).

The provision for income tax of Club Med Holding and its subsidiaries incorporated in France acquired by the Group is based on a rate of 34.43% (six months ended 30 June 2017: 34.43%).

The provision for income tax of Hauck & Aufhäuser Privatbankiers AG and its subsidiaries incorporated in Germany acquired by the Group is based on a rate of 32.15% (six months ended 30 June 2017: 32.175%).

The provision for income tax of Gland Pharma Limited ("Gland"), acquired in October 2017 by Fosun Pharma incorporated in India, was based on a statutory rate of 34.61% before 1 April 2018. Since 1 April 2018, the statutory rate has increased to 34.94%.

- (2) The provision for Mainland China current income tax was based on a statutory rate of 25% (six months ended 30 June 2017: 25%) of the assessable profits of the Group as determined in accordance with the Enterprise Income Tax Law of the PRC which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which were taxed at preferential rates of 0% to 20%.

- (3) According to the tax notices issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 0.5% to 5% on proceeds from the sale and pre-sale of properties from 2004. Prior to 2007, except for the mentioned amount paid to the local tax authorities, no further provision for LAT had been made. The directors considered that the relevant tax authorities would be unlikely to impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

During the Period, the prepaid LAT of the Group amounted to RMB496,330,000 (six months ended 30 June 2017: RMB437,063,000). In addition, based on the latest understanding of the LAT regulations from the State Administrative of Taxation, the Group made an additional LAT provision in the amount of RMB252,499,000 (six months ended 30 June 2017: RMB80,126,000) in respect of the sales of properties up to 30 June 2018 in accordance with the requirements set forth in the relevant PRC tax laws and regulations.

During the Period, unpaid LAT provision in the amount of RMB206,783,000 (six months ended 30 June 2017: RMB250,562,000) was reversed to the interim condensed 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.

## 9. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 8,573,957,384 (six months ended 30 June 2017: 8,578,900,943 ordinary shares) in issue during the Period.

The calculation of the diluted earnings per share amount is based on the profit for the Period attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to share award scheme 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 Period, as used in the basic earnings per share calculation, plus 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.

The calculations of the basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>6,858,320</b>	5,864,471
Less: Cash dividends distributed to share award scheme	<b>(1,625)</b>	(1,877)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>6,856,695</b>	5,862,594
Interest on convertible bonds	<b>682</b>	12,704
Cash dividends distributed to share award scheme	<b>1,625</b>	1,877
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	<b>6,859,002</b>	5,877,175
	Number of shares	
	For the six months ended 30 June	
	2018	2017
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the Period used in the basic earnings per share calculation	<b>8,573,957,384</b>	8,578,900,943
Effect of dilution – weighted average number of ordinary shares:		
– Share award scheme	<b>6,041,253</b>	4,364,547
– Share option scheme	<b>47,339,149</b>	4,123,876
– Convertible bonds	<b>4,212,707</b>	35,664,088
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<b>8,631,550,493</b>	8,623,053,454
Basic earnings per share (RMB)	<b>0.80</b>	0.68
Diluted earnings per share (RMB)	<b>0.79</b>	0.68

## 10. PROPERTY, PLANT AND EQUIPMENT

	RMB'000
Carrying value at beginning of the Period (audited)	25,413,153
Additions	2,084,143
Acquisition of subsidiaries (note 16(a))	353,983
Disposal of subsidiaries (note 16(b))	(23,428)
Disposals	(346,190)
Depreciation charge for the Period	(1,097,462)
Exchange alignment	(450,535)
Carrying value at end of the Period (unaudited)	25,933,664

As at 30 June 2018, the Group's property, plant and equipment with a net carrying value of RMB5,277,965,000 (31 December 2017: RMB4,473,362,000) were pledged as security for interest-bearing bank loans as set out in note 12 to the interim condensed consolidated financial statements.

## 11. TRADE AND NOTES RECEIVABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	5,531,688	5,324,958
Notes receivable	1,014,681	1,025,000
	<b>6,546,369</b>	6,349,958

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	3,814,348	4,373,772
91 to 180 days	851,756	395,662
181 to 365 days	577,456	289,561
1 to 2 years	275,545	450,863
2 to 3 years	129,347	49,340
Over 3 years	133,257	67,354
	<b>5,781,709</b>	5,626,552
Less: Provision for impairment of trade receivables	(250,021)	(301,594)
	<b>5,531,688</b>	5,324,958

## 11. TRADE AND NOTES RECEIVABLES (Continued)

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

At 30 June 2018, the Group's trade and notes receivables with a carrying amount of approximately RMB57,570,000 (31 December 2017: RMB39,339,000) were pledged to secure bank loans.

## 12. INTEREST-BEARING BANK AND OTHER BORROWINGS

		30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
	Notes		
Bank loans:	(1)		
Guaranteed		2,046,953	2,151,006
Secured		30,393,388	28,087,191
Unsecured		56,027,785	50,933,598
		88,468,126	81,171,795
Corporate bonds and enterprise bonds	(2)	20,401,581	19,587,388
Private placement note	(3)	1,997,786	2,990,880
Private placement bond	(4)	6,487,170	6,480,460
Senior notes	(5)	24,329,934	19,859,994
Medium-term notes	(6)	4,392,626	2,398,852
Super and short-term commercial papers	(7)	3,914,845	5,267,152
Other borrowings, secured	(8)	5,882,402	5,817,407
Other borrowings, unsecured	(8)	6,590,660	6,801,136
Total		162,465,130	150,375,064
Portion classified as current liabilities		(72,028,292)	(58,027,951)
Non-current portion		90,436,838	92,347,113

Notes:

- (1) Certain of the Group's bank loans and other borrowings are secured by the pledge of certain of the Group's buildings amounting to RMB4,878,671,000 (31 December 2017: RMB271,442,000), construction in progress to RMB399,294,000 (31 December 2017: RMB4,201,920,000), investment properties amounting to RMB17,591,769,000 (31 December 2017: RMB16,569,869,000), prepaid land lease payments amounting to RMB876,730,000 (31 December 2017: RMB884,963,000), properties under development amounting to RMB10,780,245,000 (31 December 2017: RMB12,970,888,000), completed properties for sale amounting to RMB2,379,961,000 (31 December 2017: RMB1,137,211,000), trade and notes receivables amounting to RMB57,570,000 (31 December 2017: RMB39,339,000), finance lease receivables amounting to RMB1,330,036,000 (31 December 2017: RMB984,386,000), investment at fair value through profit or loss not applicable (31 December 2017: RMB992,560,000), investments in associates amounting to RMB14,441,674,000 (31 December 2017: RMB6,588,124,000), financial assets at fair value through profit or loss amounting to RMB4,019,705,000 (31 December 2017: N/A), financial assets at fair value through other comprehensive income amounting to RMB2,871,000,000 (31 December 2017: N/A), investments in available-for-sale entities not applicable (31 December 2017: RMB5,395,434,000) and investments in subsidiaries.

Bank balances amounting to RMB305,011,000 (31 December 2017: RMB307,344,000) were pledged to secure the interest-bearing bank and other borrowings.

The Group's interest-bearing bank and other borrowings amounting to RMB1,984,980,000 (31 December 2017: RMB1,960,283,000) were guaranteed by Fosun Holdings Limited which is the holding company of the Company, and RMB61,974,000 (31 December 2017: RMB190,723,000) were guaranteed by management of Hainan Mining Co., Ltd. ("Hainan Mining") which is the subsidiary of the Group.

The bank loans bear interest at rates ranging from 0.45% to 9.30% (31 December 2017: 0.45% to 6.65%) per annum.

## 12. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

### (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. RMB995,500,000 was repaid on 23 March 2018 and the outstanding balance as at 30 June 2018 was RMB4,500,000.

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.

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.

On 12 January 2018, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,200,000,000 and an effective interest rate of 6.56% per annum. Interest is paid annually in arrears and the maturity date is 12 January 2023.

On 12 March 2018, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB600,000,000 and an effective interest rate of 6.89% per annum. Interest is paid annually in arrears and the maturity date is 12 March 2023.

### (3) Private placement note

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 an effective interest rate of 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 an effective interest rate of 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 6.13% per annum. Interest is paid annually in arrears and the maturity date is 31 August 2020.



## 12. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(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 value 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 effective interest rates of 5.603%, 5.599% and 5.41%, respectively. Among these, senior notes with the par value of USD555,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date 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 effective interest rates of 5.33% and 5.04%, respectively. Among these, senior notes with the par value 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 5 December 2017, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued three-year senior notes with the par value of USD300,000,000 and an effective interest rate of 5.59%. On 29 January 2018, Fortune Star issued three-year senior notes with the par value of USD250,000,000 and an effective interest rate of 5.23%. Among these, senior notes with the par value of USD505,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 5 December 2020.

On 29 January 2018, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with the par value of USD450,000,000 and an effective interest rate of 6.09%. Among these, senior notes with the par value of USD440,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 29 January 2023.

(6) Medium-term notes

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.

On 7 February 2018, Fosun High Technology issued three-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 6.81% per annum. Interest is paid annually in arrears and the maturity date is 7 February 2021.

On 19 April 2018, Fosun High Technology issued three-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 6.61% per annum. Interest is paid annually in arrears and the maturity date is 19 April 2021.

(7) Super and short-term commercial papers

On 20 October 2017, Fosun High Technology issued a super and 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.

On 22 June 2018, Fosun High Technology issued super short-term commercial paper with a par value of RMB1,000,000,000 and an effective interest rate of 6.57% per annum. Among these, super and short-term commercial papers with the par value of RMB600,000,000 were purchased by third party investors. Interest is payable at the maturity date which is 19 March 2019.

(8) The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 1.76% to 9.30% (31 December 2017: 0.95% to 8.33%) per annum.

## 13.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 is convertible into fully-paid ordinary shares of par value HKD0.10 each of the Company. The Convertible Bonds bear interests at the rate of 1.5% per annum payable semi-annually in arrears on 22 May and 22 November in each year. The original maturity date of any outstanding Convertible Bonds is 22 November 2018.

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.

During this six months ended 30 June 2018, all the outstanding Convertible Bonds have been converted to equity of the Company and the movements of the liability component are as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Liabilities component at the beginning of the Period (audited)	81,428	307,730
Interest expense	682	20,647
Interest paid	(1,076)	(3,393)
Conversion into equity	(81,136)	(227,609)
Exchange realignment	102	(15,947)
Liability component	–	81,428

## 14.TRADE AND NOTES PAYABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade payables	12,466,620	12,230,295
Notes payable	286,709	137,982
	12,753,329	12,368,277

## 14. TRADE AND NOTES PAYABLES *(Continued)*

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	5,503,153	6,020,166
91 to 180 days	790,692	764,742
181 to 365 days	1,541,331	1,402,636
1 to 2 years	1,278,674	1,898,174
2 to 3 years	1,578,692	760,955
Over 3 years	1,774,078	1,383,622
	12,466,620	12,230,295

## 15. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2017: Nil).

The proposed final dividend of HKD0.35 per ordinary share for the year ended 31 December 2017 was declared payable and approved by the shareholders at the annual general meeting of the Company on 6 June 2018.

