FOSUN 复星

復星國際有限公司

FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00656)

2020
Annual Report

Profit Attributable to Owners of the Parent

RMB

8,017.9

million

Innovation & Win

The year 2020 might be the most challenging year for Fosun, yet it was also the best year. After the pandemic, we continue with the "wartime mechanism" and maintain the fighting spirit that we have developed during the global combat against COVID-19. This has resulted in our resilient business performance throughout the year. The pandemic has also allowed us to refine further our capabilities of the Company accumulated over the years for "Industry Operations + Industrial Investment", FC2M model, globalization and technology innovation. Fosun has thus evolved and become even stronger.

The theme of Fosun's annual report this year is "Innovation & Win". "Innovation" means Fosun always attaches great importance to innovation. We recognize that we can create world-class products only by increasing investment in innovation and R&D. It is also because of our investment in technology innovation in various industries over the years, as well as leveraging on Fosun's diversified and globalized business portfolio, the development model of "Industry Operations + Industrial Investment", and the "wartime" mode that it has upkept since the battle against the pandemic, that together effectively defended the impact brought by the external environment and brought the Group a resilient performance, thereby creating mutually beneficial and win-win situation to all stakeholders.

The year 2021 is a new starting point for Fosun's transformation. Facing the huge opportunities in the industrial internet era, we will continue to create good products and put the operation of customers (C-end) as our top priority to fully unlock the multiplier growth of good products and customer resources in Fosun's ecosystem.

Having steered through the once-in-a-century global crisis, we firmly believe Fosun not only can calmly cope with all kinds of unexpected challenges but also turn adversities into opportunities by evolving our strategy continually, upgrading our technology innovation and our organization. With vision and our globalized resources, Fosun will emphasize on creating excellent products and also focus on our customers. Meanwhile we will also identify good opportunities in the market to accelerate our asset optimization and integration to our businesses, so as to become a world-class family-oriented consumer group.

创·赢 Innovation&Win

Financial Summary

In RMB million	For the year ended 31 December 2020	2019 (restated)
Revenue	**136,629.5**	142,982.1
Health	**34,607.1**	32,720.1
Happiness	**55,904.5**	67,871.6
Wealth	**42,519.8**	39,750.6
Insurance	**29,840.1**	31,278.2
Asset Management	**12,679.7**	8,472.4
Intelligent Manufacturing	**4,950.2**	3,583.5
Eliminations	**(1,352.1)**	(943.7)
Profit attributable to owners of the parent	**8,017.9**	14,800.9
Health	**1,683.6**	1,438.8
Happiness	**(280.1)**	2,233.9
Wealth	**4,547.3**	7,883.6
Insurance	**1,158.2**	758.5
Asset Management	**3,389.1**	7,125.1
Intelligent Manufacturing	**2,102.7**	3,282.5
Eliminations	**(35.6)**	(37.9)
Earnings per share – basic *(in RMB)*	**0.94**	1.73
Earnings per share – diluted *(in RMB)*	**0.94**	1.73
Dividend per share *(in HKD)*	**0.22**	0.40

We are incredibly grateful to have our shareholders' long-term trust and support throughout these years that has allowed us to pursue our ambitions and achieved today's success.

GUO GUANGCHANG
Chairman
Fosun International Limited

Dear distinguished shareholders,

In 2020, the raging pandemic of novel coronavirus pneumonia ("**COVID-19**") imposed tremendous challenge to the world. Consequently, during the Reporting Period, the Group's operating revenue decreased by 4.44% year-on-year to RMB136.63 billion while the profit attributable to owners of the parent fell by 45.83% year-on-year to RMB8.02 billion.

Although Fosun's globalized businesses underwent a number of tests, the Company continued to maintain a sound financial position with ample liquidity. During the past few years, we have been keeping a stable leverage. As at the end of the Reporting Period, the total debt to total capital ratio was 54.3%. Meanwhile, we keep optimizing and expanding our financing channels, with a view to offering our global investors high-quality assets with long-term and stable returns. Fosun stands out for its diversified business portfolio, globalized asset allocation and complementary development model of "Industry Operations + Industrial Investment", which have enabled Fosun to withstand market risks and help it grasp opportunities during this time of crisis and uncertainty.

China was the first country which rode out the crisis and saw its economy and daily life returning to normal. As a result, Fosun's operations in the country recorded a strong rebound. Quite a few brands under Fosun, such as Fosun Pharma and Yuyuan, bucked the weak trend and recorded high-speed growth during the pandemic. FTG, which was greatly affected by the pandemic, continued to control costs and expenses and actively facilitated the resumption of business operations. Its revenue from domestic business improved significantly in the second quarter of 2020 compared with that in the previous quarter.

To express our gratitude to all the shareholders for their long-term support and trust, our entire Fosun staff will remain committed to excellence in performance.

Global battle against the pandemic, every minute counts

The COVID-19 pandemic has ruthlessly affected society, economy and daily life worldwide. Fortunately, the majority of the world has gradually moved from raging outbreaks to more collaborative control and preventive measures, thanks to the joint efforts of each individual and organization. As a global enterprise rooted in China, Fosun took the initiative in joining the frontline fight against the pandemic leveraging its global advantages and solid industry resources. Fosuners worldwide have also unified their efforts which exemplified the strength of our organization. Upon the pandemic outbreak in late January 2020, Fosun initiated its first global collaboration to work around the clock and took the initiative in supporting the frontline battle against the pandemic in China by pooling protective supplies, leveraging on its global resources. As COVID-19 escalated into a global pandemic, Fosun immediately gathered relevant anti-pandemic supplies to support the cause in the rest of the world to help combat the pandemic. Fosun's efforts were also extensively recognized and supported by the governments and the public both at home and abroad as Fosun has fully demonstrated its capacity to mobilize its global resources during the most difficult time.

Now, the pandemic continues to rage around the world. In order to win the war against COVID-19, I believe the vaccine remains the key to the victory. It is certainly encouraging to see that global research and development ("**R&D**") of the vaccines is being conducted at an unprecedented pace. Thanks to the combination of global collaboration and technology innovation, various types of vaccines have come into use and have given us a ray of hope. As one of the worldwide vaccine development participants, we are pleased to see that the first batch of Fosun/BioNTech vaccine – COMIRNATY® has been delivered to Hong Kong and Macau in late February 2021 while the vaccination has already started in March 2021. We hope COMIRNATY® and Fosun can have opportunity to contribute more to the anti-pandemic work in the future.

Fosun upgraded its strategy in the most challenging year

Looking back to 2020, we think it may be the most difficult year for Fosun: the pandemic severely affected Fosun's business operations including offline retailing, overseas tourism and insurance. This has been reflected in the Company's financial data. Amid difficulties and challenges, Fosun adheres to its business strategy of "making stable yet bold progress for sustainable growth". Through the upgrade of our strategy with new priorities, we will explore new opportunities in the challenges.

I have been often asked by investors this question: "Why does Fosun change its strategy frequently?" In fact, over the years, Fosun has a consistent strategy that encompasses globalization, technology innovation, C2M (Client to Maker) model, and profound industry operations + industrial investment. The strategy has already been internalized by the entire organization of Fosun and has thus become the group's strengths and traits.

Undoubtedly, in order to adapt to dynamic market changes, Fosun has different strategic priorities during each phase of its development. It also has different strategic priorities according to the changes in the market. From its focus on the pharmaceutical business during the earlier period of its establishment, to its frequent participation in the mixed ownership reform of state-owned enterprises, followed by its globalization to its move to ride on the "insurance + investment" twin-drivers, all of these are different strategic priorities decisions made by Fosun after careful consideration of the situations of the various phases of the economic cycle.

No choice is absolutely correct or perfect. Each choice has its limitation, especially when you pursue a long-term goal and may do so at the expense of short-term profit. However, I always believe that "You may need to give up something in order to gain something." Fosun persists in doing the right and difficult things and things that need time to develop so as to attain high-quality growth in the future.

Pressing on with globalization and further deepening global cooperation

Let's take the globalization of our business as an example. Globalization is one of the expertise of Fosun. Fosun has been implementing its globalization strategy for more than ten years, focusing on our core industries and accumulating industry resources. In 2020, the world mired in the COVID-19 pandemic became a hotbed of dissenting voices against globalization. However, Fosun kept forging ahead with globalization as we firmly believe the international business environment has become so open and globalized today that global cooperation and the sharing of technology have become inexorable trends. Technological advancement and the tackling of global challenges depend on the cooperation of all human beings.

We believe the whole world has once again realized the importance of globalization as different countries joined hands to fight the pandemic. Since the pandemic outbreak, all the anti-pandemic efforts that range from the sourcing and deployment of protective supplies to the research and development of vaccines have been conducted through global cooperation. During the development of the vaccines, the humanity made remarkable breakthroughs in such a short time mainly because of global cooperation, although technology innovation is also indispensable.

Pushing forward with technology innovation, building up core competitiveness for the future

Fosun believes innovation is the driving force behind its development. I am also happy to see many fruitful technology innovations in our various businesses in 2020.

Fosun Pharma is a case in point. Over a decade, Fosun Pharma continued to optimize its pharmaceutical operations across both innovative and generic drugs with R&D innovation as core driving factor, and has become a leading healthcare group in China. Shanghai Henlius, which is another example, entered the "World Cup" of the pharmaceutical industry as China's representative in 2020 by launching trastuzumab in the European Union ("**EU**") with the approval of the authorities there, making that product the first Chinese-made monoclonal antibody drug which has succeeded in entering the EU market. Furthermore, Chongqing Fochon Pharmaceutical Research Co., Ltd. is also in the preparation stage of phase I clinical trial of its independently developed selective small-molecule inhibitors.

We have also given much thought to innovation in our businesses. Fosun aims to help people live in a healthier, happier and wealthier life to the age of 121. To fulfil the mission, Fosun will conduct in-depth R&D of cutting-edge technologies in multiple fields that can raise people's happiness index. To achieve this goal, we have to understand the industries well and be visionary and patient. At present, we have investment teams and have built up R&D projects of strategic importance in such fields as artificial intelligence, smart transportation, disease prevention biotechnology and blockchain, etc. Being bold to explore possibilities but cautious in verification, we are building up Fosun's core competitiveness for the future and aim to create more value for the world.

Adhering to the C2M strategy, further prioritizing the "C-end"

C2M strategy remains the core of Fosun's operation of its various businesses. The primary logic is being client-centered (C-end), providing them with better products from manufacturers/makers (M-end), and connecting them by the supply chain (To/2). Such strategy enables Fosun to provide the best products and services to families worldwide. As such, we keep looking around the world and providing excellent products and services to our clients, so as to further expand our clientele and to serve more families.

As a family-oriented consumer group, we are determined to profoundly develop our businesses and dedicate ourselves to improving operating efficiency. By optimizing our asset allocation, focusing on our core industries, observing closely our operational benchmarks, we aim to develop each of our core businesses into a market leader in their respective industries. In the past, we were concerned more about the Group's and portfolio companies' financials; now, in addition to that, we put more emphasis on their respective operational benchmarks. In particular, we will pay more attention to the respective operational benchmarks of our core portfolio companies including online sales amount, sales amount in the ecosystem, number of C-end customers and members. In the future, we are putting together the operational benchmarks as our tool to further enhance the ecosystem of our businesses.

In the previous C2M strategy, we have paid more attention to the excellent product development (the "**M-end**"). However, there is an old Chinese saying that "A fragrant wine would not be known if it is stored deep down an alley". Therefore, we will now put "C-end" as our top priority. We will invest in and fully implement this "C-end Top Priority" strategy in order to make good use of the resources of our family consumption businesses and achieve the multiplier effect within our ecosystem. As we have accumulated a lot from "0" to "1" in various industries in the past, we now have abundant resources to establish more traffic entrances (to draw more customers) in each vertical market.

Adhering to "Industry Operations + Industrial Investment" twin-driver strategy, grasping opportunities for taking controlling stakes in complementary businesses

We will press on with the twin-driver strategy of "Industry Operations + Industrial Investment" to drive development, thus enabling our core businesses and enterprises to grow rapidly and achieving the multiplier effect by means of a product matrix. We regard investment capability as a key strength of Fosun which has helped us establish our footholds in our current industries and geographical markets. After years of practice, our way of investing by taking controlling stakes in complementary businesses and investing by allocating capital through insurance funds have been improving and becoming one of our mature tactics that help to better serve our "Focus" strategy.

We have appreciated that taking controlling stakes in complementary businesses is the only way to bolster the development of our various businesses. For example, in order to bolster its business of Happiness, Yuyuan has completed the acquisition of 38% equity interest in Jinhui Liquor in October 2020 and won a bid for 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd. at an auction in December 2020. Investment in the liquor industry, which is also a symbol of the Chinese culture, enabled Yuyuan to enhance its business portfolio and fit in with Yuyuan's business strategy. By holding controlling stakes in the two well-known liquor companies, Fosun has strengthened its consumption business and attained better synergy and multiplier effect in terms of its reserves of different types of premium base wines, coordination of various distribution channels and the formation of the brand matrix.

Adhering to our core strategies while bringing innovations and changes

After years of practice, the four core strategies mentioned above have gradually developed into our core capabilities. From the macro perspective, domestic industries such as consumer industry, property sector and environmental protection have entered a new round of industry consolidation since 2019. As the expansion phase has been completed, increasing market concentration has become prominent in those industries, providing fertile grounds for acquisitions of controlling stakes in businesses. As to consumer habits, tiering of spending has become more prominent as well. As the demands for consumer products have become more differentiated, customized and personalized, the traditional one-size-fits-all product development model no longer works. Instead, the younger generation favors products that can connect with them emotionally.

From a micro perspective, the current development of Fosun largely attributes to our previous strategic planning, especially the globalization since 2013, which has enabled us to explore different industries and regions, and established footholds. Therefore, since 2020, we have emphasized the importance of "Focus" in our strategy, putting our focus on our existing established industries and regions. While we have completed building our pillars from "0" to "1", we are now having the goal of rapid development from "1" to "N" in this stage.

Another major change this year is that apart from Health, Happiness and Wealth segments, we have made Intelligent Manufacturing segment as one of our separate, core business segments. In the Intelligent Manufacturing segment, smart innovation is our key focus. Nanjing Iron & Steel, as an example, continues to increase investment in R&D in such areas as technology innovation, ultra-low emission reduction and reduction of carbon emissions. It also focuses on new materials and industrial chain extension in new industries to realize industrial upgrading. We are committed to nurturing a number of leading companies and hidden champions in different industries.

Meanwhile, we are also aware that Fosun's relationships with other market players should always be characterized by "cooperation + competition", with cooperation prevailing over competition. In respect of C2M strategy, we will cooperate with other companies in our inclusive C2M ecosystem. In particular, we will connect our M-end good products with the external C-end platforms, meanwhile, we will also introduce external M-end products to our C-end traffic platforms which enable us to form the complementary relationships between C-end and M-end. It is the same from the perspective of the strategy of "Industry Operations + Industrial Investment". We expect to strengthen the cooperation with external industrial companies with our investment capability as our important strength. As a family-oriented consumer group, we hope to use our industrial capability so as to generate growth for both Fosun and our external business partners.

Honing skills and evolving organization and mechanism comprehensively

Since its establishment 29 years ago, Fosun has come through numerous economic cycles and challenges, yet we have always come out stronger every time.

2020 was a very difficult year, but from another perspective, it is also the best one for Fosun. The pandemic has given us a wonderful opportunity for introspection and refining Fosun's strategies. The pandemic also drove the upgrading and enhancement of Fosun's organizational structures, operating models, investment strategies and strategic focuses. This allowed Fosun to blossom into an exemplary family-oriented consumer group following the pandemic.

As we have undergone the pandemic, I am most delighted to see every Fosuner has maintained the fighting spirit and continued with the "wartime mechanism" which they have developed during the combat against COVID-19. Through the test of the pandemic, everyone understands the importance of prompt response, continuous improvement and agile organization. "Wartime mechanism" does not mean that everyone is working aimlessly day and night. Its essence is to help the Group and its subsidiaries to identify their respective "key battles" in a timely and systematic manner, like setting monthly and quarterly targets for each key project. On the execution level, we demand our "commanders in chief" to timely enhance or correct their decisions and accomplish each task down to the level of each person and each day. The wartime mechanism can motivate one's potential, enabling efficiency and, at the same time, allowing our frontline staff to work with a sense of purpose through a flatter organizational structure. A sound wartime mechanism, complemented by a clear and timely mechanism for reward and punishment and adjustment of organizational structure, is Fosun's most important asset after the pandemic.

Talents are the key to winning each combat. This year Fosun promoted more than 60 new global partners[1], bringing the total number to over 110. The faster expansion of the global partner team has provided strong organizational support to Fosun. The status of Fosun's global partners is not only an honor but also represents the capability to lead a team as a "warrior" in the "combats". Today Fosun has already built diverse businesses in various industries and in different regions of the world. Metaphorically speaking, this will call for the collaboration of various "branches of the army" and multiple "army groups" across different regions in a "war" in the future.

Meanwhile, Fosun assesses all its global partners annually in terms of cultural values, operating performance indicators, the capability for attaining synergy within Fosun's ecosystem and team development. Fosun will keep on promoting new global partners according to the performances of its various ecosystems of businesses through this mechanism which is modelled on natural selection, thus injecting vitality into Fosun's development.

Having faced the once-in-a-century global crisis, we firmly believe we not only can calmly cope with problems that may arise but also can turn adversities into opportunities by evolving our strategy continually, stepping up our technology innovation and the reform of our organization. With vision and its globalized resources, Fosun will spare no effort to create more good products and enhance customer operations while identifying good opportunities in the market and accelerating the optimization of its assets and integration of its various businesses, with a view to becoming a world-class family-oriented consumer group.

Once again, I would like to thank all the distinguished shareholders, our customers and friends for their support and help to Fosun as well as their trust in the Group. We will continue to create more value for all the shareholders!

Guo Guangchang
30 March 2021

[1] It is different from the legal concept of "partner" in partnership enterprises.

Business Overview

Adhering to the positioning as an innovation-driven consumer group, the Group has been actively solidifying its footholds in four major segments, namely Health, Happiness, Wealth and Intelligent Manufacturing. It has also been consistently optimizing its organizational structure, promoting synergy between businesses within its ecosystem, and embracing intelligentization and internet for the upgrading of its business. Meanwhile, the Group has been continuously improving the professional capabilities of its teams through the mechanisms for coopetition, job rotation and comparison with peers in industries.

Facing the spread of COVID-19 across the world, the Group has quickly responded by pooling scarce medical supplies to support multiple countries and their people in their combats against the pandemic and getting through difficulties together by leveraging our global industrial resources. Also, through its leading research and development team, the Group has been actively looking for global business partners to collaborate in the research and development of a vaccine. Currently, the program to vaccinate people with "COMIRNATY®" has already started in Hong Kong SAR and Macau SAR.

The Group has been committed to building up its overall capacity for "profound industry operations" since 2019, and has already achieved preliminary results. For example, R&D expenses in the Health segment exceeded RMB4 billion for the first time; in the Happiness segment, the expansion of jewelry and fashion retailing and catering chain accelerated after the pandemic had been brought under control in Chinese Mainland; the Group acquired Jinhui Liquor in 2020 and the move had boosted the liquor company's sales in the eastern China; in the Wealth segment, during the Reporting Period, despite the pandemic, the insurance business has remained robust and has transformed the crisis into another opportunity. The reinsurance business has achieved continuous increase in its total premium; in the Intelligent Manufacturing segment, the resource sector improved its business management and accelerated its upgrading with smart technology during the downturn of the industry. Through continuous reinforcement in industry operations and investments in complementary businesses, major enterprises in the intelligent manufacturing segment have extended their footholds in high value-added technology industries such as high-end automation production lines, new energy batteries, etc. The Group will continue to consolidate its professional operation capabilities, spearhead the growth of the enterprises under it with the aim of developing itself into the world's leading innovation-driven consumer group.

Having experienced two stages of development which were respectively driven by China's growth momentum and our strategy of "Combining China's growth momentum with global resources", the Group proposed making one billion families worldwide our target customers in 2018, and has since been building a family-oriented C2M happiness ecosystem. Through profound industry operations, the Group has sparked a multiplier effect within its ecosystem of businesses and is offering more high-quality products to clients. As high-quality products are the key to serving the families well, the Group has made manufacturing capability (M-end) the priority in the past few years when building up its C2M ecosystem. In 2020, the Group proposed making customers (the "C-end") a top priority, which is at the core of the operation of the C2M ecosystem. This calls for a complete overhaul of the entire system. The Group will press ahead with its C2M strategy by means of online platforms and digitalization. At present, the Group has gained rich experience in operating online platforms in the Happiness segment and has accumulated a considerable number of registered users. It has also been improving the online shopping experience and connecting the ecosystems of online and offline operations.

HEALTH SEGMENT

The Group's Health segment focuses on innovation-driven pharmaceutical manufacturing and health services ecosystem and adheres to the "4 IN" (innovation, internationalization, integration and intelligentization) strategies. It made progress in the development of the COVID-19 vaccine, biopharmaceutical drugs, small molecular innovative drugs, cell-mediated immunity and high-value generic drugs as well as international R&D collaboration. It has obtained certifications for its highly promising products and approvals for launching them into markets or for conducting new phases of clinical trials of them in China, the United States ("**U.S.**"), India and the EU.

Fosun Pharma has actively participated in the development and commercialization of the COVID-19 vaccine, and one of its subsidiaries was licensed by BioNTech SE to exclusively develop and commercialize its COVID-19 vaccine products in Chinese Mainland, Hong Kong, Macau Special Administration Region and Taiwan Region based on its mRNA technology platform in March 2020. In July, Fosun Pharma received an approval from the Chinese National Medical Products Administration (the "**NMPA**") for conducting a clinical trial of its licensed COVID-19 mRNA vaccine. In January 2021, the Group also obtained an approval for the emergency use of such vaccine in Hong Kong and received special import authorization for the vaccine from the Health Bureau of Macau in February 2021.

Smooth progress has also been made in the application for approvals for the commercialization of new medicines developed by Shanghai Henlius. Such new medicines have contributed to revenue. In April 2020, Shanghai Henlius' biopharmaceutical manufacturing facility in Xuhui District, Shanghai has passed the Good Manufacturing Practice (GMP) certification by EU in respect of HLX02 trastuzumab injection (trade name in Chinese Mainland: 漢曲優®; trade name in EU: Zercepac®) drug substance (DS) and drug product (DP) lines. In July and August 2020, approvals have been granted by the European Commission and the NMPA respectively for the marketing and sales of HLX02. In September 2020, the production line in Xuhui District, Shanghai, has passed the on-site inspection by Shanghai Medical Products Administration regarding HLX03 (trade name in China: 漢達遠®) drug substance (DS) south production line and drug product (DP) No.1 production line. Meanwhile, new drug application (NDA) of bevacizumab biosimilar HLX04 has been accepted by the NMPA in September.

In November 2020, Gland Pharma completed its IPO in India, becoming the largest IPO case in the Indian pharmaceutical industry in 2020 with an IPO size of INR64.795 billion. During the Reporting Period, Gland Pharma's revenue increased by 27.22% year on year (note: according to the financial statements of Gland Pharma prepared in terms of the local currency).

HAPPINESS SEGMENT

Although the Happiness segment was hit the hardest by the pandemic, it has been the segment that demonstrated the most impressive growth since 2016 with a compound annual growth rate of 51% in revenue from 2016 to 2020 as at the end of the Reporting Period. Facing the grave challenges from the pandemic in the first half of 2020, the Group has timely adjusted its operation strategy, accelerated its digitalization and its shift to online operation and stepped up its family-oriented approach to business. For instance, the Group's online platforms such as Dongjia, Thomas Cook Lifestyle Platform and Foryou Club accumulated millions of registered members.

During the Reporting Period, Yuyuan recorded remarkable results in all of its businesses with its strategies and business models such as "Organic Growth + External Expansion", "Self-developed Brand + External Cooperation" and "Online + Offline". Yuyuan acquired a 55.4% equity interest in Djula, a French fashion jewellery brand, and entered into an agreement with a high-end Italian jewellery group to jointly develop the Damiani and Salvini brands in the Chinese market. Yuyuan also completed the acquisition of a 29.99998% equity interest in Jinhui Liquor in August 2020 and increased the equity stake to 38% in October 2020. Subsequently, Yuyuan acquired a 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd. at an auction in December 2020. As a result, the Group has built up a preliminary portfolio of its Chinese liquor businesses.

WEALTH SEGMENT

Relying on the strength of the insurance-based fundamental assets under the Wealth segment, we make full use of our capabilities for profound industry operations and global investment to build a global asset management ecosystem that assists its principal business segments and industrial groups in complementing each other.

There were many highlights in the insurance segment: Insurance segment had a solid and resilient performance with stable gross written premium and improved combined ratio despite the impact of the pandemic in 2020. During the Reporting Period, Fosun Insurance Portugal has optimized business structure with total market share in Portugal of 27.2%, maintained as the market leader, and reduced its combined ratio to 89.8% in 2020 (2019: 96.5%). Peak Reinsurance achieved 18.1% growth in gross written premium, and improved its business margin to 11.2% in 2020 underwriting year (2019 underwriting year: 7.8%). In 2020, Insurance segment continued to increase its profit attributable to owners of the parent, with a stable investable assets and total investment returns.

In Asset Management segment, while H&A, the German private bank, continued to achieve steady growth in 2020. Meanwhile, in order to cope with the pandemic, H&A has further expedited the digital process and the development of online platform. In addition, as at the end of the Reporting Period, the number of private equity funds and venture capital funds under the Group's management increased to 21 with over RMB20 billion in assets under management. Of the companies that the Group had already invested in, one completed its initial public offering ("**IPO**") on Growth Enterprise Market (GEM) for A shares, two completed their IPOs in the United States and six submitted their applications for IPOs on the A-share market.

INTELLIGENT MANUFACTURING SEGMENT

The Group's intelligent manufacturing segment focused on iron, steel and ore businesses and, at the same time, actively expanded into high value-added, technology businesses through acquisition of external companies, strategically building up a portfolio of businesses of equipment and core components which are applied to smart travelling. It also planned to put more effort into the fields such as industrial internet and new materials. As a cyclical boom in the global bulk commodity trade started in the second quarter of 2020, the Group's iron, steel and ore businesses realized rapid growth. Since the second half of the year, industries of consumer durables such as automobiles and technology industries such as new energy vehicles made a recovery worldwide and even posted substantial growth. The Group expects its various subsidiaries in the intelligent manufacturing segment to achieve growth in the next two to three years.

Over the years, Nanjing Iron & Steel has kept investing in the research and development of high-end products such as steel plates of medium thickness and in environmental protection facilities at its plant throughout its business cycle. It planned to acquire a controlling equity stake in Zhejiang Wansheng Co., Ltd. and expand into new industries so as to steadily consolidate the advantages of its mainstay business and transform its businesses in new industries.

Hainan Mining has built up its business portfolio with the strategy of "endogenous growth + growth through merger and acquisition". For instance, it has consolidated its mainstay business internally by increasing investment in underground mining and, at the same time, extended the scope of its business by acquiring an equity stake in Roc Oil Company Pty Limited (ROC). Benefiting from a cyclical boom in the global bulk commodity trade, Hainan Mining recorded a rapid recovery in operating revenue in the second half of 2020.

Shanghai FFT Automation Technology Co., Ltd. (上海愛夫迪自動化科技有限公司), a company that the Group invested in, completed the acquisition of a 100% equity interest in FFT and thus built up a comprehensive portfolio of businesses in the field of intelligent equipment. FFT's main customers include such leading automotive makers as Daimler, BMW and Volkswagen. Furthermore, FFT is expanding horizontally into new industries such as the battery industry and automotive electronics. As the pandemic has been brought under control, a gradual recovery can be expected in medium- and long-distance travel by automobiles and airlines FFT can expect to capitalize on the increases in both the demand and capital expenditures of these industries.

GOALS FOR 2021

Having undergone the test of the pandemic, we have become even more determined to develop ourselves into an innovation-driven consumer group. We have decided to make the "wartime mechanism" a norm, accelerated organizational evolution, and finished building up its major business portfolios with complementary businesses. At present, our businesses in Chinese Mainland have fully resumed growth while our overseas businesses are recovering successively. In 2021, we will rapidly evolve under the new situation, continue to promote the digitalization, speed up our shift to online operation, step up our family-oriented approach to business, strengthen our capacity for profound industry operations, adhere to C2M and accelerate our development from "1" to "N".

BUSINESS REVIEW

As at the end of the Reporting Period, total assets of the Group amounted to RMB767,680.6 million, representing an increase of 7.3% compared to the end of 2019.

During the Reporting Period, the revenue of the Group amounted to RMB136,629.5 million, representing a year-on-year decrease of RMB6,352.6 million, or approximately 4.4%, mainly attributable to the year-on-year decrease in the revenue of Happiness segment of RMB11,967.1 million, as impacted by the COVID-19 pandemic. From the perspective of product lines, during the Reporting Period, revenue of pharmaceutical, devices and diagnosis, and healthcare services and products of Health segment represents 63%, 15% and 22% of the total Health segment revenue of the Group, respectively; revenue of branded consumer and tourism and leisure of Happiness segment represents 86% and 14% of the total Happiness segment revenue of the Group, respectively; revenue of Insurance, Asset Management (property), Asset Management (investment) of Wealth segment represents 70%, 22% and 8% of the total Wealth segment revenue of the Group, respectively; revenue of Resources & Environment, Technology & Intelligent Manufacturing of Intelligent Manufacturing segment represents 52% and 48% of the total Intelligent Manufacturing segment revenue of the Group, respectively.

ASSET ALLOCATION OF THE GROUP

Unit: RMB million

Segment	Total assets as at 31 December 2020	Total assets as at 31 December 2019 (restated)	Change from the end of 2019
Health	**100,117.6**	91,820.9	9.0%
Happiness	**178,506.3**	165,601.0	7.8%
Wealth	**457,572.4**	436,763.0	4.8%
Insurance	**214,233.4**	210,309.4	1.9%
Asset Management	**243,339.0**	226,453.6	7.5%
Intelligent Manufacturing	**42,055.5**	31,051.6	35.4%
Eliminations	**(10,571.2)**	(9,555.3)	N/A
Total	**767,680.6**	715,681.2	7.3%

CORPORATE STRUCTURE OF MAIN BUSINESS[1] (AS OF 31 DECEMBER 2020)

Health[2]			Happiness[3]		Wealth			Intelligent Manufacturing[4]	
Pharmaceutical	Devices & Diagnosis	Healthcare Services & Products	Branded Consumer	Tourism & Leisure	Insurance	Asset Management (Investment)	Asset Management (Property)	Resources & Environment	Technology & Intelligent Manufacturing
Fosun Pharma[5] 600196.SH 02196.HK 38.62%	Sisram Med (Israel) 01696.HK	Chancheng Hospital	Yuyuan 600655.SH 68.59%	FFG 01992.HK 80.97%	Fosun Insurance Portugal (Fidelidade) (Portugal) 84.9892%	H&A (Germany) 99.91%	28 Liberty (US) 100%	Nanjing Iron & Steel[13] 600282.SH 58.81%	FFT[15] (Germany) 100%
Shanghai Henlius 02696.HK		Luz Saúde[6] (Portugal) 99.85%	Jinhui Liquor[11] 603919.SH 38%	Club Med (France)	Peak Reinsurance 86.51%	Guide (Brazil) 70.27%	BFC 50%	Besino Environment 98.81%	Gangbao 834429.OC 72.92%
Gland Pharma (India)		Shanghai Zhuli[7] (Fosun Integrated Care) 100%	Shede Spirits[12] 600702.SH 29.95%	Atlantis Sanya	Pramerica Fosun Life Insurance 50%	Fosun Hani Securities 100%	IDERA (Japan) 98%	Hainan Mining 601969.SH 51.57%	JEVE[16] 53.26%
Sinopharm 01099.HK		Sanyuan Foods[8] 600429.SH 20.45%	Wolves (UK) 100%	Tomas Cook Lifestyle Platform	AmeriTrust (US) 100%	Fosun Capital 100%	PAREF (France) 59.87%	ROC[14] (Australia) 100%	
		St Hubert[9] (France)	Baihe Jiayuan 69.16%		Yong'an P&C Insurance 40.68%	Fosun RZ Capital 100%			
		BabyTree[10] 01761.HK 27.90%	Bohe Health 31.29%			BCP (Portugal) 29.93%			
		Fosun United Health Insurance 20%	FFG 84.44%			Cainiao 3.83%			

Notes:

1. This simplified corporate structure illustrates the key investments of the Group only. The equity percentage reflects the total direct shareholdings held by the Group, associates, joint ventures and funds managed by the Group as at 31 December 2020. The companies marked in the solid line boxes are consolidated investments of the Group, and the companies marked in the dotted-line boxes are non-consolidated investments of the Group. The companies marked in the shaded boxes are channels for C-end top priority of the Group.

2. The companies marked in the light blue boxes are invested by Fosun Pharma. For specific information, please refer to the disclosure of Fosun Pharma. The company marked in the light brown box is invested by Sanyuan Foods. For specific information, please refer to the disclosure of Sanyuan Foods.

3. The companies marked in the light yellow boxes are invested by Yuyuan. For specific information, please refer to the disclosure of Yuyuan. The companies marked in the light orange boxes are invested by FTG. For specific information, please refer to the disclosure of FTG.

4. The companies marked in the light green boxes are invested by Nanjing Iron & Steel. For specific information, please refer to the disclosure of Nanjing Iron & Steel. The company marked in the light purple box is invested by Hainan Mining. For specific information, please refer to the disclosure of Hainan Mining.

5. As of 30 March 2021, the equity interest held by the Group in Fosun Pharma increased to 39.39% through purchasing the shares of Fosun Pharma from the secondary market.

6. The Company and Fidelidade held 49% and 50.85% equity interest in Luz Saúde, respectively. Therefore, the Group held 92.22% effective equity interest in Luz Saúde.

7. Shanghai Zhuli holds the "Fosun Integrated Care" brand. As at the end of the Reporting Period, the Group held 95% and 5% equity interest in Shanghai Zhuli through a wholly-owned subsidiary and a fund under management of the Group, respectively. As of March 2021, the Group held 90.91% equity interest in Shanghai Zhuli after the introduction of strategic investment.

8. The Company through its wholly-owned subsidiary and a fund under management of the Group held 16.67% and 3.78% equity interest, respectively, in Sanyuan Foods. The Group held 37.27% effective equity interest in such fund. Therefore, the Group held 18.08% effective equity interest in Sanyuan Foods.

9. St Hubert SAS was held 98.12% by an associate of the Group in which the Group held 51% equity interest.

10. The Company and its wholly-owned subsidiary held 27.77% equity interest in BabyTree, and Fidelidade held 0.14% equity interest. Thus the Group held 27.88% effective equity interest in BabyTree as at the end of the Reporting Period. As of 30 March 2021, the effective equity interest held by the Group in BabyTree increased to 28.14%.

11. Yuyuan held 38% equity interest in Jinhui Liquor, therefore, the Group held 26.06% effective equity interest in Jinhui Liquor.

12. The Group purchased 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd. by auction on 31 December 2020, which held 29.95% equity interest in Shede Spirits Co., Ltd. ("**Shede Spirits**"). As at the date of this report, this transaction was completed.

13. The Group held 58.81% equity interest in Nanjing Iron & Steel through Nanjing Nangang, a joint venture of the Group.

14. The Group held 49% equity interest in ROC through a wholly-owned subsidiary and Hainan Mining held 51% equity interest in ROC, therefore, the Group held 75.30% effective equity interest in ROC.

15. FFT was 100% held by a subsidiary of the Group which was invested through the funds managed by the Group.

16. The Group through its wholly-owned subsidiary and a consolidated fund under management of the Group held 21.73% and 2.82% equity interest, respectively, in JEVE. The Group held 22.14% effective equity interest in such fund. The non-consolidated fund managed by the Group held 28.71% equity interest in JEVE. Therefore, the Group held 22.35% effective equity interest in JEVE.

Health

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

Unit: RMB million

	For the year ended 31 December 2020	For the year ended 31 December 2019 (restated)	Change over the same period of last year
Revenue	**34,607.1**	32,720.1	5.8%
Profit attributable to owners of the parent	**1,683.6**	1,438.8	17.0%

During the Reporting Period, the increase in revenue of the Health segment was mainly attributable to the continuous and steady growth of Fosun Pharma's revenue. The increase in profits attributable to owners of the parent was mainly due to the increase in profit of Fosun Pharma and the good performance of the health investment, which was partially offset by the decrease in the profit contribution of Luz Saúde due to the decreased number of patients as impacted by COVID-19 pandemic.

Fosun Pharma

Adhering to the business philosophy of "Innovation for Good Health", Fosun Pharma and its subsidiaries ("**Fosun Pharma Group**") are striving to become a first-tier enterprise in the global mainstream pharmaceutical and healthcare market. In 1994, the predecessor of Fosun Pharma was founded, and was listed on the SSE four years later. In 2004, its predecessor officially changed its name to Shanghai Fosun Pharmaceutical (Group) Co., Ltd. In 2005, Fosun Pharma was among the first group of Chinese A-share listed companies included in the CSI 300 Index. In the same year, Fosun Pharma's research center was accredited as a national-level research center. In 2012, Fosun Pharma was listed on the Main Board of the Hong Kong Stock Exchange. As at the end of the Reporting Period, the Group held 38.62% equity interest in Fosun Pharma.

Under the guidance of "4 IN" strategies (Innovation, Internationalization, Integration, Intelligentization), Fosun Pharma Group has all along adhered to the development pattern of "internal organic growth, external expansion and integrated development". Focusing on unmet medical needs, Fosun Pharma Group continuously strengthens its product competitiveness and brand strength, improves its innovation, integration and internationalization capabilities, as well as operates efficiently. Fosun Pharma Group covers the full industry chain of pharmaceutical and healthcare businesses. With pharmaceutical manufacturing and R&D as its business core, Fosun Pharma Group focuses on medical devices and medical diagnosis, healthcare services, pharmaceutical distribution and retail.

During the Reporting Period, Fosun Pharma Group continued to adhere to its business philosophy of "Innovation for Good Health", actively promoted innovation and transformation, integrated operations, and achieved steady development in business performance. The revenue of Fosun Pharma Group amounted to RMB30,163 million, representing a year-on-year increase of 6.25%. In particular, the pharmaceutical manufacturing segment generated revenue of RMB21,748 million, representing a year-on-year increase of 0.64%. The revenue from medical devices and medical diagnosis segment amounted to RMB5,208 million, representing a year-on-year increase of 39.70%. The revenue from healthcare services segment amounted to RMB3,170 million, representing a year-on-year increase of 4.34%.

At the beginning of 2020, the Group's business was affected to a certain extent due to the COVID-19 pandemic. However, with the orderly resumption of production and operation in the second quarter, and the launch of new products in the third quarter, namely Han Qu You 漢曲優® (trastuzumab injection) and Su Ke Xin 蘇可欣® (avatrombopag maleate tablets) one after another, and the sales contribution from anti-pandemic products such as the nucleic acid test kits for 2019-nCoV, the Group's business was steadily recovered and improved.

During the Reporting Period, Fosun Pharma Group recorded net profit attributable to shareholders of the listed company amounted to RMB3,663 million, representing a year-on-year increase of 10.27%. Such increase was mainly due to: (1) with the orderly resumption of production and operation in the second quarter, and the launch of new products in the third quarter, namely Han Qu You (trastuzumab injection) and Su Ke Xin (avatrombopag maleate tablets) one after another, and the sales contribution from anti-pandemic products such as the nucleic acid test kits for 2019-nCoV, Fosun Pharma Group's business was steadily recovered and improved; (2) the number of installation of, and the volume of surgeries in respect of, the Da Vinci surgical robotic system has recovered rapidly since the second quarter; and (3) benefited from the steady growth of enoxaparin sodium injection, heparin sodium and other core products, and the contribution from the launch of the new product micafungin, revenue of Gland Pharma maintained rapid growth.

During the Reporting Period, Fosun Pharma Group continued to enhance its R&D expenditure. The total R&D expenditure amounted to RMB4,003 million for the year, representing a year-on-year increase of 15.59%. In particular, the R&D expenses amounted to RMB2,795 million, representing a year-on-year increase of RMB754 million or 36.94%. Since 2009, Fosun Pharma Group established international R&D platforms such as Chongqing Fochon Pharmaceutical Research Co., Ltd. and Shanghai Henlius respectively in China and the United States. Fosun Pharma Group continuously strengthens its independent R&D system with 24-hour global R&D. The global CMO office has been established to manage the global clinical registration in recent years. The global R&D center was also upgraded and established at the beginning of 2020 to coordinate new projects as well as the internal and external resources, prioritize the promotion of strategic products, strengthen global clinical and registration capabilities, and improve R&D efficiency. At the same time, a global business development (BD) team was nurtured to have access to the leading products and technology platforms in the industry for commercialization.

Shanghai Henlius

Shanghai Henlius actively implemented the concept of excellent commercialization, in order to create a complete value chain covering R&D, production and traditional commercialization. Based on the needs of patients and beginning with the end in mind, Shanghai Henlius has achieved a commercialization strategy of "focusing on product portfolio, manufacturing capacity and commercial operations to become the leader in biological medicine in China". Shanghai Henlius was established in 2010 and listed on the Main Board of the Hong Kong Stock Exchange in September 2019. As at the end of the Reporting Period, the Group held 55.01% equity interest in Shanghai Henlius.

Shanghai Henlius has strong global product commercialization capability. Commercialization team of Shanghai Henlius is divided into five sections: market promotion, channel management, pricing and market access, domestic sales, and strategic planning, covering the whole process of commercialization, and realized steady growth of product sales. After the launch of 漢利康®, China's first monoclonal antibody approved in accordance with the Guidelines for Biosimilar Drugs in 2019, two core products of Shanghai Henlius, 漢曲優® (trastuzumab injection, EU brand name: Zercepac®) and 漢達遠®, were successively approved and marketed. As at the end of the Reporting Period, Shanghai Henlius realized an operating income of RMB587.6 million, representing an increase of 546% compared to last year which includes the sales revenue of approximately RMB288.2 million for 漢利康®, that of approximately RMB109.5 million for 漢曲優® and that of approximately RMB1.2 million for 漢達遠®.

Shanghai Henlius is now actively operating industrialization-based distribution for biomedicines with high economic benefit based on international standards. Shanghai Henlius has formulated phased capacity planning for different product development cycles, with an aim to gradually improve and enhance large-scale commercial production capacity based on a sound quality management system. In addition, optimizing the deployment of production technology, production cost control and other aspects in advance. The commercial production capacity of Xuhui Facility has been increased to 20,000 liters, and it has passed the dual GMP certification of China and EU. The production capacity construction of 24,000 litres, and the verification of the continuous production pilot plant were completed for the Songjiang First Plant. The structure of the main production building for the Phase I project of the Songjiang Second Plant, as well as the bidding for major equipment and engineering projects was completed.

Shanghai Henlius actively promotes transformation to innovation, accelerates the transformation from biosimilar drugs to innovative drugs, and gradually improves the deployment of the innovation pipeline including HLX10(PD-1) and plans to accelerate the expansion of innovative potential targets, antibody-drug conjugates (ADC) products and oncolytic virus products. Shanghai Henlius has established a team with more than 230 highly efficient and experienced global clinical medical staff and has the global pharmaceutical administration registration capability. More than 30 clinical trials have been approved worldwide, and over 20 clinical trials have been carried out in various countries and regions, including China, EU, Australia, Ukraine, the Philippines and Turkey. Shanghai Henlius recognized R&D expenditure of approximately RMB1,710.9 million, representing an increase of approximately RMB304.1 million or approximately 22% compared with 2019.

Gland Pharma

Gland Pharma is a pharmaceutical company primarily engaged in the manufacture of Small Volume Parenterals. Gland Pharma, founded in 1978, became the first company to set up pre-filled syringe facility in India in 1996 and the first Liquid Injectable Plant manufacturer approved by the U.S. Food and Drug Administration ("**FDA**") in India in 2003. Gland Pharma introduced Heparin Sodium Injection, its flagship product, in the U.S. market in 2010. It has a consistent regulatory compliance track record and all its production facilities are approved by the FDA. Some of the other key regulatory agencies for which certain of its facilities have approvals include MHRA (UK), TGA (Australia), ANVISA (Brazil), AGES (Austria) and BGV (Germany).

Gland Pharma entered the Australian and European markets in 2011 and 2013, respectively. In October 2017, Fosun Pharma Group acquired approximately 74% equity interest in Gland Pharma. In November 2020, Gland Pharma successfully listed in India as the largest IPO in India healthcare industry in 2020 by INR64.795 billion. As at the end of the Reporting Period, Fosun Pharma Group held 58.36% equity interest in Gland Pharma.

Gland Pharma has grown over the years from a contract manufacturer of small volume liquid parenteral products to become one of the largest and fastest growing generic injectable-focused companies, with a global footprint across over 60 countries. Gland Pharma operates primarily under a business to business (B2B) model and has an excellent track record in the development, manufacturing and marketing of sterile injectables. This presence across the value chain has helped Gland Pharma witness exponential growth. Its key products include: Enoxaparin Sodium, Heparin Sodium, Vancomycin, Caspofungin, Daptomycin, Levetiracetam, etc.

During the COVID-19 pandemic as the world started grappling with an unprecedented crisis, Gland Pharma has overcome huge challenges such as employee pandemic control, local government lockdown measures, raw material supply shortage, and flight interruption. Meanwhile, as various companies had to shut down their manufacturing plants across the globe resulting in a huge supply deficit for these essential medicines, Gland Pharma received a strong demand especially from RoW markets which had not been anticipated and required a massive team effort to deliver the orders, and achieved the excellent performance in 2020.

During the Reporting Period, Gland Pharma's revenue was RMB3.026 billion, representing a year-on-year increase of 27.22% (Note: according to the financial statements of Gland Pharma's reporting currency).

In 2020, Gland Pharma adhered to the international R&D strategy, and a number of generic pharmaceutical products were approved for launching by the FDA. The pace of product introduction into the Chinese market was accelerated. At the same time, Gland Pharma continued to strengthen its international production capacity. During the Reporting Period, multiple aseptic production lines in 7 production sites have passed the Good Manufacturing Practices (GMP) audit/certification in the U.S., EU, Japan, Australia, and Brazil.

Sisram Med

Sisram Med is a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which feature its innovative and proprietary technologies. Brands including "Alma", "Soprano", "Harmony", "ClearLift", "Accent", "FemiLift" and "BeautiFill" are widely recognized and well regarded among treatment providers and treatment recipients worldwide. Sisram Med also sells its treatment systems via distributors and direct sales to customers in over 90 countries and jurisdictions worldwide. As at the end of the Reporting Period, Fosun Pharma held 74.76% equity interest in Sisram Med.

During the Reporting Period, Sisram Med recorded total revenue of USD162.1 million, representing a year-on-year decrease of 6.6%. The decrease is attributed to the COVID-19 impact on the global economy, displaying much of the pandemic effect in the first 5 months of 2020 with performance recovery signs beginning in June 2020. Sisram Med's swift responses to the changing market conditions have led to continued improvement in revenue, that in the second half of 2020 recorded an increase of 3% when compared to the revenue in the second half of 2019, topping the pre-pandemic results.

Realizing the vision of providing an umbrella of solutions for the wellness market, Sisram Med invested in Tianjin JuveStar Bio-technology Co., Ltd., and commercialized a proprietary of Raziel Therapeutics (RT) Ltd. – RZL-012 which is the first and long-lasting single treatment injectable product for the treatment of aesthetics and a variety of fat disorders. Sisram Med's vision for the new dental business line is to become a holistic digital workflow service provider enabling cost-effective and efficient measurement, design and production process for aesthetic dentistry treatments via an on-line (digital) platform covering all aspects from intra-oral scanning to final dental appliance delivery.

Fosun Integrated Care (Shanghai Zhuli)

Fosun Integrated Care is a multi-level health and elderly care service brand established by the Group to achieve the "make every family healthier" vision and promote the innovation and services upgrade of health industry. Fosun Integrated Care is devoted to providing comprehensive, customized, competitive and innovative healthcare products and services to retired middle-class families in China. As at the end of the Reporting Period, Fosun Integrated Care held over 11,000 beds and total managed area of 530,000 square meters, with an occupancy rate of 97% for mature projects.

Established in 2014, Shanghai Zhuli, holds the "Fosun Integrated Care" brand and conducts its main business through the subsidiaries of Shanghai Starcastle Senior Living Investment Management Co., Ltd., Shanghai Feng-Lin Health Management Co., Ltd. and Shanghai Xingshuangjian Medical Investment Management Co., Ltd.. As at the end of the Reporting Period, the Group held 100% equity interest in Shanghai Zhuli. As of March 2021, the Group held 90.91% equity interest in Shanghai Zhuli after the introduction of strategic investment.

Fosun Integrated Care is committed to building a global healthy community ecology which focuses on the health needs of family customers. It provides online and intelligent terminal family customer services, all-round continuous health services, to eventually build a global FC2M ecosystem.

In summary, the main business of Fosun Integrated Care includes three major brands: (i) Fosun Starcastle Senior Living, focusing on vitality elderly care; (ii) Feng-Lin, focusing on community health and care; (iii) Xingjian, focusing on integration of medical care, rehabilitation and nursing elderly care.

During the Reporting Period, Fosun Integrated Care's total revenue reached RMB109.71 million, with a year-on-year increase of 13.7%; the loss attributable to owners of the parent was RMB88.91 million which is enlarged compared to RMB76.83 million of 2019. The major reasons are the restrictions of new arrivals under the pandemic and the increase of expenses on new business development.

In 2021, in addition to achieving the three business module sales targets, Fosun Integrated Care also widened and deepened its business, and cooperated with other subsidiaries of the Group to actively expand the health hive. Also, it intends to achieve rapid growth through various initiatives such as acquisitions, investments and strategic cooperation, tap into the Group's strong industrial investment capabilities, and raise platform financing when appropriate.

Fosun Integrated Care sets its sight on the future by devoting itself to promoting the operation of the entire industry chain in a comprehensive way and building a healthy hive, Fosun's health scenarios and product extensions, as well as the Carebox online community. Digitalization will be taken forward alongside the commercialization drive. Taking a global perspective, Fosun Integrated Care aims at becoming a leading global health industry brand.

Fosun United Health Insurance

Fosun United Health Insurance was established in January 2017 with a registered capital of RMB500 million. Fosun United Health Insurance, as a professional health insurance company, was sponsored by the Group together with 5 other companies. As at the end of the Reporting Period, the Group held 20% equity interest in Fosun United Health Insurance. Fosun United Health Insurance is committed to providing high-quality health insurance products to customers. In the meantime, Fosun United Health Insurance actively explores the possibility to set up a health insurance pattern that can be operated with Chinese characteristics and devotes itself into the building of a digital and smart health service environment where the diversified health insurance and services can serve the needs of the clients.

Fosun United Health Insurance has established a top-notch healthcare service system which provides Chinese families with integrated solutions composing of whole-process health management, medical service, and financial protection. It is committed to becoming a pioneer and role model in health management with Chinese characteristics.

Fosun United Health Insurance actively operates in medical insurance, illness insurance, disability income insurance, healthcare insurance and accident insurance of all types in the PRC market, providing high-quality life cycle products and the whole-process service system for Chinese families. As at the end of the Reporting Period, Fosun United Health Insurance has successively launched over 100 products in place. Among them, long-term critical illness insurance and managed healthcare insurance are well accepted by the market and customers, thus premium sustained growth.

As at the end of the Reporting Period, Fosun United Health Insurance has expanded its operations into Guangdong Province, Beijing, Shanghai, Sichuan and Jiangsu Provinces and Chongqing, and set up sub-branches in Foshan, Dongguan, Jiangmen, Zhongshan and Huizhou in Guangdong Province, Mianyang in Sichuan Province. Its nationwide insurance income increased from RMB1,819.38 million in 2019 to RMB2,453.71 million during the Reporting Period. As at the end of the Reporting Period, total assets increased by 67.1% year-on-year to RMB3,323.38 million. Net assets increased by 29.6% year-on-year to RMB880.57 million. The new business of long-term insurance amounted to RMB255 million.

Fosun United Health Insurance adhered to "playing the insurance security provider role" by concentrating on offering health and accident insurance policies. Revenue from health insurance during the Reporting Period was RMB2,302.47 million, representing a 36.1% year-on-year growth and accounting for 94% of the total insurance income; revenue from accident insurance was RMB151.24 million, representing a 18.4% year-on-year growth and accounting for 6% of the total insurance income.

Looking forward, Fosun United Health Insurance will utilize the shareholders' quality health industry and resources to create ecological products and provide one-stop insurance protection and health services for healthy, and sub-healthy people and people with diseases.

Happiness

During the Reporting Period, the revenue and (loss)/profit attributable to owners of the parent of the Happiness segment were as follows:

Unit: RMB million

	For the year ended 31 December 2020	For the year ended 31 December 2019 (restated)	Change over the same period of last year
Revenue	**55,904.5**	67,871.6	(17.6%)
(Loss)/profit attributable to owners of the parent	**(280.1)**	2,233.9	(112.5%)

During the Reporting Period, revenue of the Happiness segment recorded a year-on-year decrease of 17.6% compared to the same period of last year, which was mainly attributable to the significant revenue decrease of FTG as impacted by COVID-19 pandemic as some resorts around the world had to be closed for certain period of time, which resulted in the reduction in the capacity of the resorts. The loss attributable to owners of the parent was RMB280.1 million during the Reporting Period, representing a decrease of 112.5% as compared with the same period of last year, mainly due to the decrease in profit contribution from FTG, as well as the decrease in the investment gain of Happiness segment as affected by the volatility of financial market, which was partly offset by the increase in profits of Yuyuan.

Yuyuan

Relying on the urban cultural and commercial strength in Shanghai, Yuyuan, with the mission of creating a happy life for families worldwide, is determined to become the world's first-class group in the family entertainment and consumption industry with roots in China, leading the trend of Chinese cultural revival.

Yuyuan was formerly known as Shanghai Yuyuan Shopping Mall (上海豫園商場), which was transformed into Shanghai Yuyuan Shopping Mall Co., Ltd. (上海豫園商場股份有限公司) in June 1987. In May 1992, Shanghai Yuyuan Tourist Mart Co., Ltd. (上海豫園旅遊商城股份有限公司) was established and its shares were listed on the SSE in September of the same year which officially changed its name to Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) in July 2019. In November 2002, the Group became the largest shareholder of Yuyuan. As at the end of the Reporting Period, the Group held approximately 68.59% equity interest in Yuyuan.

Yuyuan upholds the two-pronged strategy of "Industry Operations + Industrial Investment", adheres to the concept of happiness and fashion, and continues to develop the "1 + 1 + 1" strategy of "family happiness consumption industry + urban industry landmarks + online and offline member platforms", gradually forming the industrial cluster with unique competitive advantages targeting emerging mainstream consumers.

The businesses of Yuyuan mainly comprise of several sectors such as culture-commerce projects and smart retail, jewellery and fashion, cultural catering, food and beverage, Chinese fashion watches, beauty and health, and real estates with composite functions.

During the Reporting Period, Yuyuan achieved a revenue of RMB44,050.8 million, representing an increase of 0.27% year-on-year; the net profit attributable to shareholders of the listed company was RMB3,610.3 million, representing an increase of 12.82% year-on-year.

After the pandemic was controlled, the economy quickly recovered with a strong momentum of growth. Yuyuan accelerated its expansion of stores in jewelry, fashion and catering chain businesses. "Laomiao" and "Yayi" had a net increase of 608 sales points throughout the year and Songhelou Noodle Restaurant added 18 restaurants to make continuous effort in family consumption industry.

Yuyuan has encouraged its expansion and external cooperation, setting eyes on the long-term layout: Yuyuan acquired a 55.4% equity interest in French fashion jewellery brand Djula in March 2020. The acquisition of Fosun Jinmei (Shanghai) Cosmetics Co., Ltd. was completed in June 2020, gradually enriching the layout in the cosmetics industry. In July 2020, Yuyuan entered into an agreement with a high-end Italian jewellery group to jointly develop the Damiani and Salvini brands in the Chinese market through a joint venture. Yuyuan has completed the acquisition of 38% equity interest in Jinhui Liquor in October 2020 and won a bid for 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd. at an auction in December 2020, thus established the strategic plan in high-quality liquor industry and extended the food and beverage industry product chain.

Yuyuan will continue to drive its business by two engines of "Industry Operations + Industrial Investment". "Laomiao" and "Yayi" brands under jewellery and fashion business will continue to launch good products, and further expand its store networks while improving the quality of channels. For cultural catering business, Yuyuan will actively promote the development of restaurant chains, and its long-established brands such as Songhelou Noodle Restaurant will continue to expand new stores. Food and beverage business, and beauty and health business will give full play to the advantages of long-established brands to launch more high-quality products. At the same time, Yuyuan will further enhance its competitive advantage and enrich its happiness and fashion industry through industrial investment. For real estates with composite functions, the development and implementation of benchmark projects will be accelerated to create truly offline happy fashion landmarks.

Jinhui Liquor

Yuyuan completed the acquisition of 29.99998% equity interest in Jinhui Liquor in August 2020, and completed the tender offer for another 8% equity interest in Jinhui Liquor in October 2020. As at the end of the Reporting Period, Yuyuan held 38% equity interest in Jinhui Liquor.

Jinhui Liquor, with the development vision of "Joining Hands for Century-honored Jinhui for A Shared Happy Life", is mainly engaged in the production and sale of liquor. The sales network, therefore, has stretched into east China from Gansu Province and the areas in northwest China. This is aimed at building a national brand to realize the strategic goal of "Building A Large Ecological Liquor Production Base in China and Shaping A Chinese Well-known Liquor Brand among the Top 10 Chinese Liquors".

During the Reporting Period, Jinhui Liquor recorded revenue of RMB1,730.7 million, representing an increase of 5.89% year-on-year, with the net profit attributable to shareholders of the listed company of RMB331.3 million, representing an increase of 22.44% year-on-year. Among them, in the second half of 2020, the operating revenue was RMB1,019.1 million with a year-on-year growth of 24.35%. According to the data of different regions, the annual growth rate of sales revenue outside Gansu Province was 38.46% and the growth rate was 51.98% in the second half of 2020.[2]

During the Reporting Period, Jinhui Liquor recorded the sales of liquor up to 15,213.95 kiloliter, of which, the sales volume of high-end products reached 4,307.22 kiloliters, with a year-on-year growth of 26.64%. The operating revenue of high-end products was RMB867.44 million with a year-on-year growth of 29.08%, and that of medium- and low-end products was RMB837.95 million with a year-on-year decrease of 11.40%, which contributed to an optimizing product mix.[2]

[2] The data in this paragraph relates to full year data of Jinhui Liquor. The Group had completed the acquisition of the controlling stake of Jinhui Liquor in October 2020.

FTG

FTG is one of the world's leading leisure-focused integrated tourism groups, and the worldwide largest leisure tourism resorts group in terms of revenue in 2019 according to Frost & Sullivan Report. In 2015, the Group acquired control of Club Med and subsequently transferred it to FTG upon reorganization. FTG was officially established in 2016, and was spun off from the Group and successfully listed on the Main Board of the Hong Kong Stock Exchange in December 2018. As at the end of the Reporting Period, the Group held approximately 80.97% equity interest in FTG.

Through its lifestyle proposition, "Everyday is FOLIDAY", FTG seeks to infuse concepts of tourism and leisure into everyday living. The principal activities of FTG are: (i) resorts, which FTG operates through Club Med, Club Med Joyview, Casa Cook and Cook's Club, etc.; (ii) tourism destinations, including Atlantis Sanya, Lijiang FOLIDAY Town, Taicang FOLIDAY Town, etc.; and (iii) services and solutions in various tourism and leisure settings.

During the Reporting Period, total revenue of FTG amounted to RMB7,060.3 million, representing a year-on-year decrease of 59.28% and loss attributable to owners of the parent of FTG amounted to RMB2,568.1 million, compared to profit attributable to owners of the parent of FTG amounted to RMB608.7 million for the year ended 31 December 2019. Due to the COVID-19, many countries adopted public health defense measures such as large-scale city lockdowns or travel restrictions, which have had a significant negative impact on the resorts operations.

Due to the global outbreak of COVID-19 epidemic, all resorts of Club Med were temporarily closed for several months. Most resorts were temporarily closed during late March till June 2020. Despite the increasing reception capacity in July and August 2020, the second wave of COVID-19 pandemic in October forced several resorts to postpone the reopening or even shut down again in September 2020. During the Reporting Period, the revenue of Club Med decreased by 58.4% on a year-on-year basis due to the decrease in resort capacity by 54.7%. Both the occupancy rate and revenue performance of Club Med in the second half of 2020 were not better than that in the first half. However, FTG strives to maintain a healthy financial position and control its operating and headquarters costs. In 2020, Atlantis Sanya CMBS (commercial mortgage backed securities) of RMB6.8 billion was successfully issued and Club Med obtained EUR180 million government-guaranteed loans, and another EUR70 million government-guaranteed loans were obtained in January 2021. At the end of 2020, the FTG's cash and bank balance increased by RMB2.39 billion compared with that at the end of 2019, and the proportion of short-term debts dropped from 29.7%[3] at the end of 2019 to 16.4%[3]. In 2020, fixed cost savings of Club Med was EUR270 million, and the fixed cost of Club Med decreased by 41% in the ten months after the outbreak of the pandemic compared with that of the same period in 2019. Human resource expenses and capital expenditures of Club Med dropped by 34% and 35% in 2020 compared with that of 2019, respectively. Total operating cost of Atlantis Sanya decreased by RMB92.3 million in 2020, and human resource costs and energy costs in 2020 decreased by 17.0% and 17.8% compared with that of 2019, respectively.

In the future three years, FTG plans to open 16 new resorts worldwide, eight of which are in China, renovate and extend capacity in more than 10 resorts worldwide. Four new resorts including the Exclusive Collection Seychelles resort, Quebec Charlevoix resort, Club Med Lijiang and Tangshan resorts in China will open in 2021.

Atlantis Sanya, located on the Haitang Bay National Coast of Sanya in Hainan province, China, opened in April 2018, has become an icon of tourism upgrading version 3.0 of Sanya. During the Reporting Period, the number of visitors at Atlantis Sanya was approximately 4.6 million and the business volume of Atlantis Sanya was RMB1,226.7 million, decreased by 6.5% as compared with that in 2019. The business volume of Atlantis Sanya for the second half of 2020 showed growth against the circumstances, with the business volume increased by 36.5% compared to the same period of last year, and the room revenue increased by 41.3% and other operating revenue increased by 30.5%. The average daily rate per room increased by 18.1% compared to the same period of that in 2019, and the occupancy rate increased by 14.7 percentage points to 89.7% in the second half of 2020 compared to the same period of that in 2019, which showed the rising pattern in both volume and price.

[3] Excluding the interest-bearing borrowings under the impact of IFRS 16.

FTG launched the "FOLIDAY Town" (復遊城) brand, the key self-developed brand for tourism destination business in November 2019. The vision of FOLIDAY Town is to connect various leading global tourism and leisure brands together to lead a new global vacation lifestyle by leveraging its global FOLIDAY ecosystem and the successful operation experience in Club Med and Atlantis Sanya. Lijiang FOLIDAY Town has started construction of saleable vacation inns and residence in the first half of 2020 and the presale activities were started at the end of November 2020. The construction of Taicang FOLIDAY Town is expected to be completed in stages starting from 2021 and achieve full completion in the following three to four years.

In July 2020, FTG launched "Thomas Cook Lifestyle Platform", which forms an open internet platform based on vacation and lifestyle products. The Thomas Cook Lifestyle Platform has achieved business volume of approximately RMB183.7 million during the year 2020 with approximately 549,000 app downloads as at the end of the Reporting Period. In addition, Foryou Club has accumulated approximately 6.1 million members as at the end of the Reporting Period.

FTG will continue to provide innovative friendly leisure and tourism solutions to accelerate digital solutions which better meets the needs of customers through middle platform and intelligent hotel management systems.

Wealth

INSURANCE

ASSET MANAGEMENT

The Group's Wealth segment includes two major sub-segments: Insurance and Asset Management.

INSURANCE

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

Unit: RMB million

	For the year ended 31 December 2020	For the year ended 31 December 2019 (restated)	Change over the same period of last year
Revenue	**29,840.1**	31,278.2	(4.6%)
Profit attributable to owners of the parent	**1,158.2**	758.5	52.7%

During the Reporting Period, the revenue of Insurance segment decreased by 4.6% compared to the same period of last year, mainly because of the revenue decrease in Fosun Insurance Portugal during its business structure optimization period, which was partly offset by the growth in the revenues of Peak Reinsurance as a result of business expansion. The profit attributable to owners of the parent was RMB1,158.2 million during the Reporting Period, representing an increase of 52.7% as compared with 2019, mainly attributable to Peak Reinsurance's substantial growth of profit.

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

Fosun Insurance Portugal[4]

In 2014, the Group established a subsidiary and acquired a controlling stake in Fidelidade, Multicare and Fidelidade Assistência. In September 2020, Multicare and Fidelidade Assistência were 100% held by Fidelidade after a reorganization of group structure and capital increase. As at the end of the Reporting Period, the Group held 84.9892% equity interest in Fidelidade. This platform is a leading player in the Portuguese insurance market and facilitates business development of the Group in Europe, Africa and Latin American countries.

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., the leading Portuguese bank. At the same time, it also has international presence in eleven countries, with products distributed on four continents (Europe, Asia, Africa and America).

During the Reporting Period, Fosun Insurance Portugal achieved a total market share in Portugal of 27.2%, being the market leader. In Life and Non-Life businesses, Fosun Insurance Portugal achieved market shares of 25.6% and 28.4%, respectively.

Fosun Insurance Portugal had a resilient performance despite the economy partial lockdown in 2020. The capital markets volatility and overall uncertainties had a negative impact on new sales (mainly Life Financial) and investment results, however the ongoing policies remained resilient and the combined ratios improved.