## 16. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

### (a) Acquisition of subsidiaries

#### (i) Acquisition of subsidiaries accounted for as business combinations

The major acquisitions of subsidiaries accounted for as business combinations are set out as follows:

In April 2018, Fosun Industrial Holdings Limited, a subsidiary of the Group, acquired 65.6% equity interests in Jeanne Lanvin SAS ("Lanvin") at a consideration of EUR110,200,000 (equivalent to RMB851,145,000). The acquisition was undertaken to further develop the happiness business of the Group.

In May 2018, Fosun Industrial Holdings Limited, a subsidiary of the Group, acquired 58.05% equity interests in Welford AG at a consideration of EUR37,449,000 (equivalent to RMB287,286,000). The acquisition was undertaken to further develop the happiness business of the Group.

The Group has elected to measure the non-controlling interests in all the subsidiaries acquired during the period at the non-controlling interests' proportionate share of the acquired subsidiaries' identifiable net assets.

## 16. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

### (a) Acquisition of subsidiaries *(Continued)*

#### (i) Acquisition of subsidiaries accounted for as business combinations *(Continued)*

The provisional fair values of the identifiable assets and liabilities of all the acquired subsidiaries during the Period as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB '000 (Unaudited)
Property, plant and equipment (note 10)	352,431
Intangible assets	111,585
Deferred tax assets	15,706
Cash and bank	901,883
Trade and notes receivables	233,709
Prepayments, deposits and other receivables	166,977
Inventories	403,247
Loan receivable	33,893
Interest-bearing bank and other borrowings	(322,603)
Trade and notes payables	(260,892)
Accrued liabilities and other payables	(465,223)
Due to related companies	(47,179)
Other long term payables	(8,192)
Finance lease payables	(2,303)
Total identifiable net assets at fair values	1,113,039
Non-controlling interests	(410,227)
Total net assets acquired	702,812
Goodwill on acquisition	588,971
	1,291,783
Satisfied by:	
Cash consideration paid	1,138,700
Investments in associates	153,083
	1,291,783

The fair values of the acquired trade and notes receivables and other receivables as at the date of acquisition approximated to their gross contractual amounts. None of these receivables are expected to be uncollectible.

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

The assessments of the fair values of the identifiable assets and liabilities of the subsidiaries acquired are still undergoing, and the information of the fair values of the identifiable assets and liabilities are provisional at the date of the approval of this interim condensed consolidated financial statements.

## 16. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

### (a) Acquisition of subsidiaries *(Continued)*

#### (ii) Acquisition of subsidiaries accounted for as acquisition of assets

The major acquisition of subsidiaries accounted for as acquisition of assets is set out as follows:

During the period, a subsidiary of Forte acquired a 51% equity interest in Xi'an Qujiang Dahua Woke Culture and Commercial Management Co., Ltd. ("Qujiang Dahua") at a consideration of RMB263,041,000. The major asset of Qujiang Dahua is a piece of land, and the acquisition is for the redevelopment of the land. And the acquisition is considered as assets deal by management.

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	277,123
Property, plant and equipment (note 10)	1,552
Intangible assets	152
Prepayments, deposits and other receivables	2,784
Properties under development	807,405
Interest-bearing bank and other borrowings	(46,000)
Trade and notes payables	(79,228)
Deferred income	(1,177)
Other long term payables	(168,101)
Accrued liabilities and other payables	(278,745)
	515,765
Non-controlling interests	(252,724)
Total purchase costs	263,041
Satisfied by:	
Cash consideration paid	263,041

#### (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	(1,401,741)
Cash and cash equivalents acquired	1,179,006
Cash consideration already paid in the prior year	152,814
Payment of unpaid cash consideration as at 31 December 2017	(338,075)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(407,996)

## 16. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

### (b) Disposal of subsidiaries

The major disposal during the Period is set out as follows:

In April 2018, a subsidiary of Forte disposed of 50% equity interests in Wuhan Fuzhi Real Estate Development Co., Ltd. ("Wuhan Fuzhi") at a consideration of RMB2,700,000,000. Subsequent to the disposal, Forte's equity interest in Wuhan Fuzhi decreased to 50% and lost the control over the board of directors as well as the operating and financial policies decision of Wuhan Fuzhi but can exercise jointly control over Wuhan Fuzhi. The remaining 50% equity interest in Wuhan Fuzhi was accounted for as an investment in a joint venture.

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

	30 June 2018 RMB'000 (Unaudited)
Net assets disposed of:	
Property, plant and equipment (note 10)	23,428
Intangible asset	20,878
Investment properties	680,883
Cash and bank	73,070
Trade and notes receivables	14,916
Goodwill	830
Prepayments, deposits and other receivables	59,312
Property under development	8,822,359
Inventories	4,136
Interest-bearing loans and other borrowings	(374,271)
Trade and notes payables	(22,158)
Accrued liabilities and other payables	(15,884)
Due to related parties	(3,410,993)
Non-controlling interests	(21,703)
	5,854,803
Fair value of the retained interests in subsidiaries disposed of	(3,127,400)
Net gain on disposal of subsidiaries (notes 5)	11,185
	2,738,588

## 16.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:

	30 June 2018 RMB'000 (Unaudited)
Satisfied by:	
Cash	2,717,548
Other receivables	21,040
	2,738,588
Cash consideration	2,717,548
Cash and cash equivalents disposed of	(73,070)
Net inflow of cash and cash equivalents included in cash flows from investing activities	2,644,478

## 17.COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	1,920,414	3,695,665
Investments	2,754,943	10,389,522
	4,675,357	14,085,187



## 18. CONTINGENT LIABILITIES

The Group had the following contingent liabilities:

		30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Principal amount of the guaranteed bank loans and corporate bonds of:			
Related parties		14,138	2,783,749
Third parties		28,862	30,308
Qualified buyers' mortgage loans	(1)	3,357,314	2,929,897
		<b>3,400,314</b>	5,743,954

- (1) As at 30 June 2018, the Group provided guarantees of approximately RMB3,357,314,000 (31 December 2017: RMB2,929,897,000) in favour of their customers in respect of mortgage loans provided by banks to such 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 mortgage principals together with the accrued interest and penalties and therefore no provision has been made for the guarantees in the interim condensed consolidated financial statements.

- (2) Owing to the nature of the insurance business, the insurance and finance 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.

## 19. RELATED PARTY TRANSACTIONS

- (1) During the Period, the Group had the following material transactions with related parties in addition to the transactions disclosed in note 12:

	For the six months ended 30 June	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Associates, joint ventures and other related parties:		
Sales of pharmaceutical products	1,310,138	788,816
Purchases of pharmaceutical products	98,845	73,022
Sales of other products	9,639	29,505
Purchases of other products	167	3,749
Rental income	3,360	1,813
Service income	115,457	650
Interest income	98,332	11,172
Interest expense	2,853	5,393
Deposits from related companies	10,369,153	593,637
Bank loan guarantees provided	14,138	2,837,749
Bank loan guarantees received	1,984,980	3,251,712
Loans to related parties	1,635,762	1,165,674
Non-controlling shareholders of the subsidiaries of the Group:		
Rental fee	–	10,471

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. In the opinion of the directors, except for guarantees received from and provided to related parties, all related party transactions as set out above were conducted on normal commercial terms.

- (2) Compensation of key management personnel of the Company:

	For the six months ended 30 June	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Short-term employee benefits	39,271	32,265
Equity-settled share award scheme expense	8,989	6,481
Equity-settled share option scheme expense	16,029	12,411
Pension scheme contributions	223	208
	64,512	51,365

## 20. 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	
	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
<b>Financial assets</b>				
Available-for-sale investments	–	127,980,077	–	127,980,077
Loans receivable	–	2,393,352	–	2,393,352
Debt instruments at amortised cost	<b>13,956,510</b>	–	<b>13,956,510</b>	–
Financial assets at fair value through other comprehensive income	<b>83,277,394</b>	–	<b>83,277,394</b>	–
Financial assets at fair value through profit or loss	<b>49,988,795</b>	–	<b>49,988,795</b>	–
Investments at fair value through profit or loss	–	17,158,173	–	17,158,173
Loans and advances to customers	<b>601,865</b>	2,543,362	<b>621,010</b>	2,561,707
Policyholder account assets in respect of unit-linked contracts	<b>246,038</b>	973,202	<b>246,038</b>	973,202
Derivative financial instruments	<b>905,943</b>	1,486,348	<b>905,943</b>	1,486,348
	<b>148,976,545</b>	152,534,514	<b>148,995,690</b>	152,552,859
<b>Financial liabilities</b>				
Interest-bearing bank and other borrowings	<b>90,436,838</b>	92,347,113	<b>89,547,583</b>	89,091,025
Financial liabilities included in other long term payables	<b>8,213,087</b>	5,116,068	<b>8,213,087</b>	5,116,068
Deposits from customers	<b>90,351</b>	105,859	<b>85,766</b>	103,121
Due to banks and other financial institutions	<b>445,854</b>	455,075	<b>445,854</b>	455,075
Financial liabilities for unit-linked contracts	<b>246,038</b>	973,202	<b>246,038</b>	973,202
Derivative financial instruments	<b>1,852,239</b>	1,755,028	<b>1,852,239</b>	1,755,028
	<b>101,284,407</b>	100,752,345	<b>100,390,567</b>	97,493,519

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, amounts 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.

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

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

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

The fair values of the non-current portion of financial liabilities included in other long term payables, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for 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 30 June 2018 was assessed to be insignificant. 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 30 June 2018, 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 fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2. If one or more of the significant inputs is not based on observable market data, the instruments are included in level 3.

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, income approach etc. The fair value measurement of these financial instruments may involve unobservable inputs. An increase (decrease) in the multiples will result in an increase (decrease) of the fair values of financial assets in Level 3. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial assets in Level 3.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2018:

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

### 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.

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.

### 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 30 June 2018 was RMB165,415,000 (31 December 2017: RMB163,355,000) which was determined using the discounted cash flow model and was 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.

### 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)

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

### Fair value hierarchy *(Continued)*

Assets measured at fair value:

As at 30 June 2018 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	Level 1	Level 2	Level 3	
	RMB'000	RMB'000	RMB'000	
Financial assets at fair value through other comprehensive income	67,204,021	15,646,305	427,068	83,277,394
Financial assets at fair value through profit or loss	36,255,920	6,419,062	7,313,813	49,988,795
Derivative financial instruments	39,243	863,987	2,713	905,943
Policyholder account assets in respect of unit-linked contracts	243,616	1,679	743	246,038
	103,742,800	22,931,033	7,744,337	134,418,170

As at 31 December 2017 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	Level 1	Level 2	Level 3	
	RMB'000	RMB'000	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

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Fair value hierarchy (Continued)

#### Assets measured at fair value: (Continued)

The movements in fair value measurements in Level 3 during the period/year are as follows:

	For the six months ended 30 June 2018 RMB'000	2017 RMB'000
At 1 January	6,866,760	5,107,892
Total gains/(losses) recognised in the consolidated statement of profit or loss included in other expenses	95,260	(34,239)
Total (losses)/gains recognised in other comprehensive income	(47,887)	94,746
Addition	3,586,013	3,514,838
Acquisition of subsidiaries	–	96
Disposals	(2,352,246)	(2,587,675)
Exchange realignment	(403,563)	771,102
	7,744,337	6,866,760

#### Assets for which fair values are disclosed:

##### As at 30 June 2018 (unaudited)

	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	–	–	621,010	621,010
Debt instruments at amortised cost	–	13,956,510	–	13,956,510
	–	13,956,510	621,010	14,577,520

##### As at 31 December 2017 (audited)

	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



**20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (Continued)**Fair value hierarchy** (Continued)**Liabilities measured at fair value:****As at 30 June 2018 (unaudited)**

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Financial liabilities for unit-linked contracts	243,616	1,679	743	246,038
Financial liabilities included in other long term payables	–	–	165,415	165,415
Derivative financial instruments	198,373	1,653,866	–	1,852,239
	441,989	1,655,545	166,158	2,263,692

**As at 31 December 2017 (audited)**

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Financial liabilities for unit-linked contracts	970,742	1,684	776	973,202
Financial liabilities included in other long term payables	–	–	163,355	163,355
Derivative financial instruments	6,020	1,749,008	–	1,755,028
	976,762	1,750,692	164,131	2,891,585

The movements in fair value measurements in Level 3 during the period/year are as follows:

	For the six months ended 30 June 2018 RMB'000	2017 RMB'000
At 1 January	164,131	70,692
Total (losses)/gains recognised in the consolidated statement of profit or loss included in other expenses	(18)	17
Addition	2,060	163,710
Disposals	–	(150)
Exchange realignment	(15)	39
Reclassification	–	(70,177)
	166,158	164,131

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

### Fair value hierarchy *(Continued)*

Liabilities for which fair values are disclosed:

As at 30 June 2018 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Interest-bearing bank and other borrowings	31,155,406	58,392,177	–	89,547,583
Deposits from customers	–	–	85,766	85,766
Due to banks and other financial institutions	–	–	445,854	445,854
Financial liabilities included in other long term payables	–	6,164,658	1,883,014	8,047,672
	31,155,406	64,556,835	2,414,634	98,126,875

As at 31 December 2017 (audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 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	1,859,564	4,952,713
	25,219,704	66,964,470	2,417,760	94,601,934

## 21.EVENTS AFTER THE REPORTING PERIOD

- (1) In July 2018, the Group acquired approximately 69.18% equity interest in Baihe Jiayuan Network Group Co., Ltd. for a total consideration of approximately RMB4 billion.
- (2) Shanghai Yuyuan Tourist Mart Co., Ltd. ("Yuyuan"), an associate of the Group as at 30 June 2018, completed the asset reorganization in July 2018, upon the completion, the Group held approximately 68.49% of equity interest in Yuyuan.

## 22.COMPARATIVE AMOUNTS

As stated in note 4 to the interim condensed consolidated financial statements, the comparative segment information has been restated to reflect the change of the reporting segments of the Group.

## 23.APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2018.

# STATUTORY DISCLOSURES

## INTERIM DIVIDEND

The Board has resolved not to declare or distribute any interim dividend for the Reporting Period.

## SHARE OPTION SCHEME

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 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.

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 New Share Option Scheme to the global core management staff and the outstanding employees of the Group (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. The Board announced that on 28 March 2018, subject to the acceptance of relevant Grantees, the Company has granted 51,701,000 Options to subscribe for an aggregate of 51,701,000 Shares under the New Share Option Scheme.

On 28 March 2018, the Company has granted accumulated 219,101,000 Options to subscribed for an aggregate of 219,101,000 Shares under the Old Share Option Scheme and the New Share Option Scheme. As at the end of the Reporting Period, 196,101,000 effective options under the Old Share Option Scheme and the New Share Option Scheme were outstanding except for the expired, lapsed or cancelled options. The aggregate fair value of the outstanding options amounted to approximately HKD880,080,000.

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

Name of Grantee	Date of grant of the options	On 1 January 2018	Number of the options			On 30 June 2018	Exercise period of the options <sup>1</sup>	Exercise price of the options per Share (HKD)
			Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period			
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 Xuetao	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
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	44,000,000	–	–	–	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
<b>Total</b>		<b>145,400,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>145,400,000</b>		

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

Name of Grantee	Date of grant of the Options	On 1 January 2018	Granted during the Reporting Period	Exercised during the Reporting Period	Number of the Options		On 30 June 2018	Exercise period of the Options <sup>2,3</sup>	Exercise price of the Options per Share (HKD)
					Expired/ lapsed/ cancelled during the Reporting Period				
Global Core Management Staff	28 March 2018	–	27,000,000	–	–		27,000,000	28 March 2023 to 27 March 2028	17.58
Outstanding Employees of the Group	28 March 2018	–	24,701,000	–	1,000,000		23,701,000	28 March 2019 to 27 March 2028	17.58
<b>Total</b>		<b>–</b>	<b>51,701,000</b>	<b>–</b>	<b>1,000,000</b>		<b>50,701,000</b>		

- Notes:
- The options under the Old Share Option Scheme are exercisable by each grantee in three tranches as set out below:
    - 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");
    - up to the 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
    - 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.
  - The Options, being granted to the global core management staff under the New Share Option Scheme are exercisable in three tranches as set out below:
    - 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 10th year period commencing on respective date of grant of the Options (the "New Option Period");
    - 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 New Option Period; and
    - 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 New Option Period.
  - The Options, being granted to the outstanding staff of the Group under the New Share Option Scheme are exercisable in five tranches as set out below:
    - up to the first 20% of the Options, at any time from the date falling on the first anniversary of the date of grant till the end of the New Option Period;
    - up to a further 20% of the Options, at any time from the date falling on the second anniversary of the date of grant till the end of the New Option Period;
    - up to a further 20% of the Options, at any time from the date falling on the third anniversary of the date of grant till the end of the New Option Period;
    - up to a further 20% of the Options, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period; and
    - in respect of the remaining 20% of the Options, which, for the avoidance of doubt, comprise those Options which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the New Option Period.