During the Reporting Period, Fosun Insurance Portugal recorded total premium income of EUR3,558.1 million (2019: EUR4,082.8 million), non-life business combined ratio of 89.8% (2019: 96.5%), net earned premium of EUR2,108.1 million (2019: EUR2,458.4 million), net profit attributable to owners of the parent of EUR188.7 million (2019: EUR177.6 million), net assets attributable to owners of the parent of EUR2,762.7 million (2019: EUR2,635.1 million), investable assets of EUR16,800.2 million (2019: EUR17,574.6 million) and total investment return of 2.4% (2019: 2.5%).

Following the acquisition of 51% equity interest in La Positiva in 2019, Fosun Insurance Portugal's Peruvian operation has reached the third position in the local insurance market with a market share of 13.4% in November 2020 (12.7% in 2019). In January 2020, FID Chile, a

[4] Fosun Insurance Portugal includes Fidelidade and the SPV (special purpose vehicle) which holds the equity interest in Fidelidade directly.

non-life insurance subsidiary of Fosun Insurance Portugal in Chile, has initiated its operations. During the Reporting Period, Fosun Insurance Portugal's international business (overseas markets except Portugal) recorded overall premiums of EUR862.9 million representing 24.3% of its total premiums.

During the Reporting Period, Fosun Insurance Portugal won several distinguished awards, such as the "Portugal Digital Awards 2020" (for Multicare Vitality app), "Superbrands 2020" (Consumers' Top of Mind Brand), "Marktest Reputation Index 2020" (first insurance brand in Portugal), "Silver Award in EFMA-Accenture innovation in insurance awards 2020" (for travel insurance app "Just In Case"), "Marca de Confiança 2020" (Most Trusted Brand in 2020), "Escolha do Consumidor 2020" (Consumer's Choice in 2020) in the categories of "Excellence", "Insurance Companies" and "Direct insurance companies". Fosun Insurance Portugal will continue innovating its product offerings, improving service quality and promoting its global strategy.

Peak Reinsurance

Peak Reinsurance is a privately-owned global reinsurer headquartered in Hong Kong, established by the Group and International Finance Corporation in 2012. In April 2018, a wholly-owned subsidiary of U.S.-headquartered Prudential Financial, Inc. completed the acquisition of a minority stake in Peak Reinsurance Holdings Limited ("**Peak Reinsurance Holdings**"). As of the end of the Reporting Period, the Group held 86.51% equity interest in Peak Reinsurance through Peak Reinsurance Holdings.

Authorized by the Insurance Authority of Hong Kong, Peak Reinsurance has over the years grown from a local player into a global reinsurer that offers a wide suite of services encompassing both life and non-life reinsurance. Peak Reinsurance was established with the clear purpose to support the needs of communities and emerging middle-class through meeting their reinsurance needs. To this aim, it strives to provide innovative and forward-looking risk transfer and capital management resolutions that best fit client's needs around the globe.

Since launched, Peak Reinsurance has maintained consecutive years of premium growth. Below are highlights of Peak Reinsurance's unaudited financial results.

During the Reporting Period, Peak Reinsurance generated premium income of USD1,966.3 million (2019: USD1,664.6 million), managing further growth despite a difficult period for the reinsurance industry and the global economy due to COVID-19. Peak Reinsurance has remained profitable since commencement of operations. During the Reporting Period, net profit reached USD90.8 million.

Underwriting margin improved to 11.2% in 2020 (2019: 7.8%) due to further portfolio adjustments and rates hardening in major markets. Additionally, the strong focus on non-commoditized business has helped to ensure price stability alongside further business development.

As at the end of the Reporting Period, Peak Reinsurance achieved total investment return of 3.6% with year-end investable assets and net assets at USD2.6 billion and USD1.5 billion, respectively. The solvency remains very strong as reflected in its credit ratings.

Peak Reinsurance made great strides during the Reporting Period. In January 2020, Peak Reinsurance announced that following the successful placement of Lion Rock Re Ltd, Asia's first reinsurance sidecar transaction in 2019, it had renewed and upsized Lion Rock Re Ltd to USD77 million. This reflected investors' confidence in Lion Rock Re Ltd's capability in providing them access to a unique, high quality and diversified portfolio of reinsurance business.

In May 2020, Peak Reinsurance completed the 100% acquisition of the capital of Lutece Holdings Ltd. (renamed as Peak Capital Holdings Ltd.) and its subsidiary Lutece Investment Management Ltd. (renamed as Peak Capital Ltd.). The Bermuda-based Insurance Linked Securities investment specialist is now a wholly-owned subsidiary of Peak Reinsurance. It is expected that Peak Capital Ltd. will create new avenues for Peak Reinsurance to innovate for both customers and investors, working towards Peak Reinsurance's ambition of narrowing the protection gap in Asia.

Peak Reinsurance's outstanding achievement has been widely recognized in the industry. In June 2020, Moody's assigned a first-time A3 insurance financial strength rating (IFSR) to Peak Reinsurance, with a stable outlook. Moody's rationale for Peak Reinsurance's A3 IFSR is a reflection of the company's good franchise in the Asian reinsurance market, solid capitalization, expanding product and geographic diversification and product mix with low reserving risks. It enjoys an "A- (stable)" rating by A.M. Best, and ranks 29th among Global Reinsurance Groups by Standard & Poor's in terms of net reinsurance premiums written.

The impact of COVID-19 on Peak Reinsurance's day-to-day operation has been minimal, while a robust business continuity plan is in place to help ensure that business processes can continue to function in case of emergency. Given Peak Reinsurance is not a specialty underwriter and most businesses have a broad exclusion of pandemics, it is considered that the impact of COVID-19 on 2020 financial performance is mild.

Pramerica Fosun Life Insurance

Pramerica Fosun Life Insurance is a joint venture between the Group and The Prudential Insurance Company of America. With the approval of the regulatory authority, it was formally established in September 2012 and both shareholders hold 50% of the joint venture shares. The establishment of Pramerica Fosun Life Insurance marked the Group's first entry into the domestic life insurance market.

With "Safeguard the Future You Want" as its mission, Pramerica Fosun Life Insurance has formulated the strategy of "Long-term Value Management" and thus forms a four-pronged path of "Focusing on the Team, Focusing on the Regular-pay Business, Focusing on the Technology and Focusing on Business Ecosystem".

Pramerica Fosun Life Insurance offers 1. life insurance, health insurance, and accident insurance; 2. reinsurance business of the above-mentioned businesses to customers.

During the Reporting Period, Pramerica Fosun Life Insurance recorded premium income of RMB2,586.2 million, representing a decrease of 36.4% compared with the same period of last year mainly due to the company's efforts to optimize product structure and reduced sales of products with low embedded value. Pramerica Fosun Life Insurance recorded net loss of RMB263.5 million, indicating an increase on loss of 23.1% compared with same period of last year, solvency adequacy ratio of 204.9%, investable assets of RMB12,903.8 million, total investment return of 5.3%.

Pramerica Fosun Life Insurance established a customer-oriented sales model through multiple distribution channels, such as agent channel, bancassurance, intermediary and internet channel, to provide risk protection for customers.

The agent channel takes the business group as the core to enlarge and strengthen. By establishing a model of high-performing salesmen, it builds a "Three High" team with high income, high production capacity and high retention, to cast core competitiveness for long-term value operation by leveraging the internal and external rich ecological resources of the shareholders and the technology system with the advantage of backwardness.

The bancassurance channel deepens the operation of bank outlets, especially on those which are developing regular premium business. Through establishing three distinctive platforms of health, retirement, and wealth, the bancassurance channel will meet the needs of high-net-worth individuals for health management and wealth inheritance.

The intermediary and internet channel maintains steady development by providing the "Product + Service" to enhance attractiveness of products, and by utilizing the scientific and technological means, such as big data risk control, to control risks in the underwriting terminal. While ensuring value contribution, the company provides assistance of corporate customers' accumulation and renewal of premium.

Pramerica Fosun Life Insurance will implement the "Long-term Value Management" strategy and the "Four Focus" strategic path to establish the comprehensive development structure, and support the stable and rapid movement of the organization. The company will continuously focus on "Three High" team building and ecological service linking, to serve customers with high-quality teams and services. The company will continuously build organizational capabilities with talent and technology upgrades, create competitiveness with "Product + Service", enhance development strength with two-wheel drive of "assets + liabilities", and improve the risk control capability. The company will have a stable and sustainable development in the future.

ASSET MANAGEMENT

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

Unit: RMB million

	For the year ended 31 December 2020	For the year ended 31 December 2019 (restated)	Change over the same period of last year
Revenue	**12,679.7**	8,472.4	49.7%
Profit attributable to owners of the parent	**3,389.1**	7,125.1	(52.4%)

During the Reporting Period, the revenue of the Asset Management segment increased by 49.7% year-on-year, which was mainly due to the revenue increase in Asset Management (property) business. The 52.4% decrease in profit attributable to owners of the parent compared to the same period of last year was mainly attributable to the decrease in investment gains during the Reporting Period.

Fosun Capital

Established in April 2007, Fosun Capital is an equity investment and management company, wholly owned by the Group. It is a leading private equity investment institute in the industry. As a first-class private equity fund manager in China, Fosun Capital provides high-quality equity investment and management services to investors such as the well-known family funds, insurance companies, listed companies, large investment institutions and high net wealth individuals domestically and internationally.

Relying on its high-quality post-investment services and the Group's strong global industry integration capabilities, Fosun Capital is able to empower the portfolio companies in terms of business resources and industrial depth. It helps companies realize long-term value creation and sustainable development, grow from excellence to outstanding, achieve mutual benefit, and continue to create value for society and shareholders.

In the past 13 years since its establishment, Fosun Capital has launched and managed a number of assets, including fund of funds, private equity investment funds, industry funds of listed companies and other types of equity investment funds. As at the end of the Reporting Period, Fosun Capital managed 10 funds and the assets under management were over RMB15 billion. Fosun Capital is specialized in investment in the six fields including intelligent manufacturing, fashion consumption, TMT (Telecommunication, Media and Technology), healthcare, automotive and industrial services as well as new environmental protection and new energy. There are nearly 100 companies being invested, and more than 20 companies have successfully listed domestically or overseas.

During the Reporting Period, one company under Fosun Capital's investment has completed GEM IPO and six companies have applied for IPO in A shares market. As at March 2021, 3 IPO applications of those 6 companies have been approved by China Securities Regulatory Commission. In December 2020, Fosun Capital was ranked the 8th on "Top 30 Best China's Private Equity Investment Funds of 2020" by China FOF Research Center. In January 2021, Fosun Capital was ranked the 11th on "Top 30 Best China's Private Equity Investment Institutions of 2020" by Chinese Venture, being ranked on the list for two consecutive years.

In the future, Fosun Capital will pay more attention to the areas such as science and technology research and development, family consumption, intelligent manufacturing and new energy. At the same time, it will seek opportunities for foreign currency asset management to transform from a RMB fund management company to an international asset management company.

Fosun RZ Capital

Fosun RZ Capital is the only global venture capital platform of the Group focusing on technology, internet and new consumption. It is also one of the investment institutions with the richest industrial resources in China. Fosun RZ Capital's vision is to become a top investment institution that exploits its advantages as both an industrial platform and an independent fund to take root in China and cover major growing economic regions globally, with the aim of generating excellent investment returns and long-term strategic value for the Group.

Fosun RZ Capital is focusing on major economic growth regions in the world for a long time. It has long focused on investment in high-growth and high-tech companies in major economic growth regions worldwide, realizing the strategic plan of "top technology as horizontal while emerging markets as vertical" in seven locations globally. It not only invests cutting-edge technological innovation in the U.S., Israel, etc., but also spans into high-growth emerging markets such as China, India, and Southeast Asia, creating an influential global industry-wide innovation ecosystem. During the Reporting Period, Fosun RZ Capital had more than 45 employees in 7 offices around the world.

Fosun RZ Capital's global core team has an average of more than 10 years' investment experience. Since its incorporation, Fosun RZ Capital has invested in an average of around 20 new projects each year. As at the end of the Reporting Period, Fosun RZ Capital has total assets under management amounting to billions of Renminbi. As at the end of the Reporting Period, two of its portfolio companies have launched IPO in the U.S. and over ten projects have exited successfully in cash rendering outstanding performance.

During the Reporting Period, over ten portfolio companies gained financing from subsequent rounds of fund-raising. Fosun RZ Capital has also been selected as one of the "Top 50 Best Chinese Venture Capital Institutions 2020" by China Venture, "Top 50 Best Chinese Venture Capital Institutions 2020" by The Capital magazine, "Top 50 Venture Firms in China 2020" by Jiemian (a new financial media), and "China's Top 100 Venture Capital Institutions" by Zero2IPO Group.

In the future, Fosun RZ Capital's investment will deepen its involvement in technological innovation and strive to capture more technology-driven opportunities. Fosun RZ Capital will broaden and deepen its industrial presence, empowering and evolving together with global outstanding enterprises.

Hauck & Aufhäuser Privatbankiers AG (H&A)

Founded in 1796, H&A is headquartered in Frankfurt with offices in several key German cities such as Munich, Dusseldorf, Hamburg and Cologne. It also has branches in Luxembourg and London, a subsidiary in Zurich and a representative office in Paris. In September 2016, Fosun acquired 99.91% equity interest in H&A.

H&A aims to rank among the top 3 private banks in Germany with a focus on managing, preserving, serving and trading client assets. The bank follows a clear growth strategy with a diversified and capital-light business model covering the four core business areas, i.e. asset servicing, private banking, financial markets and investment banking.

H&A intends to internationalize its product series, and secure new customer groups and thus further strengthen its own market position. An essential element of the bank's future growth strategy is its role as a bridge between the major Chinese and European commercial entities. It aims to help German companies gain access to the highly-potential Chinese market which is part of the surging Asian market.

In the past two years, H&A has established subsidiaries in Shanghai and Nanjing respectively, focusing on the asset management and cross-border mergers and acquisitions ("**M&A**") business.

Against the background of an unprecedented public health crisis and an economic halt, the assets under H&A's service and management reached EUR167.4 billion as at the end of the Reporting Period, representing an increase of 18.1% compared to the same period of 2019. At the same time, H&A's gross income increased by 24.3% year-on-year to EUR229.1 million during the Reporting Period. H&A's net profit increased from EUR27.9 million in 2019 to EUR45.7 million in 2020, with its total assets growing to EUR6,655 million. H&A maintains a strong growth despite of the economic headwinds caused by the global pandemic. Its Return on Equity (ROE) reached 15.9%, and its CET1 capital ratio increased to 19.3% in 2020. H&A's investment banking business growth is also doubled.

H&A announced in 2020 its planned acquisition of Bankhaus Lampe which now is subject to authorities' approval. It is preparing a solid integration plan to form a new leading private bank in Germany.

H&A's growth story has gained recognition from the public, as a result of which the bank received several awards including "Best Private Bank in Germany 2020", "Germany's Most Popular Bank", "Leading Employers in Germany". Meanwhile, it has been actively fulfilling the requirements for environmental and social governance development to continuously optimize its corporate governance.

BCP

In 1985, a group of over 200 shareholders and a team of experienced banking professionals incorporated BCP. During the period from 1995 to 2000, BCP solidified its position in the Portuguese banking market through a series of strategic mergers and acquisitions, and became the largest private bank in Portugal. Since 2000, BCP has been strengthening its position into international markets in Europe and Africa, especially Poland, Mozambique and Angola, which have a close historical connection to Portugal, and also established a wholly-owned subsidiary in Switzerland driven to private banking. Since 2010, BCP entered the Chinese Mainland market through its Guangzhou representative office and relaunched its business activities in Macau with an onshore full banking license. In November 2016, the Group invested in BCP. As at the end of the Reporting Period, the Group held 29.93% equity interest in BCP.

BCP operates and acts with respect for people and institutions, pursuing a mission of excellence, trust, ethics and responsibility, being committed to serving the individuals and corporations on the geographies where it is present with comprehensive financial solutions. BCP provides commercial banking products and services to individuals and corporations, complemented by investment banking and private banking services. BCP also owns a leading digital bank known as "ActivoBank".

During the Reporting Period, the consolidated core net income (net interest income plus net fees and commissions income deducted from operating costs) of BCP amounted to EUR1,116.5 million, representing an increase of 2.8% as compared to EUR1,085.9 million achieved in 2019, mainly boosted by the core net income of the activity in Portugal, which showed a year-on-year growth of 5.9% to EUR636.6 million during the Reporting Period, supported on the performance of net interest income while commissions remained at a similar level to that of the previous year. The net income attributable to bank's shareholders stood at EUR183.0 million in 2020, declining by 39.4% year-on-year as compared to EUR302.0 million in 2019, which was strongly influenced by the impacts of the COVID-19 pandemic which was materialized in large part in the recognition of additional impairments for credit risk and by the reinforcement of the extraordinary provision booked for foreign exchange mortgage legal risk in Polish subsidiary.

At the end of the Reporting Period, the consolidated total assets of BCP amounted to EUR85,813 million, increasing by 5.1% year-on-year. The consolidated loans to customers (gross) of BCP amounted to EUR56,146 million, showing a 2.6% year-on-year growth, with this performance being boosted by the favourable performance of the activity in Portugal. The good performance of loans to customers (gross) in Portugal led to a 4.8% year-on-year increase, reaching EUR38,473 million, which largely reflects the credit granted under the credit lines launched by the government to face the impacts caused by the COVID-19 pandemic, reflecting the reinforcement of the presence of BCP in the market segment of small and medium enterprises and companies.

It should also be noted that the non-performing exposure (NPE) reduced EUR883 million at BCP's group level resulting from the success of the divestment strategy in this type of assets, leading the NPE ratio as a percentage of the total loan portfolio to decline from 7.7% as at the end of 2019 to 5.9% as at the end of the Reporting Period. At the same time, the reinforcement in the coverage of NPE by impairments at BCP's group level increased 5.2 percentage points year-on-year to 63.0% as at the end of the Reporting Period.

Another remarkable performance during the Reporting Period belongs to the growth of mobile customers for BCP, which increased 489,000 customers to 2.7 million mobile customers in total at the group level from the end of 2019 to the end of the Reporting Period. During the Reporting Period, BCP is awarded "Best Consumer Digital Bank Award 2020 in Portugal" by *Global Finance*, "Consumer Choice in Portugal for 2021" and "Main Bank for Companies" in Portugal.

The strategic plan of BCP foresees that BCP will continue to promote the five overarching strategic priorities which were defined for the future, which are talent mobilization, mobile-centric digitization, growth and leadership in Portugal, growth in international footprint, and business model sustainability, to enable BCP to accomplish the strategic objectives in steady state.

The Bund Finance Center ("**BFC**")

Located at 600 Zhongshan No. 2 Road (E) (Postcode: 200010), Shanghai, China, with the Huangpu River to the east and Yuyuan Tourist Mart on the west, BFC is a benchmark project of Fosun's "Hive City" and the only large ecological commercial complex located in the heart of the Bund. It embraced its grand opening on 12 December 2019. The gross floor area ("**GFA**") of BFC is over 420,000 square meters. It integrates ecology with office, retail, catering, entertainment, health, art and tourism, opening a brand-new horizon of life in Shanghai.

BFC is the exemplary model of "1+N Happiness Ecosystem", which regards "Fashion, Art, Design" as main theme and thoroughly implements the FC2M strategy. The BFC introduces Fosun's rich industry resources to the areas surrounding landmarks to leverage the multiplier effect and creates the high-end product line of the Group's commercial projects, providing deep-level services to meet the needs of urban residents.

BFC's principal businesses include (i) office rental business which offers premium grade-A offices integrated with multiple smart building technologies and comfortable workspace experience with attentive concierge service; (ii) retail business that houses over 200 stores and brands, of which 30 stores are the first of its kind; (iii) catering business that offers an array of high-quality international restaurants; (iv) health business with swimming pool, gym equipment, sport classes and boxing training and a high-end medical clinic providing services such as health check-up, chronic disease and sub-health management, stomatological treatment, anti-aging treatment and beauty salon, body shape management and international healthcare; (v) art business conducted through Fosun Foundation Art Center (Shanghai), which has the world's first-ever three-layer "moving" veil system creating an unique and dynamic aesthetic appeal of the building; and held various global artists' exhibitions; and (vi) family-oriented services that feature the Miniversity club jointly established by FTG, Mattel (a children's entertainment brand) and Club Med.

During the Reporting Period, BFC recorded total revenue of RMB620.9 million. EBITDA amounted to RMB351.1 million.

Despite the impact of the pandemic at the beginning of the year 2020, BFC consolidated its efforts in the prevention of pandemic, ensured zero infection and maintained a stable occupancy rate. During the period affected by the pandemic, BFC secured transactions with key corporates and their entry into BFC office. After the pandemic stabilized, BFC heightened its efforts both online and offline, completing the goal of securing 100,000 new members ahead of schedule. BFC also launched an online shopping platform "iShopping" jointly with Fosun, integrating functions including online purchase, membership rights, interactive live streaming and store display. In respect of offline operation, BFC launched "Weekend Fair on 1 May" (五一週末市集), "Family Day on 15 May" (515家庭日), "BFC Dessert Carnival" (BFC甜品嘉年華), "BFC Fengjing Weekend Market" (外灘楓徑週末集市) and other highlighted activities in succession, rapidly gathering customers together and achieving agreeable results, among which, "BFC Fengjing Weekend Market" attracted 600,000 visits in the first month after its launch and attracted accumulatively 6 million visits.

BFC will deepen its implementation of FC2M strategy and introduce its excellent industry resources of "Health, Happiness, Wealth and Intelligent Manufacturing" to meet the clients' needs, providing caring services to each family to meet their desires for a better life, and securing its construction of the "Happiness Ecosystem". Meanwhile, BFC will constantly promote its online businesses, building BFC product lines, completing thousand events annually, aiming to become the new commercial benchmark in Shanghai and China. Close to Yuyuan, BFC will strive to achieve two-way empowerment with Yuyuan in the future, aim to become a "Big Yuyuan Cultural Zone" that integrates culture, art, tourism, consumption, finance, commerce and natural scenery with full upgrade of its overall regional image and industrial ecology to become the most representative landmark in Shanghai.

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

Name of project	Floor	Area (sq.m.)
GFA		425,591
Grade A offices	S1	107,079
	S2	103,138
	N1	21,425
	N2	25,462
	N3	10,410
Shopping center		117,520
Boutique hotel		36,346
Fosun Foundation Art Center (Shanghai)		4,211

INTELLIGENT MANUFACTURING

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

Unit: RMB million

	For the year ended 31 December 2020	For the year ended 31 December 2019 (restated)	Change over the same period of last year
Revenue	**4,950.2**	3,583.5	38.1%
Profit attributable to owners of the parent	**2,102.7**	3,282.5	(35.9%)

During the Reporting Period, the revenue of the Intelligent Manufacturing segment increased by 38.1% compared to the same period of last year, which was mainly due to that Shanghai FFT Automation Technology Co., Ltd. (上海愛夫迪自動化科技有限公司) was consolidated in June 2020. The decrease in profit attributable to owners of the parent compared to the same period of last year was mainly due to the provision of gas and oil asset made by ROC and declined performance as a result of the decline in oil prices, and the decrease of share of profit in the associates.

Nanjing Iron & Steel

Nanjing Iron & Steel, a leading whole-process with high efficiency steel conglomerate. The improved production efficiency and product competitiveness through continuous technological innovation have enabled Nanjing Iron & Steel to form a unique competitive advantage of "high-efficiency production, low-cost intelligent manufacturing", with the capability of producing 10 million tons of crude steel per year. As at the end of the Reporting Period, the Group held 58.81% equity interest in Nanjing Iron & Steel through Nanjing Nangang.

Nanjing Iron & Steel actively responds to "14th Five-Year" high-quality development plan launched by the government of PRC. Adhering to the corporate vision of "creating a world-class and respected intelligent corporate body", Nanjing Iron & Steel concentrates on "Green, Smart, High-tech" concept with new steel materials as the core to build a mutual empowerment and compound growth industrial chain ecosystem, and develop into a globally competitive intelligent manufacturer of advanced materials.

The iron and steel business of Nanjing Iron & Steel aims to build a world-class modern high-quality steel base, and increase R&D and investment in technology innovation and ultra-low carbon emission. By improving quality and efficiency through digital intelligence transformation, innovative R&D structure optimization and green-upgrade integration of industry and city, it specializes in manufacturing special steels meticulously. In the new industry area, Nanjing Iron & Steel focuses on new materials and the extension of the industrial chain to cultivate and develop as a leader and hidden champion in this subdivision industry.

During the Reporting Period, Nanjing Iron & Steel overcame the impact of the pandemic, flood, price increase of iron ore, and actively responded to the downward pressure of the economy and the constraints of supply chain resources. Nanjing Iron & Steel improves the high-quality steel products with "high-efficiency production and low-cost intelligent manufacturing". It adjusted order delivery and product structure according to work resumption in the industry downstream, helped companies in the downstream to resume work and production, and ensured the stable supply of steel for important domestic projects. During the Reporting Period, Nanjing Iron & Steel's operating revenue reached RMB53,122.9 million, representing a year-on-year increase of 10.74%. The net profit attributable to shareholders of the listed company was RMB2,845.9 million, representing a year-on-year increase of 9.20%, of which the net profit attributable to shareholders of the listed company in the second half of the year was RMB1,730.3 million, representing an increase of 55.10% over the first half of the year. Total R&D investment in 2020 amounted to RMB2,125.0 million, accounting for 4.00% of revenue and representing a 16.57% year-on-year growth. Nanjing Iron & Steel maintained its competitive advantage in the industry.

During the Reporting Period, Nanjing Iron & Steel's output of pig iron, crude steel and steel products were 10.4153 million tons, 11.5831 million tons and 10.2051 million tons, respectively, representing a year-on-year increase of 5.20%, 5.58% and 2.87% respectively. Among them, steel products export achieved breakthrough against the trend, amounted 783.4 thousand tons with an increase of 55.46% year-on-year, which reached the highest record in the past years, and the production-sales ratio was 99.84%.

During the Reporting Period, the price and sales of Nanjing Iron & Steel's advanced iron and steel materials rose together, achieving a sales volume of 1.5593 million tons with an increase of 13.62% year-on-year. For special sheet materials, the market share in China of nine strategic products such as nickel-based steel, high-grade wear-resistant steel and stainless steel clad plates have been maintained in a leading position.

During the Reporting Period, Nanjing Iron & Steel focused on "serving customers" by providing customers with personalized and organized solutions. It established an integrated system of "production, marketing, research and application + service" and created the smart marketing system 2.0 to improve customers' accurate profile system with the completion rate of 95.7%.

In terms of cost control, Nanjing Iron & Steel reduced total cost of RMB797 million through industry benchmarking, process optimization, procurement at proper time and fine management. Among them, the processing cost reduced by RMB536 million and the procurement cost reduced by RMB138 million. In terms of green environmental protection, Nanjing Iron & Steel has accelerated the pace of construction and renovation of environmental protection facilities. The total discharge of major pollutants and characteristic pollutants is lower than the government's permitted discharge. Particulate matter, sulfur dioxide content, and nitrogen oxide emissions decreased by 15%, 48% and 47% year-on-year, respectively. Hydrogen sulfide at the gas outlet was decreased from 100mg/m^3 to 10mg/m^3 by adopting the DDS new biocatalyst in carrying out desulfurization and efficiency improvement tests. The infrastructure project of the Riverside Wetland Park was completed with addition of approximately 159,000 square meters green space.

In terms of energy saving and consumption reduction, the comprehensive energy consumption per ton of steel and new water consumption per ton of steel decreased continuously, reaching the industry-leading level. Among them, the comprehensive energy consumption per ton of steel recorded 551.70kgce, representing a year-on-year decrease of 2.0kgce; the new water consumption per ton of steel was 1.98 cubic meters, reaching the clean production Level I benchmark value; and the comprehensive power consumption per ton of steel was 464kWh.

Looking forward, Nanjing Iron & Steel will focus on the diversified development of the new material industry chain and the core platform which promotes the dual-balanced development in quality and speed and strengthens new materials related fields through "Industry Operations + Industrial Investment", forming cycle complements, enhancing the core competitiveness, and improving corporate value creation ability.

Hainan Mining

Established in August 2007, Hainan Mining was listed on the SSE in December 2014. ROC, the subsidiary of Hainan Mining, develops across the full range of upstream business activities in the oil and gas industry from exploration and appraisal of oil and gas to development and production. As at the end of the Reporting Period, the Group held 51.57% equity interest in Hainan Mining.

Hainan Mining's principal businesses include (i) iron ore mining, processing and sales business; (ii) iron ore international trading and mixed ore business; (iii) oil and gas business.

During the Reporting Period, the revenue of Hainan Mining amounted to RMB2,763.66 million, representing a year-on-year decrease of 25.67%, and net profit attributable to shareholders of the listed company amounted to RMB142.52 million, representing a year-on-year increase of 11.60%. The two main products of iron ore and crude oil experienced the rapid contraction in demand and dropping price in the first half year and the rising demand and price in the second half year. Accordingly, the revenue and the operating profits were seeing rapid recovery in the second half year.

In respect of iron ore production, Hainan Mining, has leveraged on its many years of experience in ore mining and processing to continuously revise and adjust its underground mining equipment, strengthen delicacy management for facilities, and has implemented the ore supply system featuring full mines, which has significantly increased its underground mining production capacity. During the Reporting Period, the underground mining production reached approximately 4.21 million tons, an increase of 49.9% year-on-year; the raw ore production reached approximately 6.13 million tons, an increase of 41.1% year-on-year; and the finished ore production reached approximately 3.12 million tons, an increase of 21.5% year-on-year.

During the Reporting Period, the sales volume of ROC was 2.5572 million barrels equivalent, representing a year-on-year decrease of 1.88%, but its sales revenue was RMB645.7 million, representing a year-on-year decrease of 33.89%. The market price of oil and gas is greatly affected by the fluctuation of crude oil price. The annual average price of Brent crude oil is USD41.84 per barrel, which is 53.47% lower than that of USD64.21 per barrel in the same period of 2019. Therefore, the decline of sales revenue of ROC is significantly higher than that of sales volume during the Reporting Period.

During the Reporting Period, Hainan Mining made great efforts in improving output while controlling the costs of iron ore with specific measures as: reorganizing production procedures and working out scientific and effective improvement plans; constructing the intermediate storage yard for crude ore and putting it into use as scheduled, fixing the restrictions imposed by the procedures for ore collection and selection; optimizing production and transportation modes and reasonably controlling the storage amount of crude ore so as to reduce secondary transfer and transportation procedures.

In respect of oil and gas exploitation, with technical methods, ROC deferred and decreased unnecessary capital expenses to increase reserves and dilute fixed amortization cost. It negotiated with drilling suppliers and saved drilling costs and other measures to effectively control costs.

During the Reporting Period, Hainan Mining paid attention to the construction of environmental and social responsibility. The synchronous operation rate of pollution prevention and control facilities was 100%, the qualified rate of industrial waste water discharge was 100%, the qualified rate of industrial waste gas discharge was 100%, the qualified rate of dust in production and operation sites was 99.52%, the mine reclamation and green plant was 330,000 trees, and the reclaimed area was more than 155 mu.

In 2021, Hainan Mining will actively promote the construction of key mine projects, improve the concentrate grade and annual concentrate output, and continue to promote the project cooperation between ROC and major national oil companies, so as to further reduce costs and increase efficiency, and strive to achieve the main production targets of 3 to 3.15 million tons of finished iron ore and 3.24 to 3.39 million barrels of oil and gas equivalent by 2021.

The key production of iron ore of Hainan Mining during the Reporting Period was as follows:

	Finished iron ore output (thousand tons)	Iron ore reserves Note (million tons)
2020	3,118.7	234
2019	2,567.5	238
Year-on-year change	21.47%	

Note: According to the "Solid Minerals Geological Prospecting Standards" of the PRC, the figures in 2020 were estimated figures.

FFT

Founded in 1974, FFT is one of the world's largest providers of intelligent manufacturing solutions. In May 2019, Shanghai FFT Automation Technology Co., Ltd. (上海愛夫迪自動化科技有限公司), a company invested by the Group, completed the acquisition of 100% equity interest in FFT.

FFT will stay committed to the transformation and upgrading of production technology of manufacturing enterprises for the next decade, and become a world-class digital and intelligent solution provider for the industry. FFT will create excellent intelligent equipment through endogenous R&D as well as M&A, accelerate the development of the industrial digital business, and provide customers with full-dimensional coverage of smart factory solutions.

At present, FFT provides automated and flexible production lines for large manufacturing enterprises. Its main customers include Daimler, BMW, Volkswagen and other global first-tier automotive OEMs. Furthermore, FFT is expanding horizontally into new industries such as the battery industry and automotive electronics. Through continuous joint R&D with first-class customers, FFT leads the industrial development of intelligent manufacturing technology, formulates global standards, and further expands and improves its existing laser, vision, lightweight fixture and other proprietary technologies and standard product series.

FFT will continue to focus on the development of its three core businesses in the global market in the future: in terms of flexible automation production line solutions, FFT will continue to expand its market share on the basis of consolidating the advantages accumulated in the automotive industry in the past 50 years to accelerate the penetration of the new energy vehicles industry. Meanwhile, FFT has set up a general industry subsidiary, focusing on serving the automation needs of industries other than the automotive industry, transplanting the core technical advantages accumulated by FFT in the automotive industry to the general industry, and further extending its business to new energy battery, automotive electronics, and pharmaceutical industries, so as to create new business growth.