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.

## 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 ("**Circular**"), unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the Circular).

The purpose of Shanghai Henlius Share Option Incentive Scheme is to provide the Incentive Recipients of the Shanghai Henlius Share Option Incentive Scheme with the opportunities to acquire interests in Shanghai Henlius, which will encourage the Incentive Recipients 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.

During the Reporting Period, no option shares has been granted under the Shanghai Henlius Share Option Incentive Scheme. The termination of the Shanghai Henlius Share Option Incentive Scheme was approved by shareholders of Shanghai Henlius at its general meeting held on 29 August 2018.

## 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 26 April 2018.

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 eligible persons to make contributions to the long-term growth and profits of the Group.

On 28 March 2018, the Board resolved to award an aggregate of 5,902,000 award shares to 70 selected participants under the Share Award Scheme. The award Shares were settled by way of (i) issue and allotment of 5,367,150 Shares (the "**New Award Shares**") pursuant to a specific mandate obtained in the annual general meeting; and (ii) 534,850 award Shares which were lapsed before vesting under the 2015 Award, 2016 Award and 2017 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 Trustees 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 <sup>(1)</sup>	Number of award Shares				Outstanding as at 30 June 2018
			Outstanding as at 1 January 2018	Vested during the Reporting Period	Granted during the Reporting Period	Lapsed/ cancelled during the Reporting Period	
Chen Qiyu	28 March 2018	28 March 2019 to 28 March 2021	681,100	317,650	555,000	0	918,450
Xu Xiaoliang	28 March 2018	28 March 2019 to 28 March 2021	660,700	297,250	555,000	0	918,450
Qin Xuetang	28 March 2018	28 March 2019 to 28 March 2021	658,100	321,350	340,000	0	676,750
Wang Can	28 March 2018	28 March 2019 to 28 March 2021	320,950	137,550	310,000	0	493,400
Kang Lan	28 March 2018	28 March 2019 to 28 March 2021	388,400	186,300	260,000	0	462,100
Gong Ping	28 March 2018	28 March 2019 to 28 March 2021	284,100	119,400	240,000	0	404,700
Zhang Shengman	28 March 2018	28 March 2019 to 28 March 2021	61,850	26,500	25,000	0	60,350
Zhang Huaqiao	28 March 2018	28 March 2019 to 28 March 2021	61,850	26,500	25,000	0	60,350
David T. Zhang	28 March 2018	28 March 2019 to 28 March 2021	61,850	26,500	25,000	0	60,350
Yang Chao	28 March 2018	28 March 2019 to 28 March 2021	58,450	23,100	25,000	0	60,350
Lee Kai-Fu	28 March 2018	28 March 2019 to 28 March 2021	35,000	11,550	25,000	0	48,450
<b>Sub-total</b>			<b>3,272,350</b>	<b>1,493,650</b>	<b>2,385,000</b>	<b>0</b>	<b>4,163,700</b>
Other selected participants	28 March 2018	28 March 2019 to 28 March 2021	6,261,450	2,943,200	3,517,000	249,400	6,585,850
<b>Total</b>			<b>9,533,800</b>	<b>4,436,850</b>	<b>5,902,000 <sup>(2)</sup></b>	<b>249,400</b>	<b>10,749,550</b>

Notes:

- 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%	28 March 2019
33%	28 March 2020
34%	28 March 2021

- including the 534,850 Shares which had lapsed before vesting under the 2015 Award, 2016 Award and 2017 Award.

## THE SHARE OPTION SCHEME OF FOSUN TOURISM GROUP

The shareholders of the Company approved the adoption of the share option scheme of Fosun Tourism Group on 23 February 2018 (the relevant details of the share option scheme of Fosun Tourism Group under the following paragraphs are set out in the circular of the Company dated 1 February 2018 (“**Circular**”), unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the Circular).

The share option scheme of Fosun Tourism Group is designed to provide the participants of its share option scheme (“**Participants**”) with the opportunity to acquire proprietary interests in Fosun Tourism Group, which will encourage the Participants to work towards enhancing the value of Fosun Tourism Group and its shares for the benefit of Fosun Tourism Group and its shareholders as a whole.

During the Reporting Period, Fosun Tourism Group has granted accumulated 31,828,757 Options to the Participants. The following table discloses movements in the Fosun Tourism Group’s outstanding Options under its share option scheme during the Reporting Period:

Name of Grantee	Date of grant of the Options	Number of the Options				On 30 June 2018	Exercise period of the Options	Exercise price of the Options per Share (HKD)
		On 1 January 2018	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period			
Directors of Fosun Tourism Group	23 February 2018	–	20,536,625	–	–	20,536,625	22 February 2019 to 22 February 2026 <sup>1,2</sup>	8.43
Other Grantees	23 February 2018	–	11,292,132	–	105,600	11,186,532	28 December 2018 to 28 December 2021 <sup>2</sup>	8.43
<b>Total</b>		<b>–</b>	<b>31,828,757</b>	<b>–</b>	<b>105,600</b>	<b>31,723,157</b>		

Notes:

- 20% of the Options granted to Mr. Qian Jiannong, being one of the directors of Fosun Tourism Group shall be vested upon each of the first, second, third and fourth anniversary from the date of grant, 5% of the Options granted shall be vested upon each of the fifth, sixth, seventh and eighth anniversary from the date of grant.
- The Options, being granted to the other director (except Mr. Qian Jiannong) and grantees of Fosun Tourism Group under share option scheme of Fosun Tourism Group shall be vested according to the following period:

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

The exercise of the Options by the Grantees shall be subject to and conditional upon the fulfillment of certain performance targets as the board of directors of Fosun Tourism Group, or the duly authorized committee thereof, may determine at its sole discretion in accordance with its share option scheme.

Save as disclosed above, there were no outstanding Options granted under the share option scheme of Fosun Tourism Group during the Reporting Period.

## HUMAN RESOURCES

As of 30 June 2018, the Group had approximately 70,000 employees.

During the first half of 2018, guided by the ambition of making a difference by serving families worldwide, the strategic initiatives of Fosun's human resources division focused on families around the world by innovating C2M happiness ecosystems in health, happiness and wealth, constantly consolidated the soil of Fosun's cultural values, continued to strengthen the organizational structure with C2M strategic capabilities and industrial depth, and combined management innovation and smart technology innovation to promote organizational evolution to more agile, more efficient and more dynamic. Meanwhile, Fosun has upgraded the human resources organizational structure to form a three-in-one human resources management framework which is professional, industrial, and intelligent; Fosun Management Institute officially upgraded to Fosun University, to accelerate the continuing growth of Fosun happiness ecosystem.

We concentrate on the global talent layout, and strive to build up an elite talent recruiting team to enhance the talent introduction ability of Fosun's family; continue to optimize the ONE Fosun talent pool system, integrate talents from various industries, improve the talent acquisition efficiency and prepare good talent reserves. Joined with enterprises from Fosun's family, we hold global campus recruitment, introduce elite talents from all fields at home and abroad, and inject new strength into the enterprises. With the upgrading of the organizational structure of the enterprise, we design the top-level structure, promote the establishment of a number of more professional and more dedicated industrial groups, timely adjust the talent structure, optimize the talent echelon, enhance the talent efficiency, and promote mutual empowerment between the Group and its member companies; focus on high-potential talents with outstanding performances, provide them with more promotion and development opportunities, actively develop the full potentials of employees, and provide opportunities for rotation in a timely manner. At the same time, we continue to promote multi-dimensional, multi-partnership and deep-rooted "partner model" and various supporting measures; in line with the strategic landing, design and optimize various incentive systems, according to the different characteristics of each business, actively explore innovative tools and ideas to improve the accuracy of incentives mechanism, optimize and enhance the incentive efficiency through comprehensive review of medium and long-term incentives.

### 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 emphasize 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. Upholding the value of "Self-improvement, Teamwork, Performance and Contribution to Society", Fosun cares not only for its employees, but also their families.

### HEALTH MANAGEMENT

Fosun continues to strengthen the promotion and investment of employees' health management, and innovates the health management model. In addition to covering the annual physical examination of all employees, Fosun also encourages employees to participate in fitness activities such as Tai Chi and dance, promote workplace exercises, conduct health lectures, and strengthen employee health awareness. Integrating the rich medical and insurance resources within the Group, we create a variety of health services; By introducing advanced technology companies within the Group, we organize employees to experience the latest black technology in the first time, and provide online consultation and online appointments, etc.

## EMPLOYEE CARING

Fosun has established different schemes for various employee groups. Focusing on the happiness ecosystem created by the Group, we also involve our employees' family members in various warm-hearted activities of the Company; Tailor-made incentive and welfare mechanisms are designed for the core employees, high-performance employees and young high-potential employees of the Group. We fully utilized the Group's own resources so that employees can access to all types of internal products, services and related resources at lower costs more conveniently.

## 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 Intellectual Shared Service Centre to share resources with our employees around the world, so that we are able to provide better service to our global employees.

## 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.

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 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.

We built an anytime, anywhere and unobstructed learning platform by utilizing fragmented time. In 2018, we introduced and internally transformed a total of 34 mini courses 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.

## Employment and Labour Standards

Our employees are our most valuable asset and also the core of competitive advantages of the Group. The Group has been adhering to the principle of "attracting people with development, uniting people by career, training people with work and appraising people with performance" and advocating fair competition and 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 the incentive principle of value creation, performance orientation, profit and loss sharing, and rewards and punishments. Based on strategy and employee development, the Group continuously optimizes the “multi-level, full-coverage” remuneration, modify the mid-to-long-term incentive system. Various incentive combinations and flexible and comprehensive incentives schemes are used to satisfy different business development needs, empower the business and promote team success.

## HR Intelligent Innovation

Through the independent development of human resources information systems and project incubation, the scientific and technological innovation in the HR field will be realized by business development and investment, and the ONE Fosun iHR ecosystem will be built to provide a wisdom, efficient, compliant global digital HR solution for the group headquarters, various industrial groups and member companies.

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

As at 30 June 2018, 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 <sup>(1)</sup>	Corporate	71.70%
Chen Qiyu	Ordinary	16,883,000	Individual	0.20%
Xu Xiaoliang	Ordinary	14,450,000	Individual	0.17%
Qin Xuetang	Ordinary	15,487,640	Individual	0.18%
Wang Can	Ordinary	9,725,000	Individual	0.11%
Kang Lan	Ordinary	9,720,000	Individual	0.11%
Gong Ping	Ordinary	9,600,000	Individual	0.11%
Zhang Shengman	Ordinary	305,000	Individual	0.00%
Zhang Huaqiao	Ordinary	105,000	Individual	0.00%
David T. Zhang	Ordinary	105,000	Individual	0.00%
Yang Chao	Ordinary	95,000	Individual	0.00%
Lee Kai-Fu	Ordinary	60,000	Individual	0.00%

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

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 <sup>(2)</sup>	114,075	Individual	0.01%
		A shares <sup>(2)</sup>	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 <sup>(2)</sup>	114,075	Individual	0.01%
Chen Qiyu	Fosun Pharma	A shares <sup>(2)</sup>	114,075	Individual	0.01%
Qin Xuetao	Fosun Pharma	A shares <sup>(2)</sup>	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 share represents the stocks listed on the SSE.