In terms of industrial digital services, FFT's digital twin and virtual commissioning technologies have been successfully applied in production lines of multiple customers. FFT has also set up an industrial digital subsidiary, focusing on industrial internet software for the production and operation levels, providing customized solutions for large and medium-sized enterprises, providing SaaS services for small and medium-sized enterprises' pain points solutions and providing intelligent factory solutions for customers.

FFT will continue to invest in R&D, establish a global supply chain, reduce costs, enhance the profitability and competitiveness of the main business in the automotive industry, and expand the scale of the performance and market share. FFT makes full use of its accumulated automation know-how, as well as continuous learning and absorption of the skills from different industries, and actively enters into the automation business in new industries including new energy battery, automotive electronics, pharmaceutical manufacturing, food/dairy packing, 3C and other automatic industries. At the same time, FFT will continue to expand the existing laser, vision, lightweight fixture and other proprietary technologies and standard product series, create excellent intelligent equipment through endogenous R&D and mergers and acquisitions, accelerate the development of its industrial digital business, and provide customers with complete intelligent factory solutions.

FINANCIAL REVIEW

Net Interest Expenditures

Net interest expenditures, net of capitalized amounts of the Group, decreased to RMB9,518.3 million in 2020 from RMB9,888.0 million in 2019. The decrease in net interest expenditures in 2020 was mainly attributable to the decrease in the interest rates of borrowings. The interest rates of borrowings in 2020 were approximately between 0.0% and 9.8%, as compared with approximately between 0.45% and 17.65%[note] for the same period of last year.

Tax

Tax of the Group decreased to RMB5,873.5 million in 2020 from RMB7,348.0 million in 2019. The decrease in tax mainly resulted from the decrease in taxable profit of the Group.

Basic Earnings Per Share Of Ordinary Shares

Basic earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB0.94 in 2020, representing an decrease of 45.7% from RMB1.73 per share in 2019. Diluted earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB0.94 in 2020. The weighted average number of shares was RMB8,483.1 million shares for 2020, which was RMB8,532.0 million shares for 2019.

Equity Per Share Attributable To Owners Of The Parent

As at 31 December 2020, equity per share attributable to owners of the parent was RMB15.17, representing an increase of RMB0.82 per share from RMB14.35 per share as at 31 December 2019. The total comprehensive income attributable to owners of the parent in 2020 was RMB7,532.8 million. The dividend distributed on 16 July 2020 was RMB2,042.0 million. The difference of above contributes to the increase in equity per share attributable to owners of the parent.

Proposed Final Dividend

The Board has recommended the payment of a proposed final dividend of HKD0.22 per ordinary share for the year ended 31 December 2020. Subject to the approval of the Company's shareholders at the Company's annual general meeting to be held on 3 June 2021, the proposed final dividend will be paid to the Company's shareholders on or around 16 July 2021. There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

Capital Expenditures And Capital Commitment

The capital expenditure of the Group mainly consists of additions to property, plant and equipment, exploration and evaluation assets, mining rights, intangible assets, investment properties and oil and gas assets. We have been increasing our investment in the R&D of pharmaceutical products in order to produce more proprietary products with higher gross profit margin. We continued our commitment in property development, but will adjust our strategy according to market conditions. With an aim to further strengthen our leading role in the happiness industry, we have made extra efforts in the Happiness Business.

As at 31 December 2020 the Group's capital commitment contracted but not provided for was RMB15,625.7 million. These were mainly committed for property development, addition of plant and machinery and investments. Details of capital commitment are set out in note 63 to financial statements.

Note: Except the borrowings Indian, the interest rates of borrowings in 2019 were approximately between 0.5% and 9.2%.

Indebtedness And Liquidity Of The Group

As of 31 December 2020, the total debt of the Group was RMB229,802.4 million, representing an increase from RMB208,287.1 million as of 31 December 2019, which was mainly due to the increase in borrowings as a result of business expansion of various segments of the Group. As of 31 December 2020, mid-to-long-term debt of the Group accounted for 61.1%% of total debt, while 60.3% as of 31 December 2019. As of 31 December 2020, cash and bank balance and term deposits increased by RMB11,939.4 million to RMB106,839.9 million as compared with RMB94,900.5 million as of 31 December 2019.

During the reporting period, the average financing cost was 4.80%, which decreased by 0.26 percentage point as compared to that of 2019.

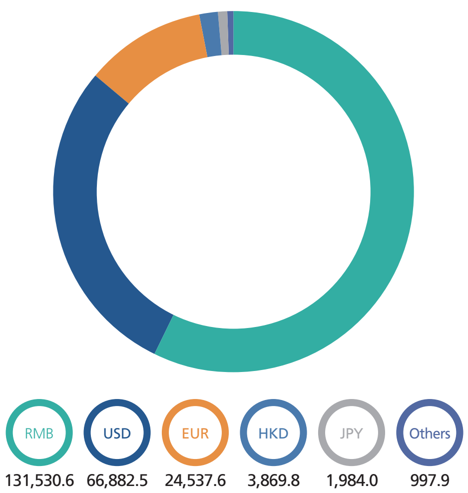
Unit: RMB million

	31 December 2020	31 December 2019
Total debt	**229,802.4**	208,287.1
Cash and bank and term deposits	**106,839.9**	94,900.5

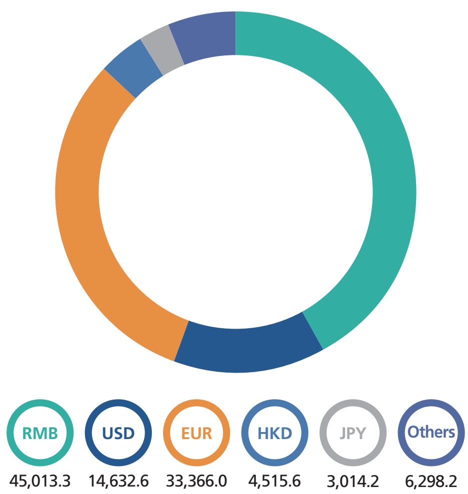
The original denomination of the Group's debt as well as cash and bank and term deposits by currencies, equivalent in RMB, as at 31 December 2020, is summarized as follows:

Unit: RMB million equivalent

TOTAL DEBT



CASH AND BANK AND TERM DEPOSITS



Total Debt To Total Capitalisation Ratio

As at 31 December 2020, the ratio of total debt to total capitalisation was 54.3% as compared with 53.5% as at 31 December 2019. This ratio has increased as a result of the increase of the total debt. Healthy debt ratios and abundant funds can reinforce the Group's ability to defend against risk exposure, and provide support to the Group in capturing investment opportunities.

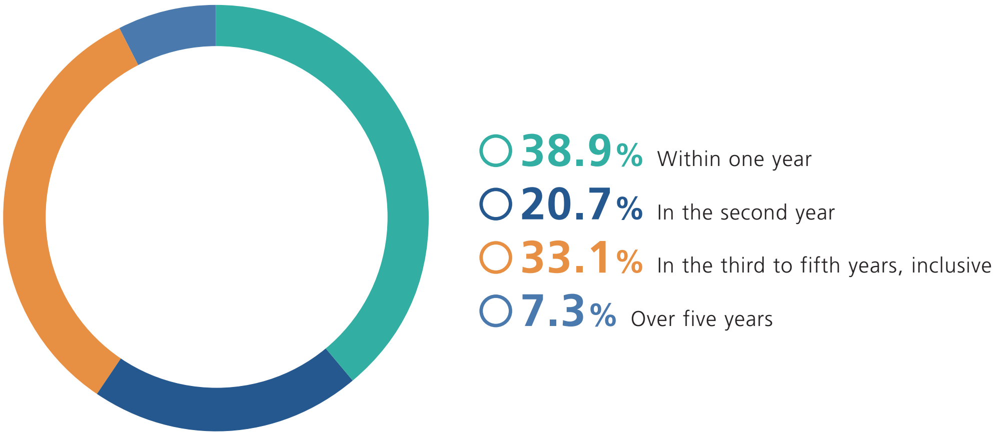
Basis Of Calculating Interest Rate

To stabilize interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure according to the interest rate policy, seeking to optimise the interest rate level. As at 31 December 2020, 60.7% of the Group's total borrowings bore interest at a fixed interest rate.

The Maturity Profile Of Outstanding Borrowings

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

Outstanding borrowings classified by year of maturity as at 31 December 2020 are as follows:



Available Facilities

As at 31 December 2020, save for cash and bank and term deposits of RMB106,839.9 million, the Group had unutilized banking facilities of RMB175,783.3 million. The Group has signed strategic cooperation agreements with various foreign and Chinese banks. According to these agreements, the banks committed to strengthen further on the existing relationship, and provide comprehensive financial support toward Fosun's "Health, Happiness, Wealth & Intelligent Manufacturing" businesses. Prior approval from banks in accordance with bank regulations of China must be obtained before the use of these banking facilities. As at 31 December 2020, available banking facilities under these arrangements totaled RMB318,602.8 million, of which RMB142,819.5 million was utilized.

Cash Flow

In 2020, net cash flow generated from operating activities was RMB8,884.6 million. Profit before tax for the year was RMB16,973.9 million. After making aggregate adjustment for the items such as investment gain and loss and financing costs included in profit before tax and offsetting the total amount of depreciation and amortisation which did not result in cash outflow, cash flow generated from operating activities decreased by RMB3,539.5 million. However, owing to the increase in provision for outstanding claims and deposits from customers of RMB2,553.9 million and RMB6,824.5 million, respectively, and the increase in accrued liabilities and other payables of RMB6,991.8 million, cash flow generated from operating activities increased. The increase in properties under development and inventories of RMB4,108.3 million and RMB3,638.6 million, respectively, the increase in insurance and reinsurance debtors of RMB3,467.1 million, and the decrease in investment contract liabilities of RMB7,473.4 million and the tax paid of RMB6,099.6 million contributed to an decrease in the cash flow from operating activities. The increase in provision for outstanding claims was mainly due to the expansion of reinsurance business and the European insurance business affected by the persistent low interest rates in the Eurozone; the increase in deposits from customers was mainly due to the increase from asset management business; the increase in completed properties held for sale was mainly due to the additional cost along with the construction progress; the increase in inventories was mainly due to operations; the decrease in investment contract liabilities was due to transformation on the business structure of Fosun Insurance Portugal, through adjusting the proportion of life insurance products.

In 2020, net cash flow from investing activities was RMB613.3 million, mainly due to proceeds from disposal of financial assets at fair value through profit and loss, debt investments at fair value through other comprehensive income, maturity of debt investments at amortized cost, disposal of associates and disposal of partial interests in associates, disposal of investment properties, dividends and interests received from debt instruments and equity investments, dividends received from associates and interest received, which was partly offset by the purchase of property, plant and equipment, purchase and construction of investment properties, purchase of intangible assets, purchase of financial assets at fair value through profit and loss, debt investments at fair value through other comprehensive income and debt investments at amortized cost, and acquisition of subsidiaries and associates.

In 2020, net cash flow from financing activities was RMB2,293.0 million, mainly from the new bank and other borrowings, as well as capital contribution from non-controlling shareholders of subsidiaries, which was partly offset by repayment of bank and other loans, payment of interest and dividends, decrease in loans from non-controlling shareholders and acquisition of additional interests in subsidiaries.

Pledged Assets

As at 31 December 2020, the Group had pledged assets of RMB83,420.3 million (31 December 2019: RMB95,475.5 million) for bank borrowings. Details of pledged assets are set out in note 42 to financial statements.

Contingent Liabilities

The Group's contingent liabilities of RMB7,867.4 million as at 31 December 2020 (31 December 2020 RMB8,602.8 million), Details of contingent liabilities are set out in note 64 to financial statements.

Interest Coverage

In 2020, the interest coverage was 3.6 times as compared with 4.5 times for 2019. The decrease was mainly due to that EBITDA of the Group decreased to RMB33,995.8 million in 2020 from RMB44,103.3 million in 2019.

Financial Policies And Risk Management

GENERAL POLICY

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

FOREIGN CURRENCY EXPOSURE

The functional currencies of the Company and PRC subsidiaries are HKD and RMB, respectively. The financial statements are presented in RMB. Each entity in the Group determines its own functional currency. Foreign currency-denominated assets held by the Group are exposed to foreign exchange risks. These assets include monetary assets such as deposits and bonds held in foreign currencies and non-monetary assets measured at fair value such as investment properties, stocks and funds held in foreign currencies. The Group's foreign currencies denominated liabilities are also exposed to risks as a result of fluctuations in exchange rates. These liabilities include monetary liabilities such as borrowings, customers' deposits and claim reserves denominated in foreign currencies. Financial settlement and currency conversion as at the reporting date of these foreign currency-denominated assets and liabilities may generate a certain amount of foreign exchange losses or gains, thereby affecting the Group's profits or net assets. The Group will adopt appropriate hedging methods as necessary to hedge the foreign currency risk exposure.

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

Unit: RMB million

Year	2016	2017	2018	2019	2020
Total equity	122,873.8	136,412.3	160,441.0	180,924.2	**193,086.6**
Equity attributable to owners of the parent	92,367.0	100,960.8	108,528.8	122,552.3	**127,812.0**
Equity per share attributable to owners of the parent (in RMB)	10.74	11.76	12.70	14.35	**15.17**
Indebtedness					
Total debt	126,276.8	150,456.5	186,140.4	208,287.1	**229,802.4**
Total debt/Total capitalization (%)	50.7%	52.4%	53.7%	53.5%	**54.3%**
Interest coverage (times)	5.4	6.0	4.7	4.5	**3.6**
Capital employed	218,643.8	251,417.2	294,669.2	330,839.4	**357,614.4**
Cash and bank balances	52,156.4	82,616.1	106,316.5	94,900.5	**106,839.9**
Property, plant and equipment	20,672.0	25,413.2	36,310.4	39,610.4	**42,459.9**
Investment property	30,493.3	32,438.4	46,567.8	59,360.4	**65,688.5**
Property under development	32,068.6	41,367.6	39,520.9	51,248.3	**55,195.0**
Prepaid land lease payments	2,105.3	2,359.8	3,427.9	–	**–**
Mining rights	531.3	542.2	548.2	536.0	**512.8**
Interest in associates	44,115.6	61,721.9	84,084.1	88,379.5	**92,254.4**
Available-for-sale investments	128,175.4	136,692.5	–	–	**–**
Investments at fair value through profit or loss	8,328.7	17,158.2	–	–	**–**
Financial assets at fair value through profit or loss	–	–	49,015.8	61,397.4	**59,163.4**
Equity investments designated at fair value through other comprehensive income	–	–	1,645.1	898.6	**746.3**
Debt investments at fair value through other comprehensive income	–	–	84,149.2	88,442.3	**89,142.3**
Debt investments at amortized cost	–	–	20,123.4	33,578.4	**34,812.9**
Profit attributable to owners of the parent	10,268.2	13,161.3	13,406.4	14,800.9	**8,017.9**
Basic earnings per share (in RMB)	1.19	1.53	1.57	1.73	**0.94**
Diluted earnings per share (in RMB)	1.19	1.53	1.56	1.73	**0.94**
Profit contribution by each business segment[Note 1]					
Health	1,078.9	1,423.0	1,057.8	1,438.8	**1,683.6**
Happiness	457.6	465.6	423.2	2,233.9	**(280.1)**
Wealth	8,937.7	9,724.8	8,433.1	7,883.6	**4,547.3**
Insurance	535.7	1,469.3	980.9	758.5	**1,158.2**
Asset Management	8,402.0	8,255.5	7,452.2	7,125.1	**3,389.1**
Intelligent Manufacturing	(116.05)	1,584.7	3,448.3	3,282.5	**2,102.7**
Elimination	(90.0)	(36.8)	44.0	(37.9)	**(35.6)**
EBITDA	23,891.3	30,789.2	32,710.4	44,103.3	**33,995.8**
Proposed dividend per share (in HKD)	0.210	0.350	0.370	0.400	**0.220**

Note 1: The profit contribution by each business segment from 2016 to 2019 has been restated to reflect the change of the reporting segments of the Group.

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Group for the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

During the Reporting Period, the Company applied the principles of and fully complied with all code provisions as set out in the CG Code. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

A. THE BOARD

a) Responsibilities

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

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

b) Delegation of Management Function

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

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

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

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

c) Board Composition

The Board for the year ended 31 December 2020 comprised the following Directors:

Executive Directors[(1)]

Mr. Guo Guangchang *(Chairman)*
Mr. Wang Qunbin *(Co-Chairman)*[(2)]
Mr. Chen Qiyu *(Co-Chief Executive Officer)*[(3)]
Mr. Xu Xiaoliang *(Co-Chief Executive Officer)*[(3)]
Mr. Qin Xuetang
Mr. Gong Ping[(4)]

Non-Executive Directors

Ms. Chen Shucui
Mr. Zhuang Yuemin[(5)]
Mr. Yu Qingfei[(6)]

Independent Non-Executive Directors[(7)]

Mr. Zhang Shengman
Mr. Zhang Huaqiao
Mr. David T. Zhang
Dr. Lee Kai-Fu
Ms. Tsang King Suen Katherine[(8)]

Notes:

(1) Mr. Wang Can resigned as Executive Director and Senior Vice President of the Company with effect from 21 January 2020.
(2) Re-designated as Co-Chairman of the Company with effect from 21 February 2020.
(3) Re-designated as Co-Chief Executive Officer of the Company with effect from 21 February 2020.
(4) Appointed as Chief Financial Officer of the Company with effect from 21 February 2020.
(5) Appointed as Non-Executive Director of the Company with effect from 5 June 2020.
(6) Appointed as Non-Executive Director of the Company with effect from 10 December 2020.
(7) Mr. Yang Chao resigned as Independent Non-Executive Director of the Company with effect from 21 February 2020.
(8) Appointed as Independent Non-Executive Director of the Company with effect from 10 December 2020.

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

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

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

d) Appointment and Re-election of Directors

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

Ms. Chen Shucui has been appointed as Non-Executive Director of the Company with effect from 17 December 2019 and has entered into service contract with the Company for a term of 2 years from the date of her appointment. Mr. Zhuang Yuemin has been appointed as Non-Executive Director of the Company with effect from 5 June 2020 and has entered into service contract with the Company for a term of 2 years from the date of his appointment. Mr. Yu Qingfei has been appointed as Non-Executive Director of the Company with effect from 10 December 2020 and has entered into service contract with the Company for a term of 2 years from the date of his appointment. All other Directors have entered into service contracts with the Company for a term of 3 years from 28 March 2021. No Director has a service contract with the Company which is not terminable by the Company within one year and without payment of compensation (other than statutory compensation).

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

e) Continuous Professional Development of Directors

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

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

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

	Training Matters		
Name of Directors	Legal and Regulatory	Business Update	Corporate Governance
Executive Directors			
Mr. Guo Guangchang	✓	✓	✓
Mr. Wang Qunbin	✓	✓	✓
Mr. Chen Qiyu	✓	✓	✓
Mr. Xu Xiaoliang	✓	✓	✓
Mr. Qin Xuetang	✓	✓	✓
Mr. Gong Ping	✓	✓	✓
Non-Executive Directors			
Ms. Chen Shucui	✓	✓	✓
Mr. Zhuang Yuemin	✓	✓	✓
Mr. Yu Qingfei	✓	✓	✓
Independent Non-Executive Directors			
Mr. Zhang Shengman	✓	✓	✓
Mr. Zhang Huaqiao	✓	✓	✓
Mr. David T. Zhang	✓	✓	✓
Dr. Lee Kai-Fu	✓	✓	✓
Ms. Tsang King Suen Katherine	✓	✓	✓

f) Board Meetings

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

g) Practice and Conduct of Board Meetings

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

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

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

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

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

h) Directors and Officers Liability Insurance

The Company has arranged the directors and officers liability insurance in respect of legal action against the Directors, the insured clause and scope of coverage of year 2020/2021 have been reviewed and renewed.

i) Board Diversity Policy

The Company recognizes and embraces the benefit of having a diverse board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage and achieving long-term sustainable growth for the Group. According to the board diversity policy of the Company, all Directors appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to ethnicity, race, nationality, gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. The Nomination Committee reviews the implementation of the board diversity policy on an annual basis to ensure its continued effectiveness. As at the end of the Reporting Period, the Board appointed two female Directors, namely Ms. Chen Shucui, a Non-Executive Director and Ms. Tsang King Suen Katherine, an Independent Non-Executive Director. Based on the review of the implementation of the board diversity policy during the Reporting Period, the Nomination Committee viewed that (i) the said diversity elements have substantially been included in the board composition and (ii) the appointment of Mr. Zhuang Yuemin and Mr. Yu Qingfei as Non-Executive Directors of the Company and Ms. Tsang King Suen Katherine as an Independent Non-Executive Director of the Company during the Reporting Period would further enrich the spectrum of skills, experience and diversity of perspectives of the Board, thereby enhancing the diversity and effectiveness of the Board.

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, the posts of Chairman and Co-Chairman are Mr. Guo Guangchang and Mr. Wang Qunbin, respectively; the posts of Co-Chief Executive Officers are Mr. Chen Qiyu and Mr. Xu Xiaoliang[1], respectively. This segregation ensures a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business operations. Their respective responsibilities are clearly established and set out in writing.

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

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

Note:

(1) Mr. Wang Qunbin has been re-designated as Co-Chairman and has ceased to be the Chief Executive Officer of the Company with effect from 21 February 2020; Mr. Chen Qiyu and Mr. Xu Xiaoliang have been re-designated as Co-Chief Executive Officers of the Company with effect on the same day.

C. BOARD COMMITTEES

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

The majority of the members of the Environmental, social and Governance Committee are Independent Non-Executive Directors and the members of other Board committees are all Independent Non-Executive Directors. The Board committees are provided with sufficient resources to discharge their duties, and upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

As at the end of the Reporting Period, the Audit Committee comprised five Independent Non-Executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Zhang Huaqiao, Mr. David T. Zhang, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

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

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

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

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

The Company's annual results for the year ended 31 December 2020 have been reviewed by the Audit Committee.

Remuneration Committee

As at the end of the Reporting Period, the Remuneration Committee comprised five Independent Non-Executive Directors, namely Mr. Zhang Huaqiao (Chairman), Mr. Zhang Shengman, Mr. David T. Zhang, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine.

The main duties of the Remuneration Committee include the following:

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

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

Nomination Committee

As at the end of the Reporting Period, the Nomination Committee comprised five Independent Non-Executive Directors, namely Mr. David T. Zhang (Chairman), Mr. Zhang Shengman, Mr. Zhang Huaqiao, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine.

The main duties of the Nomination Committee include the following:

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

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

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

Environmental, Social and Governance Committee

As at the end of the Reporting Period, the Environmental, Social and Governance Committee comprised six Directors, namely Dr. Lee Kai-Fu (Chairman), Mr. Qin Xuetang, Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang and Ms. Tsang King Suen Katherine, and the majority of them are Independent Non-Executive Directors.

The Environmental, Social and Governance Committee was established to assist the Board in providing direction on and overseeing the development and implementation of the environmental, social and governance ("**ESG**") initiatives of the Group, including (i) corporate sustainability initiatives; (ii) environmental protection initiatives; and (iii) philanthropic and community investment initiatives.

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

- To oversee the development of the ESG vision, strategies and policies;
- To oversee the implementation of the ESG vision, strategies and policies;
- To oversee the funding of ESG initiatives; and
- To oversee the external communications policies.

The Environmental, Social and Governance Committee held two meetings during the Reporting Period to review working optimization measures and working plans, and to approve proposals relating to the Environmental, Social and Governance Report of 2020. The attendance records of each member of the Environmental, Social and Governance Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

D. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings, and annual general meeting of the Company held for the year of 2020 is set out in the table below:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Environmental, Social and Governance Committee	Annual General Meeting
Executive Directors						
Mr. Guo Guangchang	7/7	–	–	–	–	1/1
Mr. Wang Qunbin	7/7	–	–	–	–	1/1
Mr. Chen Qiyu	7/7	–	–	–	–	1/1
Mr. Xu Xiaoliang	7/7	–	–	–	–	1/1
Mr. Qin Xuetang	7/7	–	–	–	2/2	1/1
Mr. Gong Ping	7/7	–	–	–	–	1/1
Mr. Wang Can(1)	0/0	–	–	–	0/0	0/0
Non-Executive Directors						
Ms. Chen Shucui	7/7	–	–	–	–	1/1
Mr. Zhuang Yuemin(2)	3/3	–	–	–	–	0/0
Mr. Yu Qingfei(3)	0/0	–	–	–	–	0/0
Independent Non-Executive Directors						
Mr. Zhang Shengman	7/7	2/2	4/4	3/3	2/2	1/1
Mr. Zhang Huaqiao	7/7	2/2	4/4	3/3	2/2	1/1
Mr. David T. Zhang	7/7	2/2	4/4	3/3	2/2	1/1
Dr. Lee Kai-Fu	7/7	2/2	4/4	3/3	2/2	1/1
Ms. Tsang King Suen Katherine(4)	0/0	0/0	0/0	0/0	0/0	0/0
Mr. Yang Chao(5)	1/1	0/0	0/0	0/0	0/0	0/0

Note:

(1) Mr. Wang Can has resigned as an Executive Director, a Senior Vice President and a member of the Environmental, Social and Governance Committee of the Company with effect from 21 January 2020.

(2) Mr. Zhuang Yuemin has been appointed as a Non-Executive Director of the Company with effect from 5 June 2020.

(3) Mr. Yu Qingfei has been appointed as a Non-Executive Director of the Company with effect from 10 December 2020.

(4) Ms. Tsang King Suen Katherine has been appointed as an Independent Non-Executive Director and a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Company with effect from 10 December 2020.

(5) Mr. Yang Chao has resigned as an Independent Non-Executive Director, the chairman of the Environmental, Social and Governance Committee, a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company with effect from 21 February 2020.

E. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code. Specific enquiry has been made to each of the Directors, saving as disclosed below, 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 undisclosed inside information of the Company.

Due to inadvertent mistakes, on 1 April 2020 and 6 May 2020, 359,700 Shares and 127,500 Shares that were held by Mr. Xu Xiaoliang ("**Mr. Xu**"), the Executive Director and Co-CEO of the Company, through the trustee's trading platform of the Company's Share Award Scheme (the "**Trading Platform**") were disposed of at HKD8.8845 per Share and HKD9.4952 per Share, respectively (the "**Disposal**"). On 28 August 2020, Mr. Xu became aware of the Disposal and immediately informed the Board according to the requirements as set forth in the Model Code as well as filed disclosure of interests notices regarding the Disposal to the Hong Kong Stock Exchange. Mr. Xu has undertook with the Company that he will comply with the Model Code.

The Board is of the view that the Company has maintained an effective system in monitoring the Directors' securities transactions (including but not limited to the application mechanism) to ensure compliance with the Model Code. In order to avoid similar incidents in the future, the Company has implemented and will implement the following actions:

(i) The Company has reminded all Directors to comply with Model Code in their securities transactions, particularly the importance of application prior to the securities transactions. The Company will also provide trainings to improve and refresh the Directors' compliance knowledge and enhance their awareness of good corporate governance practices; and

(ii) As all award shares granted by the Company to the Directors pursuant to the Share Award Scheme are managed by the trustee designated by the Company, the Company has instructed the trustee that the Trading Platform should refrain from processing and carrying out any instructions for disposal of the vested award Shares by Directors and relevant employees before receiving the approval of the Board regarding such dealings.

F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Board is responsible for presenting a balanced and clear assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020. The senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

G. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

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

During the Reporting Period, the remuneration paid to Ernst & Young, the external auditors of the Company, in respect of professional audit services, amounted to RMB10.4 million and no significant non-audit services were provided by Ernst & Young to the Company.

H. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

With respect to procedures and internal control for the handling and dissemination of inside information, the Company is required to disclose inside information as soon as reasonably practicable in accordance with the SFO and the Listing Rules; conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission; has included in the Group's Code of Conduct a strict prohibition on the unauthorized use of confidential or inside information; ensures through its own internal reporting processes and the consideration of their outcome by senior management, the appropriate handling and dissemination of inside information.

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

I. COMPANY SECRETARY

The Company Secretary is the employee of the Company. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring that Board meeting procedures are followed and for facilitating information flows and communications among Directors as well as with management.

The Company Secretary's biography is set out in the section of "Biographical Details of Directors and Senior Management" in this annual report. During 2020, the Company Secretary has received over 15 hours of professional training.

J. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman as well as the Chairman of the Audit, Remuneration, Nomination and Environmental, Social and Governance Committees and, in their absence, other members of the respective committees and, where applicable, the Chairman of the Independent Board Committee, are available to answer questions at general meetings.

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

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

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

K. SHAREHOLDER RIGHTS

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

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

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

The rights of shareholders and the procedures for demanding a poll on resolutions at general meetings are contained in the Articles of Association and the Companies Ordinance (Chapter 622). Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll, except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Poll results announcement will be posted on the websites of the Company and the Hong Kong Stock Exchange in the manner prescribed by the Listing Rules.

Putting Forward Enquiry/Requisition to the Board

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

Contact Details

Shareholders may send their enquiries or requisitions as mentioned above to the following:
Company Name: Fosun International Limited
Address: Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong

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

Key Shareholder Dates

Key shareholder dates for 2021 are:

- June 2021: annual general meeting;
- August 2021: release of announcement of interim results in respect of the six months ending 30 June 2021; and
- September 2021: release of interim report in respect of the six months ending 30 June 2021.

L. DIVIDEND POLICY

The Company adopts a dividend policy of providing shareholders of the Company with regular dividends. In general, the Company will propose dividends annually when the Board approves the annual results. In determining the appropriate amount of dividend, the Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns. The general dividend policy of the Company is as follows:

- in determining its dividend payment ratio in respect of any particular financial year, the Company will take into account a desire to maintain a stable dividend level within its overall objective of maximizing shareholders' value over the longer term; and
- if the Company pays an annual dividend in respect of a financial year, the dividend would generally be paid in the form of a final dividend only.

In considering the level of dividend payments, if any, upon recommendation by the Board, the Company intends to take into account various factors, including:

- the level of the cash and retained earnings of the Company;
- expected financial performance of the Company;
- projected levels of capital expenditure and other investment plans of the Company; and
- the dividend yield of similar-sized companies, with similar growth listed in Hong Kong and with business operations comparable to those of the Company.

Biographical Details of Directors and Senior Management

Executive Directors

Guo Guangchang Wang Qunbin Chen Qiyu Xu Xiaoliang

Guo Guangchang, aged 53, is an Executive Director and Chairman of the Company and the founder of the Group. As at the end of the Reporting Period, he has also been a director of both Fosun Holdings and Fosun International Holdings (the direct and indirect controlling shareholders of the Company, respectively). Mr. Guo was a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE). As at the end of the Reporting Period, Mr. Guo has been the vice chairman of The General Association of Zhejiang Entrepreneurs, honorary chairman of The Zhejiang Chamber of Commerce, Shanghai, etc.. Mr. Guo was honored, among others, the "China Democratic League Anti-COVID-19 Outstanding Individual", the "Anti-epidemic Action Award" at the "2020 Ram Charan Management Practice Award" hosted by *Harvard Business Review*, the "Outstanding Businessman of Listed Company Award" at the "Top 100 Hong Kong Listed Company" Award, co-organized by Tencent News and Finet Group Limited, and "Lifetime Achievement Award" at the 16th CNBC Asia Business Leaders Award Ceremony etc.. Mr. Guo received a bachelor's degree in philosophy in 1989 and a master's degree in business administration in 1999, both from Fudan University.

Wang Qunbin, aged 51, is an Executive Director and Co-Chairman of the Company, and the founder of the Group. Mr. Wang was appointed as the Co-Chairman of the Company in February 2020. Mr. Wang was a director of Yuyuan (listed on the SSE) and a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE) and Sinopharm (listed on the Hong Kong Stock Exchange). Mr. Wang was awarded "Asia Pacific Outstanding Entrepreneur Awards" by Enterprise Asia and "Best Asian Corporate Director" at the Asian Excellence Recognition Awards by *Corporate Governance Asia*, etc., and was named one of "China's 50 Top-performing Corporate Leaders" by *Harvard Business Review*. Mr. Wang received a bachelor's degree in genetic engineering from Fudan University in 1991.