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

As at 30 June 2018, so far as was known to the Directors, the following 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 substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	6,155,972,473 <sup>(2)</sup>	71.70%
Fosun International Holdings <sup>(1)</sup>	6,155,972,473 <sup>(2) (3)</sup>	71.70%

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



## CHANGES IN DIRECTORS' INFORMATION

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

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

Name of Director	Date of change	Original position	Current position
Guo Guangchang	26 March 2018	non-executive director of Fosun Pharma	–
Kang Lan	26 March 2018	non-executive director of Fosun Pharma	–

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

Name of Director	Date of change	Original position	Current position
Zhang Shengman	4 April 2018	Non-executive director of Future Land Holdings Co., Ltd.	–
Zhang Huaqiao	30 January 2018	Independent non-executive director of Yancoal Australia Ltd	–
	30 May 2018	Independent non-executive director of Wanda Hotel Development Company Limited	–
	20 June 2018	Independent non-executive director of Sinopec Oilfield Service Corporation	–

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

Unit: RMB million

Name of Director	Date of changes	Remuneration	Target performance related bonus <sup>(1)</sup>
Guo Guangchang	1 April 2018	4.9	3.65
Wang Qunbin	1 April 2018	4.7	3.50
Chen Qiyu	1 April 2018	4.2	3.15
Xu Xiaoliang	1 April 2018	4.2	3.15
Qin Xuetang	1 April 2018	3.8	2.85
Wang Can	1 April 2018	3.0	2.25
Kang Lan	1 April 2018	3.0	2.25
Gong Ping	1 April 2018	3.0	2.20

Note:

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

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company purchased a total of 25,299,500 Shares on the Hong Kong Stock Exchange at an aggregate consideration of HKD403,598,909.09 from January 2018 to June 2018. As at 28 August 2018, all the purchased Shares during the Reporting Period have been cancelled.

Month	Total number of Shares repurchased	Purchase price paid per Share		Total purchase price paid (HKD)
		Highest (HKD)	Lowest (HKD)	
January 2018	1,709,000	19.10	18.20	32,116,700.00
February 2018	8,186,500	16.92	15.14	128,918,549.19
March 2018	2,600,000	17.28	17.00	44,563,540.20
April 2018	3,830,500	17.20	16.64	65,126,430.00
May 2018	611,500	16.80	16.48	10,153,670.01
June 2018	8,362,000	15.24	14.16	122,720,019.69
<b>Total</b>	<b>25,299,500</b>	<b>–</b>	<b>–</b>	<b>403,598,909.09</b>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any Shares during the Reporting Period.

## REVIEW OF INTERIM RESULTS

The Audit Committee of the Company 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. The main duties of the Audit Committee are to review and monitor the financial reporting procedures, risk management and internal control system of the Company, and to provide recommendations and advice to the Board.

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

## COMPLIANCE WITH THE CG CODE

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.

## MODEL CODE FOR SECURITIES TRANSACTIONS

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

# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Guo Guangchang (*Chairman*)  
 Wang Qunbin (*Chief Executive Officer*)  
 Chen Qiyu (*Co-President*)  
 Xu Xiaoliang (*Co-President*)  
 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

## AUTHORIZED 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  
 China Citic Bank  
 The Export-Import Bank of China  
 Agricultural Bank of China  
 Bank of Shanghai  
 Hongkong and Shanghai Banking Corporation Limited  
 Bank of East Asia  
 Standard Chartered Bank  
 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

EBITDA	=	profit for the period + tax + net interest expenditures + depreciation and amortisation
Interest coverage	=	EBITDA/interest expenses, net
Net gearing ratio	=	net debt/shareholder's equity
Total capitalization	=	equity attributable to owners of the parent + non-controlling interests + total debt
Total debt	=	current and non-current interest-bearing bank and other borrowings + convertible bonds

## ABBREVIATIONS

AHAVA	AHAVA Dead Sea Laboratories Ltd.
Albion	Shanghai Fosun Albion Tourism Development Company Limited
AmeriTrust	AmeriTrust Group, Inc. (formerly known as Meadowbrook Insurance Group, Inc.)
Babytree	BabyTree Group
Baihe Jiayuan	Baihe Jiayuan Network Group Co., Ltd (百合佳緣網絡集團股份有限公司), a company listed on the NEEQ with stock code 834214
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
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 Holdings	Fosun Holdings Limited
Fosun Insurance Portugal	Fidelidade, Multicare and Fidelidade Assistência
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.
JPY	Japanese yen, the official currency of Japan
Koller	Koller Beteiligungs GmbH
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 six months ended 30 June 2018
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.
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
Starcastle Senior Living	Shanghai Starcastle Senior Living Co., Ltd.
St Hubert	St Hubert SAS
St. John	St. John Knit International Inc.
Studio 8	Studio 8, LLC
Sun Paper	Shandong Sun Paper Industry Joint Stock Co., Ltd., a company whose A shares are listed on the Shenzhen Stock Exchange with stock code 002078
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
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

**FOSUN 复星**