Chen Qiyu, aged 48, is an Executive Director and Co-CEO of the Company. Mr. Chen was appointed as the Co-CEO of the Company in February 2020. Mr. Chen joined the Group in 1994 and as at the end of the Reporting Period, he has also been a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), a non-executive director and chairman of Shanghai Henlius (listed on the Hong Kong Stock Exchange), a non-executive director and vice chairman of Sinopharm (listed on the Hong Kong Stock Exchange), a co-chairman of New Frontier Health Corporation (listed on the New York Stock Exchange with stock code NFH), a director of Gland Pharma Limited (listed on the BSE Limited and National Stock Exchange of India Limited with stock code GLAND), Sanyuan Foods (listed on the SSE) and various companies within the Group. Mr. Chen was a director of Dian Diagnostics Group Co., Ltd. (listed on the Growth Enterprise Market Board of the Shenzhen Stock Exchange with stock code 300244), a non-executive director of BabyTree (listed on the Hong Kong Stock Exchange). As at the end of the Reporting Period, Mr. Chen has been the chairman of China Medical Pharmaceutical Material Association, a vice chairman of China Pharmaceutical Innovation and Research Development Association, the honorary chairman and chief supervisor of Shanghai Biopharmaceutics Industry Association, the vice council chairman of Shanghai Society of Genetics and a member of the 13th Shanghai Standing Committee of the Chinese People's Political Consultative Conference. Mr. Chen was a member of the 12th Shanghai Standing Committee of the Chinese People's Political Consultative Conference. Mr. Chen was awarded the "Best Entrepreneurial Leader" under Golden Kirinbest Hong Kong Listed Company Stock Value Ranking by Sina Finance, "Shanghai Excellent Constructor of Socialism with Chinese Characteristics from Non-public Sector" and "Shanghai Outstanding Entrepreneur". Mr. Chen received a bachelor's degree in genetics from Fudan University in 1993 and an EMBA degree from China Europe International Business School in 2005.

Xu Xiaoliang, aged 47, is an Executive Director and Co-CEO of the Company. Mr. Xu was appointed as the Co-CEO of the Company in February 2020. Mr. Xu joined the Group in 1998, and as at the end of the Reporting Period, he has also been the chairman of Fosun Hive, a non-independent director of Hainan Mining (listed on the SSE), a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE) and a director of Yuyuan (listed on the SSE), Shanghai Foyo Culture & Entertainment Co., Ltd. (listed on the NEEQ with stock code 831472) and various companies within the Group. Mr. Xu was a non-executive director and vice chairman of Zhaojin Mining Industry Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code 01818), and a director of Shanghai Resource Property Consulting Co., Ltd. (delisted from the NEEQ in December 2020, "**Resource Property**"). As at the end of the Reporting Period, Mr. Xu has been a deputy to the 15th Shanghai Municipal People's Congress, the co-chairman of Industry-City Integration Development Federation of The Zhejiang Chamber of Commerce, Shanghai and the chairman of the Shanghai International Fashion Federation. Mr. Xu was awarded the "Shanghai 4 May Youth Medal" and "Shanghai Top Ten Youth Business People". Mr. Xu received a master's degree in business administration from the East China Normal University in 2002 and received an EMBA degree from Fudan University in 2019.

Qin Xuetang, aged 57, is an Executive Director and Senior Vice President of the Company. Since joining the Group in 1995, Mr. Qin has been in charge of the legal and internal control affairs of the Company, possessing in-depth knowledge in the area of M&A, as well as corporate governance of listed companies. In addition, Mr. Qin oversees all matters related to the Company's audit, compliance, risk control and information disclosure. Mr. Qin received a bachelor's degree in law in 1985 from the Southwest University of Political Science & Law and was admitted to practice law in the PRC in 1990. Prior to joining the Group, Mr. Qin worked in the Law School of Fudan University.

Gong Ping, aged 45, is an Executive Director, Senior Vice President and CFO of the Company. Mr. Gong was appointed as the CFO of the Company in February 2020. Mr. Gong joined the Group in 2011 and as at the end of the Reporting Period, he has also been a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), a director of Yuyuan (listed on the SSE), Shanghai Bailian Group Co., Ltd. (listed on the SSE with stock code 600827) and various companies within the Group. As at the end of the Reporting Period, Mr. Gong has been a council member of Shanghai Association for Youth Entrepreneurship and Employment and vice chairman of Shanghai Youth Entrepreneurs' Association. He used to serve as a senior assistant to president of the Group, the general manager of Corporate Development Department and the CEO of Fosun Hive. He was the chairman of Paris Realty Fund SA (listed on the Euronext Paris with stock code PAR), a non-executive director of Shanghai Zendai Property Limited (listed on the Hong Kong Stock Exchange with stock code 00755) and a director of Resource Property (delisted from the NEEQ in December 2020). Prior to joining the Group, Mr. Gong worked at Pudong branch and the headquarters of Bank of Shanghai as well as the PRC headquarters of Standard Chartered Bank. Mr. Gong also served as a global strategist at the headquarters of Samsung Group in Korea, carrying out special assignments across various sectors including financial services, technology and real estate worldwide. Mr. Gong graduated from Fudan University in 1998 with a bachelor's degree in international finance, and then obtained his master's degree in finance from Fudan University in 2005. Mr. Gong also received his master's degree in business administration from International Institute for Management Development (IMD) in Lausanne, Switzerland in 2008.

Chen Shucui, aged 46, has been a Non-Executive Director of the Company since December 2019. As at the end of the Reporting Period, Ms. Chen has also been the general manager assistant of China Everwin Asset Management Co., Ltd., a non-executive director of Ronshine China Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 03301) and a director of Xinhu Zhongbao Co., Ltd. (listed on the SSE with stock code 600208). She was a non-independent director of Beijing Jetsen Technology Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code 300182) and Zhejiang Hailiang Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code 002203). Ms. Chen has experience in asset management and securities trading for over twenty years. From 1997 to 2017, Ms. Chen successively served as the general manager assistant of Beijing sales department, the general manager assistant of Hebei securities asset management department of Hebei Securities Co., Ltd.; the deputy general manager of the securities investment department of New Times Securities Co., Ltd.; the deputy general manager of asset management department, deputy general manager of futures intermediate business of Huarong Securities Co., Ltd.; the general manager of securities investment department of Dongxing Securities Co., Ltd. and the president assistant of New Times Trust Co., Ltd.. Ms. Chen graduated from Hebei University of Economics and Business with a bachelor's degree in economics in 1997, and then obtained her master's degree in economics from Xiamen University in 2000.

Non-Executive Directors

Independent Non-Executive Directors

Zhuang Yuemin | Yu Qingfei | Zhang Shengman | Zhang Huaqiao

Zhuang Yuemin, aged 49, has been a Non-Executive Director of the Company since June 2020. As at the end of the Reporting Period, Mr. Zhuang has also been the chairman of AEON Insurance Asset Management Co., Ltd. and the vice president of AEON Life Insurance Company, Ltd., and in March 2021, he was appointed as a non-executive director of Guangzhou Rural Commercial Bank Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code 01551). Mr. Zhuang has experience in securities brokerage, asset management, investment management and insurance asset management for over 27 years. Mr. Zhuang had served as the vice general manager of the brokerage business management headquarters of Southern Securities Co., Ltd., the general manager of the headquarters of the south China business of Xiangcai Securities Co., Ltd., the general manager of the asset management headquarters of Huaxi Securities Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code 002926), the vice president of the Goldstate Securities Co., Ltd., the vice general manager of Minsheng Tonghui Asset Management Co., Ltd. and the director of Ningxia Jiaze Renewables Corporation Limited (listed on the SSE with stock code 601619). Mr. Zhuang graduated from Wuhan University with a master's degree in economics in 2001.

Yu Qingfei, aged 54, has been a Non-Executive Director of the Company since December 2020. As at the end of the Reporting Period, Mr. Yu has also been the chairman, and the director of executive committee of Zhongrong Life Insurance Co., Ltd. Mr. Yu has management experience in banking and insurance industries for over 30 years and has been qualified as a lawyer in Chinese mainland since 1993. Prior to joining Zhongrong Life Insurance Co., Ltd., Mr. Yu worked in Guizhou Branch of Industrial and Commercial Bank of China Limited and successively served as the general manager of Legal Affairs Department, the general manager of Risk Management Department of the Guiyang Branch, the head of Guiyang Fushui Sub-branch, the head of Guiyang Yunyan Sub-branch, the deputy head of the Guiyang Branch and the head of the Zunyi Branch. Mr. Yu obtained his bachelor's degree in law from Southwest University of Political Science & Law in 1989 and obtained his master's degree in engineering from Yunnan University in 2015.

Zhang Shengman, aged 63, has been an Independent Non-Executive Director of the Company since December 2006. As at the end of the Reporting Period, Mr. Zhang has also been a non-executive director of Seazen Group Limited (listed on the Hong Kong Stock Exchange with stock code 01030). Mr. Zhang worked in the PRC Ministry of Finance as a deputy director and vice secretary from 1987 to 1993. From 1994 to 2005, Mr. Zhang served as an executive director for China, vice president and chief secretary, senior vice director, managing director and chairman of the operations committee, the sanctions committee and the corporate committee on fraud and corruption policy of the World Bank. Mr. Zhang joined Citigroup Inc. (listed on the New York Stock Exchange with stock code C) in February 2006, and up to May 2016 once served as the chairman of the Public Sector Group, chairman and president of Asia Pacific. From August 2016 to March 2018, Mr. Zhang was a non-executive director of Seazen Holdings Co., Ltd. (listed on the SSE with stock code 601155). Mr. Zhang received a bachelor's degree in English literature in 1978 from Fudan University and a master's degree in public administration in 1985 from University of the District of Columbia. Mr. Zhang completed the Harvard Advanced Management Program in 1997.

Zhang Huaqiao, aged 57, has been an Independent Non-Executive Director of the Company since March 2012. As at the end of the Reporting Period, Mr. Zhang has been an independent non-executive director of Zhong An Group Limited (stock code 00672), China Huirong Financial Holdings Limited (stock code 01290), Logan Group Company Limited (formerly known as Logan Property Holdings Company Limited, stock code 03380), Luye Pharma Group Ltd. (stock code 02186) and Radiance Holdings (Group) Company Limited (stock code 09993), all of which are listed on the Hong Kong Stock Exchange. From July 1986 to January 1989, Mr. Zhang was employed at the People's Bank of China and from June 1999 to April 2006, Mr. Zhang worked at the Equities Department of UBS AG, Hong Kong Branch at which he first served as the head of China research and later became co-head of China research. Mr. Zhang was the chief operating officer from March 2006 to September 2008 and an executive director from May 2006 to September 2008 of Shenzhen Investment Limited (listed on the Hong Kong Stock Exchange with stock code 00604). From September 2008 to June 2011, he was deputy head of China Investment Banking at UBS Securities Asia Limited. Mr. Zhang was also a non-executive director of Boer Power Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 01685), an independent non-executive director of Yancoal Australia Ltd. (listed on the Australian Securities Exchange with stock code YAL and the Hong Kong Stock Exchange with stock code 03668), Wanda Hotel Development Company Limited (listed on the Hong Kong Stock Exchange with stock code 00169), Sinopec Oilfield Service Corporation (listed on the SSE with stock code 600871 and the Hong Kong Stock Exchange with stock code 01033) and China Rapid Finance Limited (listed on the New York Stock Exchange with stock code XRF), and a non-executive director, executive director and chairman of China Smartpay Group Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 08325). Mr. Zhang graduated from the Graduate School of the People's Bank of China with a master's degree in economics in 1986; and from the Australian National University with a master's degree in economics in 1991.

Independent Non-Executive Directors

David T. Zhang

Lee Kai-Fu

Tsang King Suen Katherine

David T. Zhang, aged 58, has been an Independent Non-Executive Director of the Company since June 2012. Mr. Zhang has also been a senior corporate partner in the Hong Kong office of Kirkland & Ellis International LLP, a leading international law firm. Admitted to the practice of law in the State of New York, USA and based in Hong Kong, Mr. Zhang specializes in securities offerings and M&A transactions. He has extensive experience representing Chinese issuers and leading investment banks in US IPOs, Hong Kong IPOs and other Rule 144A and Regulation S offerings of equity, debt and convertible securities. Mr. Zhang has represented a number of leading private equity funds, multinational corporations and sovereign wealth funds in connection with their investments and M&A transactions in the Greater China region and Southeast Asia. In addition, Mr. Zhang has successfully guided China-based companies listed in the Unites States and Hong Kong through complex mission-critical moments, counselling leaders and boards of directors on high-stakes matters at the intersection of litigation, regulatory enforcement, reputation and public policy. Mr. Zhang has been rated as a top capital markets attorney by *Chambers Global*, *Legal 500 Asia Pacific*, *IFLR1000* and *Chambers Asia Pacific*. Prior to joining Kirkland & Ellis International LLP in August 2011, Mr. Zhang was a partner of Latham & Watkins LLP, a leading international law firm, for eight years. Mr. Zhang graduated from Beijing Foreign Studies University in 1981 and received his J.D. degree from Tulane University Law School in 1991.

Lee Kai-Fu, aged 59, has been an Independent Non-Executive Director of the Company since March 2017. As at the end of the Reporting Period, Dr. Lee has also been the chairman of Sinovation Ventures (Beijing) Enterprise Management Co., Ltd. (delisted from the NEEQ in January 2020), a co-founder and the managing partner of Sinovation Ventures Development Funds, the chairman and CEO of Innovation Works Limited, a non-executive director of Meitu, Inc. (listed on the Hong Kong Stock Exchange with stock code 01357). Dr. Lee has also been a director of various companies in the internet, artificial intelligence and other industries. From 1988 to 1990, Dr. Lee worked at Carnegie Mellon University, where he served as an assistant professor; between July 1990 and April 1996, Dr. Lee worked at Apple Inc. (listed on NASDAQ with stock code AAPL), serving as a vice-president from December 1995; from July 1998 to July 2005, Dr. Lee was the vice president of Microsoft Corporation (listed on NASDAQ with stock code MSFT); from July 2005 to September 2009, Dr. Lee was the president of Google China of Google Inc. (listed on NASDAQ with stock code GOOGL), and he was responsible for launching the Google China R&D Centre. Dr. Lee was also an independent director of LightInTheBox Holding Co., Ltd. (listed on the New York Stock Exchange with stock code LITB), an independent non-executive director of Shangri-La Asia Limited (listed on the Hong Kong Stock Exchange with stock code 00069) and Hon Hai Precision Industry Co., Ltd. (listed on the Taiwan Stock Exchange with stock code 2317). Dr. Lee received his bachelor of arts degree and Ph.D. in computer science from Columbia University in 1983 and Carnegie Mellon University in 1988, respectively.

Tsang King Suen Katherine, aged 63, has been an Independent Non-Executive Director of the Company since December 2020. Ms. Tsang is the founder of Max Giant Capital. As at the end of the Reporting Period, Ms. Tsang has also been an independent non-executive director of Budweiser Brewing Company APAC Limited (listed on the Hong Kong Stock Exchange with stock code 01876), Genesis Emerging Markets Fund Limited (listed on the London Stock Exchange with stock code GSS) and China CITIC Bank International Limited. Ms. Tsang was an independent non-executive director of Baoshan Iron & Steel Co., Ltd. (listed on the SSE with stock code 600019) from May 2006 to April 2012, the chairperson of Greater China of Standard Chartered Bank from August 2009 to August 2014, an independent non-executive director of Gap Inc. (listed on the New York Stock Exchange with stock code GPS) from August 2010 to May 2018. Ms. Tsang serves as a member of the Advisory Council for China of the City of London, an honorary board member of Shanghai Jiao Tong University and the member of Finance and Investment Committee of The Boys' and Girls' Clubs Association of Hong Kong. Ms. Tsang was a member of the World Economic Forum's Global Agenda Council on China from 2009 to 2012 and a member of Sotheby's Asia Advisory Board from November 2011 to October 2014. Ms. Tsang graduated from University of Alberta, Canada with a bachelor's degree in Commerce in 1978.

SENIOR MANAGEMENT OF THE COMPANY

Zhang Houlin, aged 52, is the Senior Vice President and Co-CFO of the Company. Mr. Zhang was appointed as the Co-CFO of the Company in February 2020. As at the end of the Reporting Period, Mr. Zhang has also been the chairman of Shanghai Fosun High Technology Group Finance Co., Ltd., the director of Shanghai Ganglian E-Commerce Holdings Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code 300226) and other companies within the Group. Mr. Zhang joined the Group in 2000 and takes comprehensive responsibility of the overall financing management of the Group, including capital strategic planning and capital risk control. Prior to joining the Group, Mr. Zhang worked at Agricultural Bank of China, Shanghai Waigaoqiao sub-branch from December 1993 to October 2000. Mr. Zhang received a bachelor's degree in history in 1991 and a master's degree in business administration (MBA) in 1998, both from Fudan University.

Qian Shunjiang, aged 56, is the Co-CFO of the Company. Mr. Qian was appointed as the Co-CFO of the Company in April 2020. As at the end of the Reporting Period, Mr. Qian has also been the director of Nanjing Iron & Steel, Nanjing Nangang and Nanjing Iron & Steel United Co., Ltd. Mr. Qian joined the Group in 2008 and is mainly responsible for financial line management. Prior to joining the Group, Mr. Qian worked for Shanghai Johnson Ltd., Orient Overseas Container Line (China) Co., Ltd., Johnson & Johnson (China) Investment Ltd., China Worldbest Group Co., Ltd. and Lianlian Yintong Electronic Payment Co., Ltd.. Mr. Qian received a master's degree in business administration from Shanghai University of Finance and Economics in 1995.

COMPANY SECRETARY

Sze Mei Ming, aged 43, has been the Company Secretary of the Company since March 2009. Ms. Sze joined the Group in 2007. Ms. Sze holds a bachelor's degree in Arts from the University of Hong Kong, a bachelor's degree in laws from the University of London and a master's degree in Chinese and Comparative Law from the City University of Hong Kong. Ms. Sze has experience in the company secretarial industry for more than twenty years and is a fellow member of The Chartered Governance Institute and The Hong Kong Institute of Chartered Secretaries.

The Board is pleased to present its report and the audited financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is an innovation-driven consumer group with mission to provide high-quality products and services for families around the world in health, happiness, wealth and intelligent manufacturing segments.

BUSINESS REVIEW OF THE GROUP IN 2020

A fair view of the business of the Group in 2020 and a discussion and analysis of the material factors underlying the Group's performance, results and financial position during the year are provided in the sections headed "Business Review" and "Financial Review" under "Management Discussion & Analysis" in this annual report, respectively. Description of the major risks and uncertainties faced by the Group can be found throughout this annual report, particularly in the "Directors' Report". Particulars of important events affecting the Group that have occurred since the end of the financial year 2020, can also be found in the above mentioned sections and the Notes to Financial Statements. The outlook of the Group's business is discussed throughout this annual report including the section headed "Letter to Shareholders".

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2020 and the state of affairs of the Group at that date are set out in the financial statements and the accompanying notes of this annual report.

The Board has recommended the payment of a final dividend of HKD0.22 per Share for the year ended 31 December 2020 to the shareholders of the Company whose names appear on the register of members of the Company on 15 June 2021. Subject to approval by the shareholders of the Company at the annual general meeting of the Company to be held on 3 June 2021 (the "**AGM**"), the proposed final dividend is expected to be paid on or around 16 July 2021 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with Computershare Hong Kong Investor Services Limited, the share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "**Share Registrar**"), for registration no later than 4:30 p.m. on Friday, 28 May 2021.

The register of members of the Company will also be closed from Thursday, 10 June 2021 to Tuesday, 15 June 2021, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be proposed at the AGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Wednesday, 9 June 2021.

SUMMARY FINANCIAL INFORMATION

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

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the Reporting Period are set out in notes 13 and 14 to financial statements, respectively.

ISSUED SHARES

Details of movements in the Company's Share during the Reporting Period are set out in note 57 to financial statements.

SUBSIDIARIES

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

BORROWINGS

Particulars of borrowings of the Group are set out in note 42 to financial statements.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Board considered repurchases of Shares will lead to an enhancement of the net asset value per Share and/or earnings per Share, thus the Company repurchased a total of 126,267,500 Shares on the Hong Kong Stock Exchange at an aggregate consideration of HKD1,237,298,575.41. All the repurchased Shares were cancelled as at 30 March 2021.

Details of the repurchase are summarized as follows:

Month of repurchase	Total number of Shares repurchased	Highest price paid per Share (HKD)	Lowest price paid per Share (HKD)	Total purchase price paid (HKD)
January 2020	5,570,000	11.54	10.38	60,165,229.96
February 2020	19,790,500	10.90	9.80	204,384,310.46
April 2020	7,462,500	9.73	8.14	62,318,704.99
May 2020	2,016,000	9.86	9.26	19,445,590.00
June 2020	3,336,500	10.16	9.49	32,882,670.00
August 2020	500,000	8.66	8.63	4,323,750.00
September 2020	18,243,500	8.86	8.37	156,931,555.00
October 2020	31,150,500	9.50	9.01	287,670,330.00
November 2020	12,439,000	9.99	9.36	121,732,845.00
December 2020	25,759,000	12.18	10.64	287,443,590.00
Total	**126,267,500**	–	–	**1,237,298,575.41**

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

HUMAN RESOURCES

As of 31 December 2020, the Group had approximately 76,000 employees.

In 2020, guided by the ambition of "making a world of difference by serving families worldwide" and the strategic initiatives of implementing "1+N" product lines, Fosun's human resources division focused on constantly consolidating the soil of Fosun's cultural values in order to further improve industry operation capabilities. Meanwhile, we comprehensively promoted the building-up of organizational capabilities in the organizations in Fosun ecosystem of various status. Implementing the strategy planning by top-level design, optimizing the efficiency and vitality by organizational mechanism optimization, and ensuring the organizational agility and high efficiency by the establishment of digital and high-tech system, we aimed to enhance the organizational health and form a talent-and-high-potential-fulfilled and long-lasting organizational ecosystem by establishing and optimizing culture and values, partnership models, talent pipelines, etc.

In 2020, centralizing to the requirement of in-depth industry operation, based on the positioning of family consumer industry group, aiming to construct an ecological organization continuously and take advantage of the multiplier effect of Fosun's industrial ecology, Fosun's human resources division constantly carried out organizational innovation and evolution,and formed a new organizational formation of 5 Business Groups and 3 Asset Management Centers,expanding multiplier of the Investment, Hive, Industrial Internetization and Industry. Meanwhile, combining with the guidance and requirements of the industry's sustained fast growth, we continued to empower companies to consolidate organizational capabilities, identify core growth points, innovate organizational models, and promote organization replication and development.

In terms of management philosophy, we always adhered to the concept of "Talents are Fosun's first asset", and emphasized that the leader of the enterprise is also the leader of human resources, leading staff at all levels to immerse in the idea, "things on the left, people on the right". Concerning mechanism construction, in the context of global fight against COVID-19, Fosun entered organizational wartime state comprehensively. To create a highly agile organization, we established a campaign mechanism, and paid attention to timely campaign incentives and fire-line promotion. We strengthen and comprehensively implement the mechanism construction of role rotation and coopetition mechanism, presenting an active operational status that specific personnel for important matters, multi-team coopetition for 0-1, and high-speed completion for 1-100.

About talent distribution, we focus on global and multiple domains to keep introducing leaders and qualified personnel in various industries. In 2020, we make more efforts to get talents in industrial operations, internet, product innovation and other areas. In terms of talent echelon, we are dedicated to creating excellent and efficient talent teams with future-oriented perspective (Pre-Foster/Pre-Foster+, Mid-level talents, Top talents, Leading talents). In terms of capacity building for talent introduction, we take own capacity development seriously. Also, we set up scout department, introduce headhunting elites and support a more market-oriented ranking mechanism and incentive system. In terms of human resources, we constantly perfect the talent system and information construction of Fosun and keep accumulating Fosun top-level talent pool. In terms of employer branding, Fosun ecology group work together and organize global campus recruitment under the ONE Fosun to attract professional graduates of various majors from the world and continuously inject new force into enterprises.

We facilitate the evolution of organizational structure and mechanisms, focus on the top-level structure and product-line, thereby promoting organizational capabilities of the Group's industry groups and its portfolio companies. Also, we continue to promote multi-dimensional, multi-partnership and deep-rooted partnership model and various relative measures. By improving talent efficiency, talent structure, talent pipelines, and optimizing human resources mechanism, we promote the mutual empowerment among the Group and its portfolio companies. Meanwhile, by focusing on high potential talents with outstanding performances, we provide them with more promotion and development opportunities, and fully exploit the employees' potential; we encourage talent rotation among business units and functional lines, among the Group and the portfolio companies, building a symbiotic, connected and shared ONE Fosun talent ecosystem; in line with the strategic transformation, design and optimize various incentive systems, according to the different characteristics of each business, we actively explore innovative tools and ideas to improve the accuracy of incentive mechanism, facilitate team stability and cohesion through the promotion of the design and implementation of long-term incentive mechanism at the level of portfolio companies.

The Upgrade of Fosun Partner Management System

In the effort to continuously advance and implement the managerial concept of having Fosuners led by Fosun Partners, Fosun has promoted over 60 new Fosun Global Partners in 2020 and adding to the existing Global Partners, Fosun has built to a top leader team with over 110 Fosun Global Partners from each and different racetracks of Fosun invested industries. The roles of Fosun Global Partners are essential and numerous in terms of serving as guardian of Fosun culture, leader of industry operation, accountable of business' multiple growths, connector of ecosystem multiplier, explorer of global layout, driver of innovation and entrepreneurship, and evolutionist of organization mechanism. On the same time, the Fosun Partner system is a vertical management axis featured with the diversified dimensions such as Global Partner, Innovation Partner, Industry Partner, Functional Line Partner, and Professional Partner.

Established in 2020, the Fosun Partner Development Department served its mission and value in building the iteratively selecting, developing, assessing, and exiting mechanisms for the Partners. The objective is to support the in-depth industry operation of Fosun's globalization by both precipitating the echelon management capabilities of the core Partner team and continuously developing internal talents with Fosun management DNA.

Fulfilment 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 are always concerned about 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 facilitate the synergy development between the Company and our employees.

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.

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, regularly promotes healthcare tips, and conducts healthcare lectures, in order to strengthen employee healthcare awareness. Integrating the rich medical and insurance resources within the Group, we provide a variety of health services. By integrating advanced technology companies within the Group, we organize employees to experience futuristic technologies in the first time, and provide online consultation, online reservation of physical examination, online claim of medical expenses and etc..

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. 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.

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, as well as various remuneration benefits and human resources policies through our own mobile application. Employees can not only check their benefits through our self-developed mobile application platform, but also can use employee points to pay for meals or other convenient service online. Meanwhile, our Human Resource Global Shared Service Center continuously consolidates various resources both domestically and overseas, so that we are able to provide better service to our employees all over the world.

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. Our talent development system is based upon the Group's development strategy and the real business growth, in order to link Fosun eco-system and build up a continuous learning organization, to comprehensively and systematically satisfy the talent development needs throughout Fosun eco-system, further to facilitate team cooperation and create values. Meanwhile, we integrate with our own development characteristics and run different series of talent development programs and professional development programs. For different development goals, specific development paths are well planned. The training courses are designed according to the competency and professional requirements, so as to help employees to grow rapidly and solve specific business problems at the same time.

In addition, we are constantly evolving e-learning products, providing rich and convenient online or mobile learning platform resources for employees of the Group, incubated companies and core enterprises.

Employment and Labour Standards

Our employees are our most valuable asset and also the core of competitive advantages of the Group. The Group has been adhering to the principle of "attracting people with development, uniting people by career, training people with work and appraising people with performance" and advocates fair competition and opposes discrimination. All employees and job applicants are not confined by factors such as gender, age, race, skin colour 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 labour or forced labour is prohibited.

Remuneration Policy and Employee Incentive

The remuneration policy and package of the Group's employees are periodically reviewed based on the basis of their performance, experience and prevailing industry practice. The Group always implements the incentive principles of value creation, performance orientation, profit and loss sharing, and clear reward and punishment. Oriented by strategy implementation and employee development, the Group continuously optimizes the multi-level and full-coverage remuneration system to complete the mid-to-long-term incentive system. Through the flexible and comprehensive incentives, together with different business demands and incentive tools, we empower the business and motivate the team.

Human Resources Intelligent Innovation

Guided by the strategy of technology leading and innovation keeping, the Group's Human Resources Management Centre uses various innovative technologies to develop human resources system and tools for building up the ONE Fosun iHR ecosystem, thereby providing a smart, efficient, compliant global digital human resources solution for the group headquarters, various industrial groups and portfolio companies.

SHARE AWARD SCHEME

The share award scheme was adopted by the Company on 25 March 2015 (the "**Share Award Scheme**"), unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the circular of the Company dated 24 April 2020.

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

Eligible Persons to the Share Award Scheme is any individual, being an employee, a director, an officer, a consultant or an advisor of any member of the Group or any Affiliate whom the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group.

The total of 312,485,663 Shares available for issue under the Share Award Scheme representing approximately 3.73% of the issued Shares as at 30 March 2021.

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date (i.e. 24 March 2025).

The aggregate fair value of the share awards granted during the Reporting Period amounted to approximately HKD89,013,000. The fair value of equity-settled share award granted was estimated as at the the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a business day.

Further details of the Share Award Scheme are set out in note 62 to the Consolidated Financial Statements.

On 1 April 2020, the Board resolved to award an aggregate of 8,501,000 Award Shares (the "**2020 First Award Shares**") to 83 Selected Participants under the Share Award Scheme. Such Award Shares were settled by way of (i) issue and allotment of 7,633,680 Shares pursuant to a specific mandate obtained in the annual general meeting of the Company held on 3 June 2020; and (ii) 867,320 Award Shares which were lapsed before vesting. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the 2020 First 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 2020 First Award Shares have been fully issued to the Trustee.

On 28 August 2020, the Board resolved to award an aggregate of 70,000 Award Shares to 2 Selected Participants under the Share Award Scheme. Such Award Shares were settled by way of 70,000 Award Shares which had lapsed before vesting.

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 the issued Shares from time to time.

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

Granted during the Reporting Period				Changes of number of the Award Shares during the Reporting Period			
Name of Director	Date of grant	Vesting period[1]	Number of granted Shares	Outstanding as at 1 January 2020	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Outstanding as at 31 December 2020
Chen Qiyu	1 April 2020	1 April 2021 to 1 April 2023	1,660,000	1,034,350	487,200	0	2,207,150
Xu Xiaoliang	1 April 2020	1 April 2021 to 1 April 2023	1,660,000	1,034,350	487,200	0	2,207,150
Qin Xuetang	1 April 2020	1 April 2021 to 1 April 2023	295,000	648,300	325,000	0	618,300
Gong Ping	1 April 2020	1 April 2021 to 1 April 2023	275,000	460,400	221,350	0	514,050
Zhang Shengman	1 April 2020	1 April 2021 to 1 April 2023	25,000	53,650	28,400	0	50,250
Zhang Huaqiao	1 April 2020	1 April 2021 to 1 April 2023	25,000	53,650	28,400	0	50,250
David T. Zhang	1 April 2020	1 April 2021 to 1 April 2023	25,000	53,650	28,400	0	50,250
Lee Kai-Fu	1 April 2020	1 April 2021 to 1 April 2023	25,000	53,650	28,400	0	50,250
Wang Can[2]	–	–	–	582,300	204,600	377,700	0
Yang Chao[3]	–	–	–	53,650	0	53,650	0
Sub-total			**3,990,000**	**4,027,950**	**1,838,950**	**431,350**	**5,747,650**
Employees	1 April 2020	1 April 2021 to 1 April 2023	4,511,000	7,833,740	3,277,370	1,466,270	7,671,100
	28 August 2020	28 August 2021 to 28 August 2023	70,000				
Total			**8,571,000[4]**	**11,861,690**	**5,116,320**	**1,897,620**	**13,418,750**

Notes:

(1) Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the Award Shares which were granted on 1 April 2020 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%	1 April 2021
33%	1 April 2022
34%	1 April 2023

Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the Award Shares which were granted on 28 August 2020 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 August 2021
33%	28 August 2022
34%	28 August 2023

(2) Mr. Wang Can resigned as an Executive Director with effect from 21 January 2020.

(3) Mr. Yang Chao resigned as Independent Non-Executive Director with effect from 21 February 2020.

(4) Including the 937,320 Shares which were lapsed before vesting.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 19 June 2007 and it 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 on 6 June 2017 (the "**New Share Option Scheme**"). The major terms of the New Share Option Scheme are as follows:

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

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

3) The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes of the Company must not exceed 30% (or other percentage as stipulated in the Listing Rules) of the Shares in issue from time to time. Subject to the aforesaid limit, the total number of Shares available for issue under options which may be granted under the New Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 857,897,014 Shares, being 10% of the issued Shares in issue as at the date of the shareholders' approval of the New Share Option Scheme, unless separate shareholders' approval has been obtained. The total of 739,035,614 Shares available for issue under the New Share Option Scheme representing approximately 8.82% of the issued Shares as at 30 March 2021.

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

5) The exercise period of any option granted under the New Share Option Scheme must not be more than 10 years commencing on the date of grant.

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

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

8) Subject to earlier termination by the Company in a general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period to be determined and notified by the Board to the grantee during which the option may be exercised and in any event shall not be more than 10 years commencing on the date on which the offer in relation to such option is deemed to have been accepted in accordance with the terms of the New Share Option Scheme and expiring on the last day of the ten-year-period. The remaining life of the New Share Option Scheme was up to 5 June 2027.

In order to promote the Company's values of entrepreneurship, encourage value creation by the core management staff and outstanding employees of the Group, the Company has decided to grant share options (the "**Options**") under the New Share Option Scheme to the global core management staff, outstanding employees and newly-joined management staff 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 1 April 2020, subject to the acceptance of relevant Grantees, the Company has decided to grant 20,900,000 share options to subscribe for an aggregate of 20,900,000 Shares under the New Share Option Scheme. The closing price of the Shares, immediately before the grant date was HKD8.96. The Board announced that on 28 August 2020, subject to the acceptance of relevant Grantees, the Company has decided to grant 190,000 share options to subscribe for an aggregate of 190,000 Shares under the New Share Option Scheme. The closing price of the Shares, immediately before the grant date was HKD8.71.

As at the end of the Reporting Period, the Company has granted accumulated 326,451,000 options to subscribe for an aggregate of 326,451,000 Shares under the Old Share Option Scheme and the New Share Option Scheme, and 221,553,600 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 share options granted during the Reporting Period amounted to approximately HKD47,122,000. The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted, as well as the factors such as risk-free interest rate, share price, volatility, expected life of options and dividend. The value of options are subject to a number of assumptions and limitations that may be subjective and uncertain.

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

		Number of the options						
Name of Grantee	Date of grant of the Options	On 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	On 31 December 2020	Exercise period of the options	Exercise price of the Options per Share (HKD)
Chen Qiyu	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	1,500,000	–	–	–	1,500,000	4 May 2022 to 3 May 2027[1]	11.75
	1 April 2020	–	1,500,000	–	–	1,500,000	1 April 2023 to 31 March 2030[7]	8.79
Xu Xiaoliang	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	1,500,000	–	–	–	1,500,000	4 May 2022 to 3 May 2027[1]	11.75
	1 April 2020	–	1,500,000	–	–	1,500,000	1 April 2023 to 31 March 2030[7]	8.79
Qin Xuetang	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026[1]	11.53
Gong Ping	8 January 2016	4,000,000	–	–	–	4,000,000	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	4,900,000	–	–	–	4,900,000	4 May 2022 to 3 May 2027[1]	11.75

Name of Grantee	Date of grant of the Options	Number of the options On 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	On 31 December 2020	Exercise period of the options	Exercise price of the Options per Share (HKD)
Wang Can[2]	8 January 2016	4,000,000	–	–	4,000,000	–	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	4,900,000	–	–	4,900,000	–	4 May 2022 to 3 May 2027[1]	11.75
Other Employees	8 January 2016	51,000,000	–	–	11,000,000	40,000,000	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	43,600,000	–	–	10,300,000	33,300,000	4 May 2022 to 3 May 2027[1]	11.75
	28 March 2018	19,280,000	–	–	5,041,400	14,238,600	28 March 2019 to 27 March 2028[3,4]	17.58
	27 March 2019	81,185,000	–	–	9,885,000	71,300,000	27 March 2020 to 26 March 2029[3,5]	12.86
	28 August 2019	1,930,000	–	42,500	372,500	1,515,000	28 August 2020 to 27 August 2029[6]	9.95
	1 April 2020	–	17,900,000	–	1,690,000	16,210,000	1 April 2021 to 31 March 2030[5,7]	8.79
	28 August 2020	–	190,000	–	100,000	90,000	28 August 2021 to 27 August 2030[5]	8.86
Total		**247,795,000**	**21,090,000**	**42,500**	**47,288,900**	**221,553,600**		

Notes:

1. The options under the Old Share Option Scheme are exercisable by each grantee in three tranches as set out below:

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

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

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

2. Mr. Wang Can resigned as an Executive Director with effect from 21 January 2020.

3. 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:

    (a) up to the first 20% of the options, at any time from the date falling on the fifth anniversary of the date of grant till the end of the l0th year period commencing from the date of grant of the options (the "**New Option Period**");

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

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

4. The options, being granted to the employees of the Group under the New Share Option Scheme are exercisable in five tranches as set out below:

   (a) 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;

   (b) 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;

   (c) 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;

   (d) 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

   (e) 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.

5. The options, being granted to the employees of the Group under the New Share Option Scheme are exercisable in four tranches as set out below:

   (a) up to the first 25% 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;

   (b) up to a further 25% 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;

   (c) up to a further 25% 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; and

   (d) in respect of the remaining 25% 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 fourth anniversary of the date of grant till the end of the New Option Period.

6. The options, being granted to the the newly-joined management staff and the intelligent technology professionals of the Group under the New Share Option Scheme are exercisable as set out in either one of the exercising schedules below:

   Type I exercising schedule

   (a) up to the first 25% 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;

   (b) up to a further 25% 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;

   (c) up to a further 25% 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; and

   (d) in respect of the remaining 25% 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 fourth anniversary of the date of grant till the end of the New Option Period.

   Type II exercising schedule

   (a) up to the first 50% 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;

   (b) up to a further 25% 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; and

   (c) in respect of the remaining 25% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the second anniversary of the Date of Grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period.

7. 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:

   (a) up to the first 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;

   (b) up to a further 30% 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

   (c) in respect of the remaining 50% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the third 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.

FTG PRE-IPO SHARE OPTION SCHEME

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

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

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

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

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

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

6) The subscription price for the grant of Pre-IPO Options shall be determined by the board of FTG or the duly authorized committee thereof from time to time. The offer of a grant of Pre-IPO Options may be accepted within 5 business days from the date of offer, upon payment of a nominal consideration of RMB1 (or any other amount as determined by the board of directors of FTG) in total by the grantee.

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

   The exercise price of Pre-IPO Options shall be determined solely by the board of FTG, or the duly authorized committee thereof, with reference to factors which may include business performance and value of FTG and individual performance of the relevant grantee. No option may be granted at an exercise price lower than the new issue price (if any) either after FTG has resolved to seek a Listing or during the period commencing six months before the lodgment of an application with the relevant stock exchange for the Listing up to the date of Listing. In such event, the board of FTG, or the duly authorized committee thereof, shall have the discretion to adjust the exercise price of options granted during such period to not lower than the new issue price (if any).

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

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

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

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

Name of Grantee	Date of grant of the Pre-IPO Options	Number of the Pre-IPO Options As of 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/lapsed/cancelled during the Reporting Period	As of 31 December 2020	Vesting period of the Pre-IPO Options	Exercise price of the Pre-IPO Options per share (HKD)
Qian Jiannong	23 February 2018	20,000,000	–	–	–	20,000,000	22 February 2019 to 22 February 2026[1]	8.43
Wang Wenping	23 February 2018	536,625	-	-	-	536,625	28 December 2018 to 28 December 2021[2]	8.43
	19 November 2018	810,000	-	-	-	810,000	18 November 2019 to 18 November 2022[3]	15.60
Other Employees of FTG Group	23 February 2018 and 19 November 2018	21,975,252	-	-	5,063,544	16,911,708	28 December 2018 to 28 December 2021[2] and 18 November 2019 to 18 November 2022[3]	8.43 and 15.60
Total		**43,321,877**	**–**	**–**	**5,063,544**	**38,258,333**		

Notes:

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

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

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

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

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

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

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

FTG 2019 SHARE OPTION SCHEME

FTG adopted the FTG 2019 Share Option Scheme on 19 August 2019 and the shareholders of the Company and FTG approved the said scheme on 30 October 2019 and 27 November 2019 respectively. The following detailed information in relation to the FTG 2019 Share Option Scheme is set out in the circular of the Company dated 8 October 2019 (the "**FTG 2019 Share Option Scheme Circular**"). Unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the FTG 2019 Share Option Scheme Circular. The major terms of the FTG 2019 Share Option Scheme are as follows:

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

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

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

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

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

6) The exercise price per FTG share under the FTG 2019 Share Option Scheme will be a price determined by the directors of FTG, but shall not be less than the highest of (i) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant in respect of such Post-IPO Option, which must be a Business Day; (ii) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant in respect of such Post-IPO Option; and (iii) the nominal value of a share. The offer of a grant of Post-IPO Options may be accepted within 5 business days from the date of offer, upon payment of a nominal consideration of RMB1 (or any other amount as determined by the board of directors of FTG) in total by the grantee.

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

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

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

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

Notes:

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

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

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

YUYUAN SHARE OPTION INCENTIVE SCHEME

Yuyuan Tranche I Share Option Incentive Scheme

The shareholders of the Company and Yuyuan approved the adoption of the Yuyuan Tranche I Share Option Incentive Scheme on 27 November 2018 and 31 October 2018, respectively. The relevant details of the Yuyuan Tranche I Share Option Incentive Scheme under the following paragraphs were set out in the circular of the Company dated 9 November 2018 (the "**Yuyuan Tranche I Share Option Circular**"), unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the Yuyuan Tranche I Share Option Circular.

The Yuyuan Tranche I Share Option Incentive Scheme is designed to provide the participants with the opportunity to acquire interests in Yuyuan, which will improve the corporate governance structure of Yuyuan and align the interests of the Grantees and Yuyuan. The participants of the Yuyuan Tranche I Share Option Incentive Scheme include the director, senior management personnel and core technical staff of Yuyuan. The total number of new Yuyuan shares which may be issued upon exercise of all 4,500,000 options to be granted under the Yuyuan Tranche I Share Option Incentive Scheme is 4,500,000 shares, representing approximately 0.116% of the total issued shares of Yuyuan as at the end of the Reporting Period. The maximum number of Yuyuan shares to be issued to any of the Grantees upon exercise of the options granted under the Yuyuan Tranche I Share Option Incentive Scheme does not exceed 1% of total share capital of Yuyuan.

Subject to fulfilment of the conditions for exercising the options, after the expiry of 36 months from the Date of Grant, Grantees may exercise their options in three tranches as follows:

Tranche	Exercise period	Percentage of option exercisable
First tranche	From the first trading day after the expiry of 36 months from the Date of Grant to the last trading day within 48 months from the Date of Grant	20%
Second tranche	From the first trading day after the expiry of 48 months from the Date of Grant to the last trading day within 60 months from the Date of Grant	30%
Third tranche	From the first trading day after the expiry of 60 months from the Date of Grant to the last trading day within 72 months from the Date of Grant	50%

The following table discloses movements in the outstanding options under the Yuyuan Tranche I Share Option Incentive Scheme during the Reporting Period:

		Number of the options						
Name of Grantee	Date of grant of the options	As of 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	As of 31 December 2020	Exercise period of the options	Exercise price of the options per Share (RMB)
Employees of Yuyuan	29 November 2018	4,500,000	0	0	0	4,500,000	29 November 2021 to 28 November 2024	7.21
Total		**4,500,000**	**0**	**0**	**0**	**4,500,000**		

No payment shall be required to be made by the Grantee for the application or acceptance of options under the Yuyuan Tranche I Share Option Incentive Scheme.

The exercise price of an option shall not be lower than the nominal value of the Yuyuan shares, and shall not be lower than the higher of:

(a) the average trading price of Yuyuan shares for the trading day immediately preceding the disclosure of the draft Yuyuan Tranche I Share Option Incentive Scheme on the SSE, being RMB7.20 per Yuyuan share; and

(b) the average trading price of Yuyuan shares for the 20 trading days immediately preceding the disclosure of the draft Yuyuan Tranche I Share Option Incentive Scheme on the SSE, being RMB7.21 per Yuyuan share.

The draft Yuyuan Tranche I Share Option Incentive Scheme was published on the website of the SSE on 10 October 2018. The latest exercise date of the Yuyuan Tranche I Share Option Incentive Scheme is 28 November 2024.

Yuyuan Tranche II Share Option Incentive Scheme

The shareholders of the Company and Yuyuan approved the adoption of the Yuyuan Tranche II Share Option Incentive Scheme on 5 June 2019 and 28 May 2019, respectively. The relevant details of the Yuyuan Tranche II Share Option Incentive Scheme under the following paragraphs were set out in the circular of the Company dated 25 April 2019 (the "**Yuyuan Tranch II Share Option Circular**"), unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the Yuyuan Tranch II Share Option Circular.

The Yuyuan Tranche II Share Option Incentive Scheme is designed to provide the participants with the opportunity to acquire interests in Yuyuan, which will improve the corporate governance structure of Yuyuan and align the interests of the Grantees and Yuyuan. The participants of the Yuyuan Tranche II Share Option Incentive Scheme include the core management of the wholly-owned subsidiary. The total number of new Yuyuan shares which may be issued upon exercise of all 5,400,000 options to be granted under the Yuyuan Tranche II Share Option Incentive Scheme is 5,400,000 shares, representing approximately 0.139% of the total issued shares of Yuyuan as at the end of the Reporting Period. The maximum number of Yuyuan shares to be issued to any of the Grantees upon exercise of the options granted under the Yuyuan Tranche II Share Option Incentive Scheme does not exceed 1% of total share capital of Yuyuan.

Subject to fulfilment of the conditions for exercising the options, after the expiry of 36 months from the Date of Grant, Grantees may exercise their Options in three tranches as follows:

Tranche	Exercise period	Percentage of option exercisable
First tranche	From the first trading day after the expiry of 36 months from the Date of Grant to the last trading day within 48 months from the Date of Grant	20%
Second tranche	From the first trading day after the expiry of 48 months from the Date of Grant to the last trading day within 60 months from the Date of Grant	30%
Third tranche	From the first trading day after the expiry of 60 months from the Date of Grant to the last trading day within 72 months from the Date of Grant	50%

The following table discloses movements in the outstanding options under the Yuyuan Tranche II Share Option Incentive Scheme during the Reporting Period:

		Number of the options						
Name of Grantee	Date of grant of the options	As of 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	As of 31 December 2020	Exercise period of the options	Exercise price of the options per Share (RMB)
Employees of Yuyuan	13 June 2019	5,400,000	0	0	0	5,400,000	13 June 2022 to 12 June 2025	9.09
Total		**5,400,000**	**0**	**0**	**0**	**5,400,000**		

No payment shall be required to be made by the Grantee for the application or acceptance of options under the Yuyuan Tranche II Share Option Incentive Scheme. The exercise price of the options granted under the Yuyuan Tranche II Share Option Incentive Scheme shall be RMB9.09 per Yuyuan share.

The exercise price of an option shall not be lower than the nominal value of the Yuyuan shares, and shall not be lower than the higher of:

(a) the average trading price of Yuyuan shares for the trading day immediately preceding the disclosure of the draft Yuyuan Tranche II Share Option Incentive Scheme on the SSE, being RMB9.09 per Yuyuan share; and

(b) the average trading price of Yuyuan shares for the 20 trading days immediately preceding the disclosure of the draft Yuyuan Tranche II Share Option Incentive Scheme on the SSE, being RMB8.68 per Yuyuan share.

The draft Yuyuan Tranche II Share Option Incentive Scheme was published on the website of the SSE on 26 March 2019. The latest exercise date of the Yuyuan Tranche II Share Option Incentive Scheme is 12 June 2025.

Yuyuan Tranche I Employee Share Option Incentive Scheme

The shareholders of the Company and Yuyuan approved the adoption of the Yuyuan Tranche I Employee Share Option Incentive Scheme on 30 October 2019 and 23 October 2019, respectively. The relevant details of the Yuyuan Tranche I Employee Share Option Incentive Scheme under the following paragraphs were set out in the circular of the Company dated 8 October 2019 ("**Yuyuan Tranch I Employee Share Option Circular**"), unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the Yuyuan Tranch I Employee Share Option Circular.

The Yuyuan Tranche I Employee Share Option Incentive Scheme is designed to provide the participants with the opportunity to acquire interests in Yuyuan, which will improve the corporate governance structure of Yuyuan and align the interests of the Grantees and Yuyuan. The participants of the Yuyuan Tranche I Employee Share Option Incentive Scheme include Yuyuan's senior management and mid-level management team as well as the core management team of Yuyuan's subsidiaries. The total number of new Yuyuan shares which may be issued upon exercise of all 3,650,000 options to be granted under the Yuyuan Tranche I Employee Share Option Incentive Scheme is 3,650,000 shares, representing approximately 0.094% of the total issued shares of Yuyuan as at the end of the Reporting Period. The maximum number of Yuyuan shares to be issued to any of the Grantees upon exercise of the options granted under the Yuyuan Tranche I Employee Share Option Incentive Scheme does not exceed 1% of total share capital of Yuyuan.

Subject to fulfilment of the conditions for exercising the options, after the expiry of 12 months from the Date of Grant, Grantees may exercise their options in three tranches as follows:

Tranche	Exercise period	Percentage of option exercisable
First tranche	From the first trading day after the expiry of 12 months from the Date of Grant to the last trading day within 24 months from the Date of Grant	33%
Second tranche	From the first trading day after the expiry of 24 months from the Date of Grant to the last trading day within 36 months from the Date of Grant	33%
Third tranche	From the first trading day after the expiry of 36 months from the Date of Grant to the last trading day within 48 months from the Date of Grant	34%

The following table discloses movements in the outstanding options under the Yuyuan Tranche I Employee Share Option Incentive Scheme during the Reporting Period:

Name of Grantee	Date of grant of the options	Number of the options As of 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	As of 31 December 2020	Exercise period of the options	Exercise price of the options per Share (RMB)
Employees of Yuyuan	31 October 2019	3,650,000	0	0	1,204,500	2,445,500	31 October 2020 to 30 October 2023	8.62
Total		**3,650,000**	**0**	**0**	**1,204,500**	**2,445,500**		

No payment shall be required to be made by the Grantee for the application or acceptance of options under the Yuyuan Tranche I Employee Share Option Incentive Scheme.

The exercise price of an option shall not be lower than the nominal value of the Yuyuan shares, and shall not be lower than the higher of:

(a) the average trading price of Yuyuan shares for the trading day immediately preceding the disclosure of the draft Yuyuan Tranche I Employee Share Option Incentive Scheme on the SSE, being RMB8.62 per Yuyuan share; and

(b) the average trading price of Yuyuan shares for the 20 trading days immediately preceding the disclosure of the draft Yuyuan Tranche I Employee Share Option Incentive Scheme on the SSE, being RMB8.24 per Yuyuan share.

The draft Yuyuan Tranche I Employee Share Option Incentive Scheme was published on the website of the SSE on 27 August 2019. The latest exercise date of the Yuyuan Tranche I Employee Share Option Incentive Scheme is 30 October 2023.

GLAND PHARMA SHARE OPTION INCENTIVE SCHEME

The shareholders of the Company approved the adoption of the Gland Pharma share option incentive scheme at the annual general meeting held on 5 June 2019 (the "**Gland Pharma Share Option Incentive Scheme**"). The summary of the principal terms of the Gland Pharma Share Option Incentive Scheme is as follows:

(1) Purpose

The purpose of the Gland Pharma Share Option Incentive Scheme is to (i) reward the employees for their past and future performance, (ii) align the interests of the employees with those of shareholders of Gland Pharma, (iii) foster the sense of ownership of the employees, and (iv) reward the employees for their loyalty.

(2) Participants

The committee as created by the board of directors of Gland Pharma ("**GP Board**") for administration and superintendence of the Gland Pharma Share Option Incentive Scheme thereunder ("**GP Committee**") will decide which of the employees should be the participants to be granted options under the share option scheme and accordingly, Gland Pharma would offer the options to the employees who are the participants to the extent permissible by applicable laws.

(3) Maximum number of shares subject to options

Subject to the provisions of the Gland Pharma Share Option Incentive Scheme, after Gland Pharma's share subdivision on 17 March 2020, the maximum number of Gland Pharma shares that may be issued pursuant to exercise of options granted to the participants under the Gland Pharma Share Option Incentive Scheme shall not exceed 1,704,440 shares, representing approximately 1% of the total number of issued Gland Pharma shares as at the date of this report. Subject to the limitations prescribed under the Gland Pharma Share Option Incentive Scheme, Gland Pharma reserves the right to increase or reduce such number of Gland Pharma shares as it deems fit.

(4) Maximum entitlement of each participant

The total number of Gland Pharma shares issued and to be issued upon exercise of the options granted and to be granted to each grantee or participant (as the case may be) (including both exercised and outstanding options) in any twelve-month period shall not exceed 1% of the number of the relevant class of Gland Pharma shares in issue as of the proposed grant date.

(5) Vesting of options

There shall be a minimum period of one year between grant of options and vesting of options.

Provided that the relevant employee performance conditions and vesting conditions are satisfied, the granted options will be vested in three batches: (a) subject to the terms of the Gland Pharma Share Option Incentive Scheme and the achievement of certain performance targets, 40% of the options granted will vest on 31 March 2020, or 31 March 2021 or 31 March 2022; (b) subject to the achievement of certain performance targets, the next 30% of the options granted will vest on 31 March 2021 or 31 March 2022; and (c) subject to the achievement of certain performance targets, the next 30% of the options granted will vest on 31 March 2022. Details of the vesting conditions of the share options are set out in the section "6. VESTING OF OPTIONS" in the Appendix of the circular of the Company dated 26 April 2019.

(6) Exercise price and its basis of determination

The exercise price of an option shall be determined based on the fair market value of the underlying Gland Pharma share, which shall be determined by the GP Board/GP Committee in accordance with the norms provided in the Gland Pharma Share Option Incentive Scheme. Such fair market value as accepted by the GP Board/GP Committee shall be final and binding on all parties. For the purposes of incentivising and rewarding the employees for their contribution to Gland Pharma and retaining key talent in Gland Pharma, the exercise price of an option granted under the Gland Pharma Share Option Incentive Scheme will also represent a 20% discount to the fair market value so that the relevant exercise price will be equal to 80% of such fair market value, provided, however, that, with respect to the period from the date of Fosun Pharma resolves to seek a listing of Gland Pharma or during the period commencing six months before the lodgement of an application for listing up to the date of listing, the rules under note (2) to Rule 17.03(9) of the Listing Rules shall be complied with, in particular, in the event that Gland Pharma seeks a listing in Hong Kong, the exercise price of options granted during the above-mentioned period must be not less than the new issue price.

No payment shall be required to be made by the participant for the application or acceptance of options under the Gland Pharma Share Option Incentive Scheme.

(7) Validity period of the scheme and exercise period of options

The Gland Pharma Share Option Incentive Scheme shall continue in effect from the adoption date until the earlier to occur of (i) all the options granted pursuant to the share option scheme have vested and been exercised by the participants; (ii) the date of termination by Gland Pharma/GP Committee; (iii) the tenth (10th) anniversary date (i.e. 24 June 2029) from the adoption date.

After vesting of options, an employee should exercise his right to apply for the underlying shares in pursuance of the Gland Pharma Share Option Incentive Scheme, and such period shall end in any event not later than 10 years from the grant date subject to the provisions for early termination thereof.

(8) Changes in options

On 27 June 2019, a total of 154,950 options were granted to 103 participants under the Gland Pharma Share Option Incentive Scheme with an exercise price of INR5,420 per Gland Pharma share. The number of Gland Pharma shares may be issued upon the exercise of the granted options represents approximately 1% of the total issued shares of Gland Pharma on the date of adoption of the Gland Pharma Share Option Incentive Scheme.

On 17 March 2020, Gland Pharma completed the share subdivision on the basis that each one (1) outstanding Gland Pharma share be subdivided into ten (10) Gland Pharma shares. According to the provisions of the Gland Pharma Share Option Incentive Scheme, upon the completion of the share subdivision of Gland Pharma, adjustments shall be made to the exercise price of the outstanding options and the number of Gland Pharma shares to be allotted and issued upon exercise of all the outstanding options in accordance with the terms of the Gland Pharma Share Option Incentive Scheme.

The details of the options granted under the Gland Pharma Share Option Incentive Scheme during the Reporting Period are set out below:

							Number of Options		
Participant	Date of Grant (dd-mm-yyyy)	Vesting Date (dd-mm-yyyy)[1]	Option share[1]	Exercise Period (dd-mm-yyyy)[1]	Outstanding options as at 1 January 2020	Adjusted during the Reporting Period[2]	Exercise price per share[3]	Forfeited or lapsed during the Reporting Period[4]	Outstanding options as at 31 December 2020
Employees of Gland Pharma	27-6-2019	26-6-2020	40%	26-6-2020 to 26-6-2029	151,350	1,362,150	INR542	(33,000)	1,480,500
		31-3-2021		31-3-2021 to 26-6-2029					
		31-3-2022		31-3-2022 to 26-6-2029					
		31-3-2021	30%	31-3-2021 to 26-6-2029					
		31-3-2022		31-3-2022 to 26-6-2029					
		31-3-2022	30%	31-3-2022 to 26-6-2029					

Notes:

(1) The vesting of the options granted shall be subject to the requirement for a minimum period of one year between the date of grant and vesting of the options and the relevant performance targets under the Gland Pharma Share Option Incentive Scheme including Listing of Gland Pharma in recognized stock exchange in India.

(2) The total number of share options was adjusted due to Gland Pharma's share subdivision on 17 March 2020.

(3) The exercise price per share was adjusted due to Gland Pharma's share subdivision on 17 March 2020.

(4) During the Reporting Period, as 5 participants ceased to be employees of Gland Pharma, the granted share options underlying 33,000 subdivided shares of Gland Pharma were forfeited or lapsed.

(5) During the Reporting Period, no options granted under the Gland Pharma Share Option Incentive Scheme were exercised.

Save as disclosed above, no options has been granted to any director, chief executive or substantial shareholder of the Company or their respective associates and other persons specified under Rule 17.07 of the Listing Rules and no options have been granted during the Reporting Period according to the Gland Pharma Share Option Incentive Scheme.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the Consolidated Statement of Changes in Equity of this annual report and details of movements in the reserves of the Company during the Reporting Period are set out in note 72 to financial statements.

On 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to RMB8,521,002,000 of which RMB1,559,860,000 has been proposed as a final dividend for 2020.

MAJOR CUSTOMERS AND SUPPLIERS

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

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

DIRECTORS

The Directors during the Reporting Period were:

Executive Directors(1)

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

Non-Executive Directors

Ms. Chen Shucui
Mr. Zhuang Yuemin(5)
Mr. Yu Qingfei(6)

Independent Non-Executive Directors(7)

Mr. Zhang Shengman
Mr. Zhang Huaqiao
Mr. David T. Zhang
Dr. Lee Kai-Fu
Ms. Tsang King Suen Katherine(8)

Notes:

(1) Mr. Wang Can resigned as an Executive Director and a Senior Vice President of the Company with effect from 21 January 2020.

(2) Re-designated as the Co-Chairman of the Company with effect from 21 February 2020.

(3) Re-designated as the Co-Chief Executive Officer of the Company with effect from 21 February 2020.

(4) Appointed as the Chief Financial Officer of the Company with effect from 21 February 2020.

(5) Appointed as a Non-Executive Director of the Company with effect from 5 June 2020.

(6) Appointed as a Non-Executive Director of the Company with effect from 10 December 2020.

(7) Mr. Yang Chao resigned as an Independent Non-Executive Director of the Company with effect from 21 February 2020.

(8) Appointed as an Independent Non-Executive Director of the Company with effect from 10 December 2020.

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

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

While Mr. Zhang has served the Company as an Independent Non-Executive Director for more than 9 years, the Board considers that (1) he continues to have the required independence, character, integrity and experience and is able to carry out his duties as an Independent Non-Executive Director and (2) an appropriate balance between continuity of experience and refreshment of the Board can be maintained upon his re-election based on the following reasons:

(i) Mr. Zhang is able to confirm his independence in respect of each of the factors set out in Rule 3.13 of the Listing Rules;

(ii) Mr. Zhang does not have any management role in the Company and its subsidiaries;

(iii) Despite his relatively long term of services on the Board, Mr. Zhang would still be able to bring fresh perspectives to the Board with his ample financial management experience. For instance, Mr. Zhang had served as the chairman of the corporate committee on fraud and corruption policy of the World Bank and would be able to share his unique experience with the Company on the risk management and internal control in terms of prevention of fraud and corruption; and

(iv) three new Non-Executive Directors, namely Mr. Zhuang Yuemin, Mr. Yu Qingfei and Ms. Tsang King Suen Katherine, have been appointed during the Reporting Period with a view to bring fresh perspective and facilitate the succession planning of the Board.

In 2020, the Board appointed Mr. Zhuang Yuemin as the Non-Executive Director and the appointment came into effect on 5 June 2020 and appointed Mr. Yu Qingfei as the Non-Executive Director and Ms. Tsang King Suen Katherine and the appointments came into effect on 10 December 2020. According to Article 111 of the Articles of Association, Mr. Zhuang Yuemin, Mr. Yu Qingfei and Ms. Tsang King Suen Katherine shall retire at the AGM and shall be eligible for re-election.

The Company has received annual confirmation of independence from all Independent Non-Executive Directors pursuant to Rule 3.13 of the Listing Rules, and as at the date of this report considers all of them to be independent.

DIRECTORS OF SUBSIDIARIES

As at 31 December 2020, the names of all the directors who serve the subsidiaries of the Company or act as the sole director of subsidiaries of the Company are published on the Company's website.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

All Executive Directors and Independent Non-Executive Directors have entered into service contracts with the Company for a term of 3 years from 28 March 2021. The Non-Executive Directors, Ms. Chen Shucui, Mr. Zhuang Yuemin and Mr. Yu Qingfei, have all entered into service contracts with the Company for a term of 2 years from 17 December 2019, 5 June 2020 and 10 December 2020, respectively. None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

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

Details of the Directors remuneration for the year ended 31 December 2020 are set out in note 9 to financial statements.

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

	Number of senior management
RMB0 to RMB1,000,000	1
RMB1,000,001 to RMB2,000,000	0
RMB2,000,001 to RMB4,000,000	1
RMB4,000,001 to RMB6,000,000	0
RMB6,000,001 to RMB8,000,000	0
RMB8,000,001 to RMB10,000,000	0
RMB10,000,001 to RMB12,000,000	1
	3

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors subsequent to interim report 2020 and up to the end of the Reporting Period are set out below:

(1) Changes in the Major Positions Held Within the Group

Name of Director	Company Name	Date of changes	Original position	Current position
Chen Qiyu	Fosun Pharma	October 2020	Executive Director and Chairman	Non-executive Director
Xu Xiaoliang	Resource Property	September 2020	Director	–
	Yuyuan	December 2020	Chairman	Director
Gong Ping	PAREF	July 2020	Chairman	–
	Resource Property[1]	September 2020	Director	–
	Yuyuan	December 2020	Vice Chairman	Director
Yu Qingfei	the Company	December 2020	–	Non-executive Director
Tsang King Suen Katherine	the Company	December 2020	–	Independent Non-executive Director

(2) Changes in Other Directorships Held in Public Companies the Securities of Which are Listed on Any Securities Market in Hong Kong or Overseas and Other Major Appointments

Name of Director	Company Name	Date of changes	Original position	Current position
Chen Qiyu[2]	Gland Pharma	November 2020	Director	Director
Chen Shucui	Beijing Jetsen Technology Co., Ltd.	July 2020	Non-independent Director	–
	Zhejiang Hailiang Co., Ltd.	October 2020	Non-independent Director	–
Zhang Huaqiao	Radiance Holdings (Group) Company Limited	October 2020	–	Independent Non-executive Director

Notes:

(1) Resource Property was delisted from the NEEQ in December 2020.

(2) Mr. Chen Qiyu was appointed as the director of Gland Pharma in October 2017 and Gland Pharma was listed on the National Stock Exchange of India Limited and BSE Limited in November 2020.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

As at 31 December 2020, the interests or short positions of the Directors or chief executives 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	6,044,246,673[1]	Corporate	71.74%
Chen Qiyu	Ordinary	20,578,000	Individual	0.24%
Xu Xiaoliang	Ordinary	17,657,800	Individual	0.21%
Qin Xuetang	Ordinary	16,092,640	Individual	0.19%
Gong Ping	Ordinary	10,210,000	Individual	0.12%
Zhang Shengman	Ordinary	50,250	Individual	0.00%
Zhang Huaqiao	Ordinary	455,000	Individual	0.01%
David T. Zhang	Ordinary	155,000	Individual	0.00%
Lee Kai-Fu	Ordinary	110,000	Individual	0.00%

(2) Long Positions in the Shares, Underlying Shares and Debentures of the Company's Associated Corporations (Within the Meaning of Part XV of The SFO)

Name of Director/chief executive	Name of associated corporation	Class of shares	Number of shares	Type of interests	Approximate percentage in relevant class of shares
Guo Guangchang	Fosun Holdings	Ordinary	1[2]	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	85.29%
	Fosun Pharma	A shares[3]	114,075	Individual	0.01%
		A shares[3]	938,095,290[2]	Corporate	46.65%
		H shares	51,753,000[2]	Corporate	9.38%
	Sisram Med	Ordinary	330,558,800	Corporate	74.76%
	FTG	Ordinary	1,015,389,932[2]	Corporate	82.21%
	Shanghai Henlius	Domestic shares	289,845,387[2]	Corporate	79.59%
		H shares	12,298,639[2]	Corporate	7.53%
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	14.71%
	Fosun Pharma	A shares[3]	114,075	Individual	0.01%
Chen Qiyu	Fosun Pharma	A shares[3]	114,075	Individual	0.01%
	FTG	Ordinary	1,478	Individual	0.00%
Xu Xiaoliang	FTG	Ordinary	2,328	Individual	0.00%
Gong Ping	FTG	Ordinary	988	Individual	0.00%

Notes:

(1) Pursuant to Division 7 of Part XV of the SFO, 6,044,246,673 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.

(2) Pursuant to Division 7 of Part XV of the SFO, the shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun International Holdings, Fosun Holdings, the Company and/or its subsidiaries..

(3) A shares mean the equity securities listed on the SSE.

(4) Mr. Qin Xuetang sold all of 114,075 A shares of Fosun Pharma he held in February 2020; and all of 2,000,000 debentures he held issued by Fortune Star (BVI) Limited in July 2020.

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

As at 31 December 2020, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of the substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	6,044,246,673[(2)]	71.74%
Fosun International Holdings[(1)]	6,044,246,673[(2) (3)]	71.74%

Notes:

(1) Fosun International Holdings is owned as to 85.29% and 14.71% by Messrs. Guo Guangchang and Wang Qunbin, respectively.

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

(3) Mr. Guo Guangchang, by virtue of his ownership of shares in Fosun International Holdings as to 85.29%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2020, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SUFFICIENCY OF PUBLIC FLOAT

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

CONNECTED TRANSACTIONS

For the year ended 31 December 2020, the Company entered into the following connected transaction:

On 1 April 2020, the Board has resolved to award an aggregate of 8,501,000 award shares to 83 selected participants, including Directors and directors of significant subsidiaries of the Company who are connected persons of the Company, under the Share Award Scheme. The award shares will be settled by way of: (i) issue and allotment of 7,633,680 New Award Shares pursuant to a specific mandate obtained in the annual general meeting held on 3 June 2020; and (ii) 867,320 award shares which were lapsed before vesting. Upon issuance and allotment of the New Award Shares, the Trustee will hold the New Award Shares on trust for the selected participants and such New Award Shares, together with the Existing Award Shares, shall be transferred to the selected participants upon satisfaction of the vesting conditions. The number of award shares granted to each of the selected participants was determined in accordance with their respective contributions to the Group. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee is an associate of connected persons of the Company and the issue of the New Award Shares to the Trustee shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details about the Share Award Scheme are set out in the section headed "Share Award Scheme" under the Directors' Report in this annual report, the announcement of the Company dated 1 April 2020 and the circular of the Company dated 24 April 2020. The capitalized terms set out in this paragraph shall have the same meanings as defined in the circular of the Company dated 24 April 2020 unless the context otherwise requires.

MATERIAL TRANSACTIONS

For the year ended 31 December 2020, the Company entered into the following material transactions:

1. On 30 March 2020, the Board of the Company considered and approved, among other things, the resolutions in relation to the proposed listing of Shanghai Henlius on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the "**Proposed Shanghai Henlius Listing**"). The proposed offering size represents not less than 10% and not more than 20% of the enlarged share capital of Shanghai Henlius upon completion of the Proposed Shanghai Henlius Listing. Shanghai Henlius and the lead underwriter(s) can adopt an over-allotment option which cannot exceed 15% of the initial offering size of the A shares of Shanghai Henlius. As at 31 December 2020, the Proposed Shanghai Henlius Listing has not been completed, and the Company indirectly held 55.01% equity interest in Shanghai Henlius.

2. On 10 July 2020, Gland Pharma filed the draft red herring prospectus with the Securities and Exchange Board of India, the BSE Limited and the National Stock Exchange of India Limited, in relation to its proposed initial public offering of its equity shares. On 20 November 2020, Gland Pharma was listed on the main board of the BSE Limited (Scrip ID: GLAND) and the main board of the National Stock Exchange of India Limited (Symbol: GLAND) with a proceed of INR12.5 billion. As at 31 December 2020, the Company indirectly held 58.36% equity interest in Gland Pharma.

3. On 31 December 2020, Yuyuan (as buyer) and Suining Juxin Auction Co., Ltd. (as auctioneer), who is entrusted by the People's Court of Pengxi County, Suining City, Sichuan Province, entered into the confirmation of the deal of the auction, pursuant to which Yuyuan agreed to purchase 70% equity interest of Sichuan Tuopai Shede Group Co., Ltd. held by Skyocean Group Holdings Co., Ltd.. The Consideration is RMB4.53 billion. The capitalized terms set out in this paragraph shall have the same meanings as defined in the announcement of the Company dated 31 December 2020 unless the context otherwise requires.

NON-COMPETITION UNDERTAKING

As disclosed in the prospectus of the Company, the Independent Non-Executive Directors will review all the matters, if any, relating to the enforcement of the deed of non-competition undertaking dated 26 June 2007 (the "**Deed of Non-competition Undertaking**"). During the Reporting Period, the Independent Non-Executive Directors have reviewed matters relating to the enforcement of the Deed of Non-competition Undertaking. Fosun International Holdings, Fosun Holdings, Mr. Guo Guangchang and Mr. Wang Qunbin (the "**Undertaker**") have provided the Company with an annual declaration of compliance with the provisions of the Deed of Non-competition Undertaking.

During the Reporting Period, the Undertaker provided the Company with all information necessary for the enforcement of the Company's rights under the Deed of Non-competition Undertaking, all information reasonably requested by the Company from time to time relating to Excluded Businesses (as defined in the Deed of Non-competition Undertaking) and such other business opportunities or activities related to any business of the Group as the Company reasonably believed were available to the Undertaker or that the Undertaker may be planning to participate in, as well as access to appropriate staff members of the Undertaker to discuss and obtain such information, in order to enable the Company to consider whether to exercise any of its rights under the Deed of Non-competition Undertaking.

RELATED PARTY TRANSACTIONS

Related party transactions entered by the Group during the Reporting Period are disclosed in note 65 to financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the Reporting Period of the Group are set out in note 70 to financial statements.

ENVIRONMENTAL POLICY AND THE PERFORMANCE

"Self-improvement, Teamwork, Performance and Contribution to Society" constitutes the cultural values of the Group. The Group always regards environmental protection, occupational health, work safety and quality management ("**EHS&Q**") as the important parts of our corporate social responsibility and has incorporated them in the Group's strategy for sustainable development. We revised the *Fosun Group Environment, Health, Safety & Quality Policy* (《復星集團安全質量環境政策》) in 2020 that specified the management requirements on water, energy and climate change, biodiversity, etc., and required all companies under the Group to fully implement the policy.

To ensure the implementation of the policy, the Group has established the EHSQ Department[1] to supervise the implementation of EHS&Q by each member company and to inspect and ensure compliance operations of all member companies. The member companies responded positively, getting involved and improving the EHS&Q governance structure. To urge the implementation of a regional responsibility system, the Group issued the *Regulations on the Line Management of Environment, Health, Safety & Quality* (《上海復星高科技(集團)有限公司關於安全健康環保條線管理的規定》) that clearly stated that the year-end performance appraisal of the heads of the business segments and core member companies shall be linked to the environmental performance of the companies. To strictly implement the requirement from the regulators on further strengthening plastic pollution control, the Group formulated the *Notice on Gradually Reducing the Use of Disposable Plastic Products* (《關於逐步減少一次性塑料製品使用的通知》), requiring all member companies to strengthen the control of plastic products while following the requirements of laws and regulations strictly.

The Group established and implemented the management framework system for environmental protection, occupational health and work safety ("**EHS**") to systematize and standardize the EHS performance of member companies on a regular basis every year. Member companies are also encouraged to establish management systems and obtain relevant certifications, such as Occupational Health and Safety Management System, Environmental Management System, National Work Safety Standardization, etc.

Sticking to the principle of sustainable development, the Group supervises and guides its member companies to mitigate the impact of production and business activities on the environment and mankind in the following aspects: reducing emissions of greenhouse gases, solid waste, wastewater and atmospheric pollutants; effectively utilizing resource, and at the same time seeking opportunities to recycle wastes; optimizing the energy structure and improving the utilization efficiency of energy and water; adapting to or mitigating the impact of climate change on our business and the impact of our business on climate change; and responsibly protecting natural resources and biodiversity. In 2020, there were no major environmental pollution incidents of the Group.

RELATIONSHIP WITH ITS EMPLOYEES, CUSTOMERS, SUPPLIERS AND INVESTORS

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

The Group attaches great importance to corporate social responsibility and established Shanghai Fosun Foundation in November 2012. Fosun Foundation's projects include disaster relief, poverty alleviation, culture, education, young entrepreneurs and other social welfare activities. Responding to the sudden outbreak of COVID-19, while undergoing the pandemic, Fosun has switched the business mode of the whole ecosystem to the "wartime" mode to fight against the pandemic on all fronts, including the deployment of medical supplies, provision of frontline medical treatment, containment of pandemic through technology innovation, and resumption of production and work. Having steered through the crisis, Fosun firmly adheres to its globalisation strategy. We not only leverage our Global + Local resources, but also try to increase empathy and unite the world to fight the pandemic. We wish we could do our bit to make the world a community of common interests, common responsibility and common destiny. As of the end of the Reporting Period, the Group had provided more than 50 million units of medical supplies and supported over 30 countries to fight against the pandemic. In March 2021, the COVID-19 Fosun/BioNTech vaccine COMIRNATY® (the Chinese name of the product: 復必泰™) was successively launched vaccination in Macau and Hong Kong.

[1] The department, formerly called EHSQ & Operational Excellence Department, was renamed EHSQ Department in the Reporting Period.

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

The Company established the Customer and Marketing Center and issued the *Regulations on Global Customer Service and Product Quality Supervision Management* (《全球客戶服務與產品質量監督管理規定》) to further improve the Group's user experience and product strength. During the Reporting Period, the Company has established the ISO10002 Complaints Handling Management System and passed the certification, so as to further maintain a stable customer relationship and improve service awareness and capacity. The Group strictly abides by relevant laws and regulations such as the *Product Quality Law of the PRC* (《中華人民共和國產品質量法》), the *Food Safety Law of the PRC* (《中華人民共和國食品安全法》), *EU General Food Law* and *French Public Health Code*, etc. and actively promotes the establishment and certification of quality management system among member companies.

The basic principles of the Group for procurement practices are openness, fairness and impartiality. Onelinkplus (www.onelinkplus.com) empowers the supply chain management of the Group and member companies more transparent, smart and prominent. We also establish a business ecosystem of mutual benefit and win-win cooperation with suppliers. The Group formulated and issued the *Fosun Group Supplier Code of Conduct* (《復星集團供應商行為準則》) to advocate and regulate the business ethics of suppliers. During the Reporting Period, the Fosun FC2M Conference – Global Ecological Supply Chain Summit in the theme of "Global Expansion, Mutually Beneficial Cooperation within Businesses Ecosystem" was held, with the aim to demonstrate Fosun's determination to actively promote high-quality cooperation with our supply chain partners for sustainable development.

The Company actively manages the relationship with investors. Under the premise of compliance, the Capital Markets and Investor Relations Department actively conveys the Company's information to the market to ensure high transparency and smooth communication. In addition to the daily communication with the analysts and investors, we also hold results press conferences, roadshows and reverse roadshows, investors' teleconferences, etc.

For more details of the Group's environmental policy and the performance as well as the relationship with stakeholders, please refer to our separate *2020 Environmental, Social and Governance Report* published on the websites of the Hong Kong Stock Exchange and the Company website and the Company website, or visit the Company's Sustainability Page: https://en.fosun.com/development/.

COMPLIANCE WITH LAWS AND REGULATIONS

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

MAJOR RISKS AND RESPONSIVE MEASURES

The Group adopts a prudent attitude in the course of investment and operation, and minimizes the costs of risks for the Group and dynamically manages the risk exposure through a scientific investment decision-making process, a stringent pre-investment assessment and post-investment management system. As the Group increases global investments, particularly the investment in the financial sector, the Group has further strengthened risk management and control at the group level in 2020 and improved the enterprise risk management system in the aspects of, among other things, organization structure, management system and workflow to enhance the risk management standards. Nevertheless, the Group is still fully aware of the risks and uncertainties faced in its operations, such as:

1. Strategic Risk

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

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

2. Market Risk

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

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

3. Credit Risk

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

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

4. Liquidity Risk

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

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

5. Insurance Risk

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

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

6. Compliance Risk

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

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

7. Operation Risk

The Group has made investments in the areas of "Health, Happiness, Wealth and Intelligent Manufacturing" in a number of countries and regions around the world. After completion of acquisitions, with subsidiaries acquired globally, the Group is faced with post-investment execution and consolidation risks in the aspects of, among other things, operational management, cultural integration and sense of identity among employees. The ongoing COVID-19 pandemic and containment measures may adversely affect the results of operation, financial condition and cash flow of our business.

While pursuing globalization, the Group drives progress in the localization of our investment team, core management members and platforms. By maintaining understanding of the local market through quality management measures, in-depth development of the invested industry is realized. The Group also enhances mutual interflow and communication between subsidiaries and the Group through programs such as the CEO conference of global insurance companies and the star ambassador program, various types of measures are also adopted to enhance cultural identity, manage and control operation risk. In light of the spread of COVID-19, we and our portfolio companies have taken or may take temporary precautionary measures to help minimize the risk of the virus to our employees, our customers, and the markets in which we operates.

8. Reputation Risk

Reputation risk refers to the risk of losses resulting from the stakeholders' negative evaluation on the corporation consequent to its own business operations or external events.

The Group has established the crisis management committee to coordinate the crisis management of the headquarters, core financial enterprises and non-financial industry operating entities, formed a reputation risk management mechanism comprising pre-event warning, responsive measures to risk events, post-event risk review and restoration. The committee coordinates the Group 's internal and external resources for reputation risk management, supervises the Group to establish crisis management mechanism, and enhances the Group 's crisis management awarenesses and capabilities, in order to safeguard the Group's production and operation.

9. Capital Management

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

10. Risk Contagion

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

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

FUTURE DEVELOPMENT OF THE GROUP

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

AUDITORS

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

On Behalf of the Board

Guo Guangchang
Chairman

30 March 2021

Awards and Recognition

AWARDS RECEIVED BY THE GROUP IN 2020

February	Fosun International was awarded "Best Investment Management Company Asia" by *Global Banking and Finance Review*, a leading United Kingdom financial magazine.
March	Fosun International was awarded the "Best Bond" at "The Asset Triple A Country Awards 2019", by *The Asset*, an internationally renowned financial magazine.
	Fosun International was awarded the "Best Innovation-Driven Consumer Group Asia 2020" by *International Business Magazine*, a Dubai, UAE based financial magazine.
May	Fosun International was ranked No. 371 on "Forbes Global 2000" by the U.S. magazine *Forbes*.
July	Fosun International was ranked No.73 on "China's Fortune 500" by *Fortune China*.
August	At the 2020 (14th) China Brand Festival Annual Conference, Fosun International was awarded the highest honor "Huapu Award", "Anti-epidemic Tribute Brand Enterprise Award" and was ranked No. 71 on "Top 500 Chinese Brands 2020".
	Fosun International won the "Most Popular Listed Company Brand" award at "2020 Golden Kirinbest Hong Kong-Listed Company Selection" by *Sina Finance*.
October	Fosun International was awarded the "Best Corporate Social Responsibility Award", "Best Corporate Communication Award" and "Best Investor Relations Company Award" at "10th Asia Excellence Award" organized by *Corporate Governance Asia*.
November	Fosun International was awarded the "ESG Leading Enterprise Award" (Category I: market capitalization over HK$200 billion) and "Leading Social Initiative Award" at "The 2nd ESG Leading Enterprise Awards" organized by *Bloomberg Businessweek Chinese Edition*.
	Fosun International was honored as the "Outstanding Employer for Diversity 2020" by Liexin Media.
December	Fosun International was awarded "Best ESG Report – Large-Cap", "Excellence in ESG Governance", "Excellence in Environmental Positive Impact" and "Excellence in Social Positive Impact" at the Hong Kong ESG Reporting Awards (HERA), in recognition of Fosun International's efforts and contributions in sustainable development, governance disclosure, environmental protection and social welfare.
	"Fosun Helps the World Fight Coronavirus with Global Resources" was awarded the "Best Practices of Companies for Achieving Sustainability" by Network China.
	Fosun International was named as the "Top 100 Best Employers in China" at "2020 China's Best Employers" organized by Zhaopin.com and the Center for Social Research, Peking University.
	Fosun International was awarded the "Best Innovation-Driven Consumer Group" in Hong Kong by *Finance Derivative*, an international financial and business analysis magazine.
	Fosun International was awarded the "Gold Award", "Best Innovation Initiative Award" and "Best High-Yield Bond" at "The Asset ESG Corporate Awards 2020" by *The Asset*, the renowned international financial magazine.
	Fosun International was awarded the "Best Large-cap Consumer Group" award at "Top 100 Hong Kong Stocks" co-organized by The Top 100 Hong Kong Stocks Research Center, Finet and Atlantis Investment Management Limited.

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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

Opinion

We have audited the consolidated financial statements of Fosun International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 102 to 300, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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

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

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of investment properties	
As at 31 December 2020, the carrying amount of investment properties, which are stated at fair value, amounted to approximately RMB65,688 million. Management uses external valuers to facilitate its determination of the fair values of all investment properties and the Group's policy is that property valuations are performed by external valuers on a regular basis. The valuation of the investment properties is highly dependent on estimates and assumptions, such as estimated rental, capitalisation rates, occupancy rates and market knowledge. The use of different estimates and assumptions could result in significantly different fair values.	Amongst our audit procedures, we considered the objectivity, independence and expertise of the external valuers. We involved internal valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples, which included reference to the leasing contracts, external market rents and historical information of occupancy rates, and in respect of the capitalisation rates, our internal specialists assisted us in checking to the market data applied by real estate industry analysis, etc.
The Group's disclosures about the fair value measurement of investment properties are included in notes 2.4 "Summary of significant accounting policies" and 3 "Significant accounting judgements and estimates – estimation uncertainty (v)", which specify the policies regarding the fair value measurement of investment properties, and note 14 which specifically explains the fair value hierarchy and valuation techniques and the key inputs to the valuation of investment properties.	We also assessed the adequacy of the disclosures on the fair value measurement of investment properties.

安永

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

Key audit matter	How our audit addressed the key audit matter
Classification and measurement of financial assets under HKFRS 9 and Amendments to HKFRS 4	
The classification of financial assets depends on the financial assets' contractual cash flow characteristic (sole payments of principal and interest ("SPPI") on the principal amount outstanding or not) and the Group's business model for managing them. As at 31 December 2020, the carrying value of financial assets at fair value through other comprehensive income ("OCI"), financial assets at fair value through profit or loss and financial assets at amortised cost, amounted to RMB89,889 million, RMB59,163 million and RMB34,813 million, respectively. This matter is significant to our audit as significant judgements are involved in the SPPI test and the determination of the business models. The Group also applied the overlay approach for designated eligible financial assets in accordance with Amendments to HKFRS 4. Under the overlay approach, the Group reclassified between profit or loss and OCI an amount that results in the profit or loss for the year for the designated financial assets being the same as if the Group had applied HKAS 39 to the designated financial assets. The carrying value as at 31 December 2020 of financial assets applying the overlay approach amounted to RMB18,816 million. As a result, management carried out impairment tests on these financial assets at the end of the year under the overlay approach as if HKAS 39 were applied and impairment losses were recognised when objective evidence of impairment existed. The matter is significant to our audit because significant management judgements and estimates are involved to determine if the financial assets are eligible for the overlay approach and to perform the impairment tests for related financial assets. The Group's disclosures about the classification and measurement under HKFRS 9 and Amendments to HKFRS 4 are included in notes 2.4 "Summary of significant accounting policies" and note 3 "Significant accounting judgements and estimates – judgements (vi) and estimation uncertainty (iv)", and notes 23, 24, 25 and 26 in which the details of the financial assets, the impairment losses recognised in the current year and the impact of the overlay approach are disclosed.	In our audit, we obtained an understanding of and evaluated the internal controls over the SPPI testing and business model assessment performed by the Group. We evaluated the design of SPPI testing logic and re-performed SPPI testing on a sampling basis by examining the contracts of these financial instruments. We evaluated the appropriateness of the business model assessment by analysing the activities that the entity undertook, including frequency and reasons for the sales of these financial assets, and reviewed the supporting evidence on a sampling basis. We understood and evaluated the internal controls over identifying and designating eligible financial assets under the overlay approach and the Group's impairment tests process as if HKAS 39 were applied to those assets. We selected samples to test the eligibility of the financial assets applying the overlay approach. We assessed the significant estimations and rationale used by management in evaluating the objective evidence of impairment for such financial assets and we performed independent tests by analysing the observable data that came to our attention to evaluate if there was any objective evidence of impairment. We examined the impairment tests performed by management in determining the amount of impairment losses when there was objective evidence of impairment. We also assessed the adequacy of the disclosures on the classification of the financial assets and the impact of the overlay approach, including the impairment recognised for the designated eligible financial assets under the overlay approach.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities	
The Group had significant insurance contract liabilities (including current and non-current portions) of RMB74,850 million as at 31 December 2020. The valuation of insurance contract liabilities relies on significant judgement over uncertain future outcomes, mainly including the timing and ultimate settlement of long-term policyholder liabilities. Actuarial models are used to support the calculation of insurance contract liabilities. The complexity of the models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Assumptions used in the valuation, such as investment return, discount rate, mortality, morbidity, expense and lapse are set up by applying significant judgements. The Group's disclosures about the valuation for insurance contract liabilities are included in notes 2.4 "Summary of significant accounting policies" and note 3 "Significant accounting judgements and estimates – estimation uncertainty (xiv) which specifically explain the methodologies, and assumptions used in the valuation, and notes 48, 49 and 51 which disclose the details of the insurance contract liabilities recognised as at 31 December 2020.	In our audit, we have performed audit procedures on the underlying data used in the valuation of some specific liabilities by tracing to source documentation. By applying our industry knowledge and experience, we compared the methodology, models and assumptions used against recognised actuarial practices. We involved our internal actuarial specialists to assist us in performing the following procedures in this area which among others included: assessing the design and testing the operating effectiveness of internal controls over the technical areas including management's determination and approval process for setting up assumptions, actuarial analyses including estimated versus actual results and experience studies; assessing the assumptions by reference to the historical experience, business expectation of the Group, and the market practices; reviewing the methodology and assumptions used on management's liability adequacy testing which is a test performed to check whether the liabilities are adequate as compared to the expected future contractual obligations and assessing the impact of changes in estimation to be in line with the changes in assumptions adopted by the Group. We also assessed the adequacy of the disclosures of the valuation for insurance contract liabilities.

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

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young
Certified Public Accountants

Hong Kong
30 March 2021

Consolidated Statement of Profit or Loss

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	6	136,629,482	142,982,128
Cost of sales		(86,058,947)	(89,026,695)
Gross profit		50,570,535	53,955,433
Other income and gains	6	22,422,645	27,372,228
Selling and distribution expenses		(20,600,768)	(22,158,534)
Administrative expenses		(22,572,515)	(21,866,197)
Other expenses		(7,841,919)	(5,371,828)
Finance costs	7	(9,981,696)	(10,220,849)
Amount reported in profit or loss applying the overlay approach	24	(294,869)	(1,323,143)
Share of profits of:			
Joint ventures		1,387,339	2,045,361
Associates		3,885,176	5,084,857
PROFIT BEFORE TAX	8	16,973,928	27,517,328
Tax	10	(5,873,450)	(7,347,951)
PROFIT FOR THE YEAR		11,100,478	20,169,377
Attributable to:			
Owners of the parent		8,017,940	14,800,912
Non-controlling interests		3,082,538	5,368,465
		11,100,478	20,169,377
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year (RMB)	12	0.94	1.73
Diluted			
– For profit for the year (RMB)	12	0.94	1.73

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
PROFIT FOR THE YEAR	**11,100,478**	20,169,377
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Financial assets designated under the overlay approach:		
Amount reported in other comprehensive income applying the overlay approach	**294,869**	1,323,143
Income tax effect	**(45,293)**	(292,164)
	249,576	1,030,979
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**432,093**	2,959,757
Changes in allowance for expected credit losses	**94,198**	(150,588)
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	**(53,234)**	(515,562)
Income tax effect	**(77,835)**	(294,977)
	395,222	1,998,630
Change in other life insurance contract liabilities due to potential gains on financial assets	**(214)**	(52,762)
Income tax effect	**(140)**	(1,509)
	(354)	(54,271)
Fair value adjustments of hedging instruments in cash flow hedges	**36,797**	(142,010)
Income tax effect	**(12,963)**	17,683
	23,834	(124,327)
Fair value adjustments of hedging of a net investment in a foreign operation	**194,813**	(231,121)
Income tax effect	**(44,631)**	53,988
	150,182	(177,133)
Share of other comprehensive (loss)/income of joint ventures	**(47,357)**	5,669
Share of other comprehensive loss of associates	**(4,882)**	(17,243)
Exchange differences on translation of foreign operations	**(1,780,784)**	208,096
Reclassification adjustments for a foreign operation disposed of during the year	**(84,573)**	–
	(1,865,357)	208,096
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(1,099,136)**	2,870,400

	Notes	2020 RMB'000	2019 RMB'000
OTHER COMPREHENSIVE INCOME *(Continued)*			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Revaluation gain upon transfer from owner-occupied property to investment property	*14*	**4,858**	312
Income tax effect	*30*	**(1,046)**	27
		3,812	339
Actuarial reserve relating to employee benefits		**(50,942)**	(105,481)
Income tax effect		**1,879**	11,937
		(49,063)	(93,544)
Equity investments designated at fair value through other comprehensive income:			
Change in fair value		**(246,103)**	(916,113)
Income tax effect		**7,461**	335,161
		(238,642)	(580,952)
Share of other comprehensive income/(loss) of associates		**118,710**	(48,603)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(165,183)**	(722,760)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(1,264,319)**	2,147,640
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**9,836,159**	22,317,017
Attributable to:			
Owners of the parent		**7,532,821**	16,541,197
Non-controlling interests		**2,303,338**	5,775,820
		9,836,159	22,317,017

Consolidated Statement of Financial Position

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	42,459,864	39,610,397
Investment properties	14	65,688,473	59,360,379
Right-of-use assets	15	18,434,077	18,777,362
Exploration and evaluation assets	16	555,489	507,028
Mining rights	17	512,824	536,023
Oil and gas assets	18	1,387,545	1,687,056
Intangible assets	19	26,223,404	23,326,888
Goodwill	20	24,479,151	20,252,439
Investments in joint ventures	21	25,621,386	25,757,655
Investments in associates	22	92,254,373	88,379,506
Financial assets at fair value through profit or loss	24	25,193,993	25,358,039
Equity investments designated at fair value through other comprehensive income	23	746,295	898,596
Debt investments at fair value through other comprehensive income	25	66,371,132	68,233,284
Debt investments at amortised cost	26	23,741,297	25,709,406
Properties under development	27	18,233,525	18,211,654
Due from related companies	28	1,075,137	854,603
Prepayments, other receivables and other assets	29	4,175,895	4,024,361
Deferred tax assets	30	6,323,124	5,787,038
Inventories	31	–	41,218
Policyholder account assets in respect of unit-linked contracts	32	3,732,640	907,648
Insurance and reinsurance debtors	33	76,264	126,409
Reinsurers' share of insurance contract provisions	34	4,769,326	4,669,061
Term deposits	35	1,121,996	1,253,305
Placements with and loans to banks and other financial institutions		40,125	39,078
Loans and advances to customers	36	361,491	426,292
Derivative financial instruments	37	407,526	303,116
Finance lease receivables	38	244,537	911,142
Contract assets and other assets	40	12,566	–
Total non-current assets		454,243,455	435,948,983

	Notes	2020 RMB'000	2019 RMB'000
CURRENT ASSETS			
Cash and bank balances	*35*	**105,717,947**	93,647,199
Financial assets at fair value through profit or loss	*24*	**33,969,450**	36,039,326
Debt investments at fair value through other comprehensive income	*25*	**22,771,181**	20,209,046
Debt investments at amortised cost	*26*	**11,071,593**	7,868,974
Derivative financial instruments	*37*	**1,604,363**	977,860
Trade and notes receivables	*39*	**9,016,852**	7,694,125
Contract assets and other assets	*40*	**97,410**	191,938
Prepayments, other receivables and other assets	*29*	**21,208,160**	19,056,697
Inventories	*31*	**17,664,600**	8,668,650
Completed properties for sale		**11,762,976**	12,640,372
Properties under development	*27*	**36,961,448**	33,036,615
Due from related companies	*28*	**11,831,435**	13,745,593
Policyholder account assets in respect of unit-linked contracts	*32*	**468,689**	176,539
Insurance and reinsurance debtors	*33*	**17,285,390**	13,973,826
Reinsurers' share of insurance contract provisions	*34*	**5,825,518**	5,958,133
Placements with and loans to banks and other financial institutions		**37**	273,511
Loans and advances to customers	*36*	**4,035,666**	4,195,966
Finance lease receivables	*38*	**1,351,935**	1,306,901
		312,644,650	279,661,271
Non-current assets classified as held for sale	*41*	**792,496**	70,942
Total current assets		**313,437,146**	279,732,213

	Notes	2020 RMB'000	2019 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	42	89,339,137	82,738,138
Contract liabilities	43	25,165,866	21,419,105
Trade and notes payables	44	18,296,504	16,718,466
Accrued liabilities and other payables	45	37,940,450	36,122,172
Tax payable		9,599,619	10,020,028
Deposits from customers	47	47,788,958	40,892,261
Due to the holding company	28	659,378	3,058,650
Due to related companies	28	2,196,843	3,340,958
Derivative financial instruments	37	2,021,960	1,396,069
Accounts payable to brokerage clients		1,184,878	156,513
Unearned premium provisions	48	9,650,294	8,972,868
Provision for outstanding claims	49	21,137,373	21,321,027
Provision for unexpired risks		371,607	248,466
Financial liabilities for unit-linked contracts	50	129,720	133,031
Investment contract liabilities	50	11,989,305	7,621,231
Other life insurance contract liabilities	51	387,828	1,756,869
Insurance and reinsurance creditors	52	10,259,769	8,217,474
Financial liabilities at fair value through profit or loss	53	2,134,246	2,245,801
Due to banks and other financial institutions	54	1,992,004	1,994,062
Assets sold under agreements to repurchase	46	3,120,034	–
Placements from banks and other financial institutions		212,595	17,501
		295,578,368	268,390,690
Liabilities directly associated with the assets classified as held for sale	41	4,614	8,454
Total current liabilities		295,582,982	268,399,144
NET CURRENT ASSETS		17,854,164	11,333,069
TOTAL ASSETS LESS CURRENT LIABILITIES		472,097,619	447,282,052

	Notes	**2020 RMB'000**	2019 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*42*	**140,463,287**	125,548,919
Deposits from customers	*47*	**69,570**	141,815
Derivative financial instruments	*37*	**671,197**	588,393
Deferred income	*55*	**1,184,499**	1,185,697
Other long term payables	*56*	**16,035,233**	18,364,777
Deferred tax liabilities	*30*	**16,654,453**	15,720,248
Provision for outstanding claims	*49*	**19,265,658**	17,831,984
Financial liabilities for unit-linked contracts	*50*	**4,071,609**	951,156
Investment contract liabilities	*50*	**50,856,395**	61,003,956
Other life insurance contract liabilities	*51*	**24,037,018**	24,361,463
Insurance and reinsurance creditors	*52*	**132,202**	146,361
Contract liabilities	*43*	**700,277**	513,067
Due to banks and other financial institutions	*54*	**944,141**	–
Due to the holding company	*28*	**3,000,000**	–
Due to related companies	*28*	**923,453**	–
Financial liabilities at fair value through profit or loss	*53*	**2,000**	–
Total non-current liabilities		**279,010,992**	266,357,836
Net assets		**193,086,627**	180,924,216
EQUITY			
Equity attributable to owners of the parent			
Share capital	*57*	**36,785,936**	36,714,828
Treasury shares		**(163,600)**	(130,259)
Other reserves		**91,189,690**	85,967,773
		127,812,026	122,552,342
Non-controlling interests		**65,274,601**	58,371,874
Total equity		**193,086,627**	180,924,216

Guo Guangchang
Director

Gong Ping
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 57)	Treasury shares RMB'000	Other deficits RMB'000 (note 58(a))	Surplus reserve RMB'000 (note 58(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2019 and 1 January 2020	36,714,828	(130,259)	(443,540)	12,873,389	97,170	5,296,747	68,400,667	(256,660)	122,552,342	58,371,874	180,924,216
Profit for the year	–	–	–	–	–	–	8,017,940	–	8,017,940	3,082,538	11,100,478
Other comprehensive income for the year:											
Equity investments designated at fair value through other comprehensive income											
Changes in fair value, net of tax	–	–	–	–	(169,688)	–	–	–	(169,688)	(68,954)	(238,642)
Financial assets designated under the overlay approach											
Amount recorded in other comprehensive income applying the overlay approach, net of tax	–	–	–	–	244,730	–	–	–	244,730	4,846	249,576
Debt investments at fair value through other comprehensive income											
Gains on fair value adjustment, net of tax	–	–	–	–	310,772	–	–	–	310,772	26,456	337,228
Changes in allowance for expected credit losses	–	–	–	–	40,150	–	–	–	40,150	67,162	107,312
Reclassification adjustments for loss on disposal included in the consolidated statement of profit or loss	–	–	–	–	(44,251)	–	–	–	(44,251)	(5,067)	(49,318)
Share of other comprehensive income of associates	–	–	–	–	50,887	–	–	–	50,887	62,941	113,828
Share of other comprehensive loss of joint ventures	–	–	–	–	(47,357)	–	–	–	(47,357)	–	(47,357)
Change in other life insurance contract liabilities due to potential gains on financial assets, net of tax	–	–	–	–	–	(301)	–	–	(301)	(53)	(354)
Fair value adjustments of the hedging instruments in cash flow hedges, net of tax	–	–	–	–	–	18,474	–	–	18,474	5,360	23,834
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	–	–	–	–	–	126,650	–	–	126,650	23,532	150,182
Revaluation gains upon transfer from owner-occupied property to investment property, net of tax	–	–	–	–	–	2,350	–	–	2,350	1,462	3,812
Actuarial reserve relating to employee benefits, net of tax	–	–	–	–	–	(44,979)	–	–	(44,979)	(4,084)	(49,063)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(972,556)	(972,556)	(892,801)	(1,865,357)
Total comprehensive income for the year	–	–	–	–	385,243	102,194	8,017,940	(972,556)	7,532,821	2,303,338	9,836,159

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 57)	Treasury shares RMB'000	Other deficits RMB'000 (note 58(a))	Surplus reserve RMB'000 (note 58(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries (note 60(a))	–	–	–	–	–	–	–	–	–	3,769,626	3,769,626
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	2,802,143	2,802,143
Distribution paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(3,568,986)	(3,568,986)
Final 2019 dividends	–	–	–	–	–	–	(2,042,029)	–	(2,042,029)	–	(2,042,029)
Transfer from retained earnings	–	–	–	1,789,278	–	–	(1,789,278)	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	(14,894)	–	–	(14,894)	(11,984)	(26,878)
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	211,548	–	–	211,548	1,001,683	1,213,231
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	641,648	–	–	641,648	1,811,388	2,453,036
Fair value adjustment on the share redemption option granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	811,017	–	–	811,017	1,743,323	2,554,340
Equity-settled share-based payments of the Company (note 62)**	71,108	(12,918)	–	–	–	144,700	–	–	202,890	–	202,890
Equity-settled share-based payment of subsidiaries	–	–	–	–	–	–	–	–	–	284,689	284,689
Deemed acquisition of additional interests in subsidiaries	–	–	–	–	(8,078)	(273,369)	–	–	(281,447)	297,265	15,818
Acquisition of additional interests in subsidiaries	–	–	–	–	(5,002)	(734,461)	–	–	(739,463)	(3,368,846)	(4,108,309)
Disposal of subsidiaries (note 60(b))	–	–	–	–	–	–	–	–	–	(156,723)	(156,723)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	(4,189)	(4,189)
Re-purchase of shares	–	(20,423)	–	–	–	–	(1,041,984)	–	(1,062,407)	–	(1,062,407)
At 31 December 2020	36,785,936	(163,600)	(443,540)*	14,662,667*	469,333*	6,185,130*	71,545,316*	(1,229,216)*	127,812,026	65,274,601	193,086,627

* These reserve accounts comprise the consolidated other reserves of RMB91,189,690,000 (31 December 2019: RMB85,967,773,000) in the consolidated statement of financial position.

** According to the share award scheme announced by the Company, during the year of 2020, the Company issued and the employee benefit trust established by the Company allotted 7,633,680 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the year, 5,116,320 shares were vested.

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 57)	Treasury shares RMB'000	Other deficits RMB'000 (note 58(a))	Surplus reserve RMB'000 (note 58(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2018 and 1 January 2019	36,660,729	(139,226)	(443,540)	9,156,698	(1,784,134)	4,348,203	61,215,398	(485,290)	108,528,838	51,912,185	160,441,023
Profit for the year	–	–	–	–	–	–	14,800,912	–	14,800,912	5,368,465	20,169,377
Other comprehensive income/(loss) for the year:											
Equity investments designated at fair value through other comprehensive income											
Changes in fair value, net of tax	–	–	–	–	(452,698)	–	–	–	(452,698)	(128,254)	(580,952)
Financial assets designated under the overlay approach											
Amount recorded in other comprehensive income applying the overlay approach, net of tax	–	–	–	–	890,194	–	–	–	890,194	140,785	1,030,979
Debt investments at fair value through other comprehensive income											
Gains on fair value adjustment, net of tax	–	–	–	–	2,020,588	–	–	–	2,020,588	566,164	2,586,752
Changes in allowance for expected credit losses	–	–	–	–	(109,534)	–	–	–	(109,534)	(21,956)	(131,490)
Reclassification adjustments for loss on disposal included in the consolidated statement of profit or loss	–	–	–	–	(428,694)	–	–	–	(428,694)	(27,938)	(456,632)
Share of other comprehensive loss of associates	–	–	–	–	(44,221)	–	–	–	(44,221)	(21,625)	(65,846)
Share of other comprehensive income of joint ventures	–	–	–	–	5,669	–	–	–	5,669	–	5,669
Change in other life insurance contract liabilities due to potential gains on financial assets, net of tax	–	–	–	–	–	(45,577)	–	–	(45,577)	(8,694)	(54,271)
Fair value adjustments of the hedging instruments in cash flow hedges, net of tax	–	–	–	–	–	(96,431)	–	–	(96,431)	(27,896)	(124,327)
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	–	–	–	–	–	(150,557)	–	–	(150,557)	(26,576)	(177,133)
Revaluation (loss)/gains upon transfer from owner-occupied property to investment property, net of tax	–	–	–	–	–	(260)	–	–	(260)	599	339
Actuarial reserve relating to employee benefits, net of tax	–	–	–	–	–	(76,824)	–	–	(76,824)	(16,720)	(93,544)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	228,630	228,630	(20,534)	208,096
Total comprehensive income for the year	–	–	–	–	1,881,304	(369,649)	14,800,912	228,630	16,541,197	5,775,820	22,317,017

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 57)	Treasury shares RMB'000	Other deficits RMB'000 (note 58(a))	Surplus reserve RMB'000 (note 58(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries (note 60(a))	–	–	–	–	–	–	–	–	–	2,512,961	2,512,961
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	696,986	696,986
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(3,721,566)	(3,721,566)
Final 2018 and interim 2019 dividends	–	–	–	–	–	–	(3,759,121)	–	(3,759,121)	–	(3,759,121)
Transfer from retained earnings	–	–	–	3,716,691	–	–	(3,716,691)	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	58,632	–	–	58,632	(9,676)	48,956
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	679,185	–	–	679,185	2,503,395	3,182,580
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	–	–	–	–	2,358	2,358
Fair value adjustment on the share redemption option granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	323,038	–	–	323,038	278,458	601,496
Equity-settled share-based payments of the Company (note 62)**	54,099	8,967	–	–	–	158,005	–	–	221,071	–	221,071
Equity-settled share-based payment of subsidiaries	–	–	–	–	–	–	–	–	–	267,572	267,572
Deemed acquisition of additional interests in subsidiaries	–	–	–	–	–	(14,104)	–	–	(14,104)	(157,882)	(171,986)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	113,437	–	–	113,437	(790,919)	(677,482)
Disposal of subsidiaries (note 60(b))	–	–	–	–	–	–	–	–	–	(398,734)	(398,734)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	(499,084)	(499,084)
Re-purchase of shares	–	–	–	–	–	–	(139,831)	–	(139,831)	–	(139,831)
At 31 December 2019	36,714,828	(130,259)	(443,540)*	12,873,389*	97,170*	5,296,747*	68,400,667*	(256,660)*	122,552,342	58,371,874	180,924,216

* These reserve accounts comprise the consolidated other reserves of RMB85,967,773,000 (31 December 2018: RMB72,007,335,000) in the consolidated statement of financial position.

** According to the share award scheme announced by the Company, during the year of 2019, the Company issued and the employee benefit trust established by the Company allotted 6,262,250 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the year, 5,078,760 shares were vested.

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		16,973,928	27,517,328
Adjustments for:			
Depreciation of items of property, plant and equipment	8	3,193,570	2,938,953
Depreciation of right-of-use assets	8	2,328,672	2,162,204
Amortisation of intangible assets	8	1,652,217	1,265,259
Amortisation of mining rights	8	23,199	12,163
Amortisation of oil and gas assets	8	305,905	319,406
Exploration expensed and written off	16	105,375	226,890
Provision for impairment loss of oil and gas assets	8	194,623	–
Provision for impairment of items of property, plant and equipment	8	70,154	32,441
Provision for impairment of intangible assets	8	296,750	225,151
Provision for impairment of goodwill	8	336,308	67,575
Provision/(reversal of) for impairment of debt investments at fair value through other comprehensive income	8	94,198	(150,588)
Provision for impairment of investments in associates	8	908,904	559,105
Provision for impairment of receivables	8	587,195	208,480
Provision for impairment of insurance and reinsurance debtors	8	203,186	4,694
Provision for impairment of debt investments at amortised cost	8	3,395	14,182
Provision for inventories	8	93,027	11,197
Provision for impairment of completed properties for sale	8	41,973	1,866
Provision for impairment of property under development	8	–	48,559
Provision for impairment of finance lease receivables	8	20,377	16,372
Provision for impairment of loans and advances to customers	8	31,198	75,326
Amount reported in profit or loss applying the overlay approach	24	294,869	1,323,143
Gain on disposal of subsidiaries	6	(5,072)	(4,029,184)
Gain on bargain purchase of subsidiaries	6	–	(64,338)
Gain on disposal/partial disposal of associates	6	(1,889,842)	(8,518,506)
Gain on deemed disposal of associates	6	(531,101)	(153,797)
Gain on remeasurement of previously held interests in step acquisitions of subsidiaries	6	(832,742)	(61,464)
Subtotal carried forward		24,500,266	24,052,417

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES *(Continued)*			
Loss on disposal of right-of-use assets	*15c*	**10,157**	–
Gain on disposal of items of property, plant and equipment	*6*	**–**	(307,497)
Gain on disposal of investment properties	*6*	**–**	(348,800)
Gain on disposal of debt investments at fair value through other comprehensive income		**(314,899)**	(1,179,936)
Gain on disposal of intangible assets	*6*	**(598,513)**	(93,252)
Gain on bargain purchase of associates	*6*	**(3,471,769)**	–
Gain on fair value adjustment of financial assets at fair value through profit or loss	*6*	**(3,143,131)**	(1,703,903)
Gain on fair value adjustment of investment properties	*6*	**(1,747,229)**	(1,643,548)
(Gain)/loss on derivative financial instruments	*6/8*	**(1,311,498)**	1,386,769
Ineffectiveness of hedges	*8*	**–**	106,113
Covid-19-related rent concessions from lessors	*15b*	**(330,278)**	–
Interest expenses	*7*	**9,504,114**	9,872,380
Interest income	*6*	**(1,100,648)**	(1,187,351)
Dividends and interest from equity investments at fair value through other comprehensive income	*6*	**(49,473)**	(2,724)
Dividends and interest from debt investments at fair value through other comprehensive income	*6*	**(2,285,683)**	(2,325,402)
Dividends and interest from financial assets at fair value through profit or loss	*6*	**(1,280,682)**	(1,429,503)
Share of profits and losses of associates		**(3,885,176)**	(5,084,857)
Share of profits and losses of joint ventures		**(1,387,339)**	(2,045,361)
Equity-settled share-based payments	*8*	**326,175**	456,238
Subtotal carried forward		**13,434,394**	18,521,783

	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES *(Continued)*		
CASH INFLOW BEFORE WORKING CAPITAL CHANGES	**13,434,394**	18,521,783
Increase in properties under development	**(4,108,319)**	(2,727,320)
Decrease in completed properties held for sale	**835,423**	4,789,570
(Increase)/decrease in trade and notes receivables	**(492,489)**	480,301
Increase in notes receivables included in debt investments at fair value through other comprehensive income	**(275,136)**	(491,273)
Increase in prepayments, other receivables and other assets	**(1,800,272)**	(1,245,865)
Increase in inventories	**(3,638,627)**	(476,477)
(Increase)/decrease in insurance and reinsurance debtors	**(3,467,064)**	151,301
Decrease/(increase) in reinsurers' share of insurance contract provisions	**32,350**	(1,570,403)
Decrease in amounts due from related companies and the holding company	**1,389,148**	277,502
Decrease in loans and advances to customers	**193,903**	585,730
Increase in trade and notes payables	**504,812**	1,875,218
Increase/(decrease) in accrued liabilities and other payables	**6,991,838**	(4,675,493)
(Decrease)/increase in deferred income	**(6,278)**	41,730
Decrease in other long term payables	**(358,533)**	(872,725)
Decrease in amounts due to related companies and the holding company	**(264,461)**	(988,247)
Increase in accounts payable to brokerage clients	**1,028,365**	71,462
Increase/(decrease) in placements with and loans to banks and other financial institutions	**272,427**	(194,789)
Increase/(decrease) in placements from banks and other financial institutions	**195,094**	(122,618)
Increase/(decrease) in amounts due to banks and other financial institutions	**942,083**	(20,643)
Increase/(decrease) in deposits from customers	**6,824,452**	(750,794)
Decrease in restricted pre-sale proceeds of properties	**89,150**	357,099
(Increase)/decrease in required reserve deposits	**(35,771)**	110,340
Decrease/(increase) in derivative financial instruments	**192,488**	(308,827)
Decrease in finance lease receivables	**601,194**	161,533
Increase in unearned premium provisions	**1,205,626**	1,137,552
Increase in provision for outstanding claims	**2,553,879**	3,866,498
Increase/(decrease) in insurance and reinsurance creditors	**2,028,136**	(1,020,230)
Increase/(decrease) in provision for unexpired risks	**123,141**	(39,919)
(Decrease)/increase in other life insurance contract liabilities	**(2,347,696)**	3,070,412
Decrease in investment contract liabilities	**(7,473,353)**	(4,051,396)
Decrease/(increase) in contract assets and other assets	**81,258**	(92,908)
Decrease in contract liabilities	**(266,901)**	(2,894,625)
CASH GENERATED FROM OPERATIONS	**14,984,261**	12,953,479
Tax paid	**(6,099,626)**	(5,119,869)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	**8,884,635**	7,833,610

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(5,692,114)**	(4,096,776)
Prepayment for the addition of right-of-use assets		**(308,646)**	(535,769)
Increase of investment properties		**(3,335,992)**	(7,388,822)
Purchase of intangible assets		**(2,717,226)**	(3,201,690)
Purchase of exploration and evaluation assets		**(167,420)**	(327,522)
Purchase of oil and gas assets		**(299,233)**	(495,205)
Purchase of financial assets at fair value through profit or loss		**(84,925,476)**	(86,513,620)
Purchase of equity investments designated at fair value through other comprehensive income		**(85,769)**	(310,442)
Purchase of debt investments at fair value through other comprehensive income		**(22,650,769)**	(33,392,385)
Purchase of debt investments at amortised cost		**(10,492,237)**	(19,045,753)
Increase in deposits of derivative financial instruments		**(84,074)**	(244,167)
Proceeds from disposal of financial assets at fair value through profit or loss		**87,488,733**	89,660,991
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**84,600**	22,947
Proceeds from disposal of debt investments at fair value through other comprehensive income		**22,942,026**	39,968,133
Proceeds from maturity of debt investments at amortised cost		**12,801,431**	4,716,601
Proceeds from disposal of items of property, plant and equipment		**1,048,030**	844,106
Proceeds from disposal of intangible assets		**464,499**	510,637
Disposal of subsidiaries	*60(b)*	**(216,066)**	1,614,068
Proceeds from disposal of associates and disposal of partial interests in associates		**5,644,199**	5,070,435
Proceeds from disposal of joint ventures		**136,534**	155
Proceeds from disposal of assets of a disposal group classified as held for sale		**13,327**	36,923
Acquisition of subsidiaries	*60(a)*	**(2,921,412)**	(2,873,214)
Acquisition of associates		**(6,305,880)**	(5,377,562)
Acquisition of joint ventures		**(195,841)**	(327,889)
Dividends and interest received from debt investments		**2,649,876**	2,289,570
Dividends and interest received from equity investments		**1,330,155**	1,432,227
Dividends received from associates		**1,571,254**	1,015,071
Dividends received from joint ventures		**909,110**	1,106
(Decrease)/increase in pledged bank balances and time deposits with original maturity of more than three months		**(179,200)**	1,591,741
Prepayments for proposed acquisitions of long term assets		**(903,306)**	(143,515)
Proceeds received from disposal of investment properties		**4,024,693**	1,933,589
Interest received		**985,457**	1,129,631
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**613,263**	(12,436,400)

	Note	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling shareholders of subsidiaries		**4,694,945**	3,879,566
New bank and other borrowings		**127,610,586**	122,053,083
Principal portion of lease payment		**(2,313,651)**	(2,187,395)
Repayment of bank and other borrowings		**(106,310,265)**	(109,350,768)
Decrease in loans from non-controlling shareholders		**(2,444,075)**	(1,243,785)
Distribution paid to non-controlling shareholders of subsidiaries		**(4,280,037)**	(4,259,132)
Acquisition of additional interests in subsidiaries		**(4,036,371)**	(1,023,481)
Disposal of partial interests in a subsidiary without losing control		**2,453,036**	2,358
Dividends paid to shareholders		**(1,487,300)**	(2,206,566)
Repurchase of shares		**(1,062,407)**	(139,831)
Interest paid		**(10,531,499)**	(10,278,084)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**2,292,962**	(4,754,035)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**11,790,860**	(9,356,825)
Cash and cash equivalents at beginning of year		**81,976,345**	91,333,170
CASH AND CASH EQUIVALENTS AT END OF YEAR	*35*	**93,767,205**	81,976,345

1. CORPORATE AND GROUP INFORMATION

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

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

The principal businesses of the Company and its subsidiaries (collectively referred to as the "Group") include Health, Happiness, Wealth and Intelligent Manufacturing. The Wealth Segment includes two major sub-segments: Insurance and Asset Management.

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain financial assets which have been measured at fair value. Non-current assets/assets of a disposal group classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*COVID-19-Related Rent Concessions (early adopted)*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

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

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

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

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

The nature and impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below: *(Continued)*

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The Group has applied the temporary reliefs to continue its existing interest rate hedging relationships. The amendments did not have any significant impact on the financial position and performance of the Group.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the property, plant and equipment of certain resorts of the Group have been reduced, waived or deferred by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB330,278,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

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

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

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

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

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

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

HKFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, HKFRS 17 will replace the existing HKFRS 4 Insurance Contracts. The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in HKFRS 4, which are largely based on grandfathering previous local accounting policies, the standard provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of the standard is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

HKFRS 17 is effective for reporting periods beginning on or after 1 January 2023. Early application is permitted, provided the entity also applies HKFRS 9 and HKFRS 15 on or before the date it first applies HKFRS 17. The Group is currently assessing the impact of the standards upon adoption.

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

Amendments to HKFRS 17 include changes to simplify certain requirements in the standard and make financial performance easier to explain. The amendments also provide additional reliefs to reduce the effort required for the transition to HKFRS 17. In addition, the amendments defer the effective date of HKFRS 17 to annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. As a result of the deferral, the HKICPA issued the amendments to HKFRS 4 to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023. The Group is currently assessing the impact of the standards upon adoption.

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

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

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

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

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

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

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation:

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Buildings	4 to 50 years
Plant and machinery	3 to 20 years
Office equipment	2 to 30 years
Motor vehicles	3 to 15 years
Leasehold improvements	The shorter of the lease terms and their useful lives
Freehold land	Not depreciated

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

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

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

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

Investment properties

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

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

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

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets and disposal groups held for sale

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

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

Intangible assets (other than goodwill)

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

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

TRADEMARKS

Trademarks with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives of not exceeding 30 years. Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of trademarks are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

MEDICINE LICENCES, TECHNICAL KNOW-HOW AND OPERATING CONCESSION RIGHTS

Medicine licences with finite useful lives are measured initially at cost and are amortised on the straight-line basis over the respective estimated useful lives of 10 years. Medicine licences, technical know-how and operating concession rights with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of medicine licences, technical know-how and operating concession rights are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

PATENTS

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

BUSINESS NETWORK

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

RESEARCH AND DEVELOPMENT COSTS

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

CUSTOMER RELATIONSHIP

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

Exploration and evaluation assets

FOR MINING RIGHTS

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

FOR OIL AND GAS ASSETS

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Mining rights

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

Oil and gas assets

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

Leases

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

GROUP AS A LESSEE

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

(A) RIGHT-OF-USE ASSETS

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

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

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

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

GROUP AS A LESSEE *(Continued)*

(B) LEASE LIABILITIES

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

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

The Group's lease liabilities are included in accrued liabilities and other payables and other long term payables.

(C) SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

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

GROUP AS A LESSOR

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

INITIAL RECOGNITION AND MEASUREMENT

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

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

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

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

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

SUBSEQUENT MEASUREMENT

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

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (DEBT INVESTMENTS)

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

SUBSEQUENT MEASUREMENT *(Continued)*

The subsequent measurement of financial assets depends on their classification as follows: *(Continued)*

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (EQUITY INVESTMENTS)

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

ASSETS HELD UNDER REVERSE REPURCHASE AGREEMENTS

The amounts advanced under these agreements are recognised and presented as "financial assets held under reverse repurchase agreements". The Group may not take physical possession of assets purchased under such agreements. The difference between the purchasing price and reselling price is recognised as interest income over the term of the agreement using the effective interest method.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

SUBSEQUENT MEASUREMENT *(Continued)*

The subsequent measurement of financial assets depends on their classification as follows: *(Continued)*

DESIGNATED ELIGIBLE FINANCIAL ASSETS UNDER THE OVERLAY APPROACH

In accordance with amendments to HKFRS 4, since 1 January 2018, the Group elected to apply the overlay approach to designate certain eligible financial assets which meet both of the following criteria:

(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 the scope of HKFRS 4.

Applying the overlay approach, the Group shall reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated eligible financial assets being the same as if HKAS 39 had been applied to them. Accordingly, the amount reclassified is equal to the difference between:

(a) the amount reported in profit or loss for the designated eligible financial assets applying HKFRS 9; and

(b) the amount that would have been reported in profit or loss for the designated eligible financial assets as if HKAS 39 had been applied.

Derecognition of financial assets

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

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

GENERAL APPROACH

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

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

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

SIMPLIFIED APPROACH

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

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

DESIGNATED ELIGIBLE FINANCIAL ASSETS UNDER THE OVERLAY APPROACH

The management has applied the overlay approach for designated eligible financial assets and carried out impairment tests on these financial assets at the end of the year under the overlay approach as if HKAS 39 were applied.

For designated eligible financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

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

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

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

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

Financial liabilities

INITIAL RECOGNITION AND MEASUREMENT

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

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

The Group's financial liabilities include trade and notes payables, accrued liabilities and other payables, due to the holding company, due to related companies, other long term payables, interest-bearing bank and other borrowings, financial liabilities at fair value through profit or loss, derivative financial instruments, due to banks and other financial institutions, deposits from customers, accounts payable to brokerage clients, placements from banks and other financial institutions and assets sold under agreements to repurchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

SUBSEQUENT MEASUREMENT

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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

FINANCIAL LIABILITIES AT AMORTISED COST (LOANS AND BORROWINGS)

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

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

ASSETS SOLD UNDER REPURCHASE AGREEMENTS

Assets sold under repurchase agreements continue to be recognised but a liability is recognised and presented as "assets sold under agreements to repurchase" for the proceeds from selling such assets. The Group may be required to provide additional collateral based on the fair value of the underlying assets and such non-cash collateral assets continue to be recognised on the balance sheet. The difference between the selling price and repurchasing price is recognised as interest expense over the term of the agreement using the effective interest method.

FINANCIAL GUARANTEE CONTRACTS

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

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

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

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

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

For the purpose of hedge accounting, hedges are classified as:

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

As HKFRS 9 includes an accounting policy choice to remain with hedge accounting under HKAS 39. The Group elected to continue to apply hedge accounting in accordance with HKAS 39.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT *(Continued)*

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

FAIR VALUE HEDGES

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

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

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

CASH FLOW HEDGES

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

Amounts recognised in other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

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

HEDGES OF A NET INVESTMENT

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT *(Continued)*

CURRENT VERSUS NON-CURRENT CLASSIFICATION

Derivative instruments that are not designated as effective hedging instruments are classified as current or noncurrent or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties under development

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

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

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

Completed properties for sale

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

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

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

Provisions

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

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

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

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

Income tax

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

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

Government grants

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

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

Revenue recognition

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

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

(A) SALE OF GOODS

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(B) SALES OF PROPERTIES

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

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

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

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

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

(C) RENDERING SERVICES

The revenue is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

REVENUE FROM OTHER SOURCES

(A) INSURANCE INCOME

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

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

(B) INTEREST INCOME

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

(C) DIVIDEND INCOME

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

(D) RENTAL INCOME

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Contract assets

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

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Contract liabilities

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract costs

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

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

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

(c) The costs are expected to be recovered.

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

Share-based payments

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

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the binomial option pricing model, further details of which are given in note 62 to the financial statements.

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

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

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

Other employee benefits

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

(I) DEFINED CONTRIBUTION PENSION SCHEMES

The full-time employees of the companies in Chinese Mainland, other than Qualified SOE Employees and Qualified Retirees of former state-owned enterprises ("Former SOEs") as set out below, are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred.

(II) OTHER EMPLOYEE BENEFITS TO QUALIFIED SOE EMPLOYEES AND QUALIFIED RETIREES

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

QUALIFIED SOE EMPLOYEES

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

(II) OTHER EMPLOYEE BENEFITS TO QUALIFIED SOE EMPLOYEES AND QUALIFIED RETIREES *(Continued)*

QUALIFIED SOE EMPLOYEES (Continued)

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

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

QUALIFIED RETIREES

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

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

(III) PENSION SCHEME FOR ALL ELIGIBLE EMPLOYEES OF THE COMPANIES IN HONG KONG

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

(IV) ACCOMMODATION BENEFITS FOR ALL ELIGIBLE EMPLOYEES OF THE COMPANIES IN CHINESE MAINLAND

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

(V) EMPLOYEE BENEFITS TO ALL ELIGIBLE EMPLOYEES OF THE SUBSIDIARIES IN PORTUGAL

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

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

In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

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

(VI) EMPLOYEE BENEFITS TO ALL ELIGIBLE EMPLOYEES OF THE SUBSIDIARY IN FRANCE

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

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

(A) DEFINED CONTRIBUTION PLANS

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

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

(B) DEFINED BENEFIT PLANS

Under defined benefit plans, the subsidiary in France has an obligation to pay benefits to employees either at the end of their employment or during their retirement. The defined benefit plans of the subsidiary in France are unfunded and are covered by provisions recorded in the financial statements.

The main defined benefit plans of the subsidiary in France concern indemnities payable to employees on retirement (France, Greece and Turkey) or when they leave the subsidiary in France (Italy and Japan).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

Dividends

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

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

Foreign currencies

The functional currencies of the Company and PRC subsidiaries are Hong Kong dollars ("HKD") and RMB, respectively. The financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

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

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

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

The functional currencies of the Company and its subsidiaries incorporated outside Chinese Mainland are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

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

Insurance and investment contracts

(A) CLASSIFICATION OF CONTRACTS

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

As provided for in HKFRS 4, investment contracts with a discretionary profit sharing component also continue to be classified as insurance contracts, and other investment contracts are accounted for under HKAS 39.

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

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

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

(B) PROVISION FOR UNEARNED PREMIUMS

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

Expenditure incurred with the acquisition of non-life insurance contracts, including brokerage commissions and other expenses allocated to the acquisition, is deferred over the course of the period to which it relates and is recognised as a deduction from the amount of the unearned premium reserves on insurance contracts.

(C) CLAIMS PROVISION

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(D) MATHEMATICAL PROVISION FOR LIFE INSURANCE

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

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

(E) PROFIT SHARING PROVISION

The profit sharing provision in other life insurance contract liabilities includes amounts payable to policyholders or contract beneficiaries, in the form of a profit sharing scheme, whether already allocated or yet to be allocated, provided that such amounts have not yet been distributed.

PROFIT SHARING PROVISION TO BE ALLOCATED

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

This provision is set up as a charge to profit sharing to be attributed, in the consolidated statement of profit or loss, or as a direct charge to the other comprehensive income resulting from adjustments to the fair value of available-for-sale financial assets linked to life insurance with a profit sharing component, depending on the assets' classification.

Throughout the duration of the contracts of each type or set of types, the balance of the provision for profit sharing to be allocated corresponding to this is utilised in full.

PROVISION FOR ALLOCATED PROFIT SHARING

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

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

(F) PROVISION FOR INTEREST RATE COMMITMENTS

The provision for interest rate commitments is set up for all life insurance and life insurance operations with a guaranteed interest rate, whenever the effective yield on investments representing mathematical provisions on certain insurance contracts, lower than the technical interest rate used to determine the mathematical provisions of those contracts.

(G) PORTFOLIO STABILISATION PROVISION

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(H) PROVISION FOR UNEXPIRED RISKS

This provision is calculated for all non-life insurance and is intended to respond to situations in which premiums to be allocated to subsequent years regarding contracts in force at the date of the financial statements are not sufficient to pay for the indemnities and the expenses to be allocated to the respective technical lines of business. This provision is calculated on the basis of the ratios for claims, operating costs, ceding and income, in accordance with which is defined by the Portuguese Insurance Regulator.

(I) TECHNICAL PROVISIONS FOR OUTWARDS REINSURANCE

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

(J) LIABILITIES TO SUBSCRIBERS OF UNIT-LINKED PRODUCTS

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

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

(K) LIABILITIES TO SUBSCRIBERS OF OTHER INVESTMENT CONTRACTS

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

(L) IMPAIRMENT OF DEBTOR BALANCES RELATED TO INSURANCE AND REINSURANCE CONTRACTS

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

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

(M) LIABILITY ADEQUACY TEST

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

(I) PROPERTY LEASE CLASSIFICATION – GROUP AS LESSOR

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

(II) SIGNIFICANT JUDGEMENT IN DETERMINING THE LEASE TERM OF CONTRACTS WITH RENEWAL OPTIONS

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

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

(III) CLASSIFICATION BETWEEN INVESTMENT PROPERTIES AND OWNER-OCCUPIED PROPERTIES

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

(IV) CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN A MAJORITY OF VOTING RIGHTS

The Group considers that it controls Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Fosun Pharma with a 38.6% equity interest as at 31 December 2020. The remaining 61.4% of the equity shares in Fosun Pharma are widely held by many other shareholders. The Group controls the board of directors of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders. Since the date of Fosun Pharma's domestic shares being listed on the Shanghai Stock Exchange, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements *(Continued)*

(V) DEFERRED TAX LIABILITIES

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

(VI) CLASSIFICATION OF FINANCIAL ASSETS

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial assets' contractual cash flow characteristics: (1) management needs to make significant judgement when assessing its business model, including but is not limited to (a) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; (b) the risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way in which those risks are managed; and (c) how managers of the business are compensated. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, management needs to consider the reasons for the sales, timing of sales, frequency and value in prior periods; and (2) management needs to make significant judgement on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, such as whether contractual cash flows could be significantly different from the benchmark cash flows involves judgement when assessing a modified time value of a money element, and whether the fair value of prepayment features is insignificant also requires judgement when assessing the financial assets with prepayment features.

Estimation uncertainty

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

(I) IMPAIRMENT OF GOODWILL

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2020 was RMB24,479,151,000 (31 December 2019: RMB20,252,439,000). Further details are given in note 20 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

(II) IMPAIRMENT OF NON-FINANCIAL ASSETS (OTHER THAN GOODWILL)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. For the year ended 31 December 2020, impairment losses in the amount of RMB1,470,431,000 (2019: RMB816,697,000) have been recognised as set out in note 8 to the financial statements.

(III) LEASES – ESTIMATING THE INCREMENTAL BORROWING RATE

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

(IV) IMPAIRMENT OF DESIGNATED ELIGIBLE FINANCIAL ASSETS UNDER THE OVERLAY APPROACH

Management has applied the overlay approach for designated eligible financial assets and carried out impairment tests on these financial assets at the end of the year under the overlay approach as if HKAS 39 were applied. When the fair value declines, management makes judgement about the decline in value to determine whether there is an impairment that should be recognised in the consolidated statement of profit or loss. As at 31 December 2020, the carrying amount of designated eligible financial assets under the overlay approach (including current and non-current portions) was RMB18,815,563,000 (2019: RMB16,778,534,000). For the year ended 31 December 2020, impairment losses in the amount of RMB362,993,000 (2019: RMB579,208,000) have been recognised as set out in Note 24.

(V) ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES

As described in note 14 to the financial statements, investment properties were revalued on 31 December 2020 on an open market value and existing use basis. Such valuations were based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

(V) ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES *(Continued)*

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

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

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

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

The carrying amount of investment properties at 31 December 2020 was RMB65,688,473,000 (31 December 2019: RMB59,360,379,000). Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

(VI) FAIR VALUE OF FINANCIAL INSTRUMENTS DETERMINED USING VALUATION TECHNIQUES

The fair value of financial instruments, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 69 to the financial statements.

(VII) USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

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

(VIII) USEFUL LIVES OF INTANGIBLE ASSETS (OTHER THAN GOODWILL)

The Group determines the estimated useful lives for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

(IX) ESTIMATION OF REHABILITATION COST PROVISIONS

FOR MINING RIGHTS

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

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

FOR OIL AND GAS ASSETS

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

(X) MEASUREMENT OF THE EXPECTED CREDIT LOSS ALLOWANCE

The Group assesses the impairment of financial assets at amortised cost and debt investments at fair value through other comprehensive income ("FVOCI") using the ECL model. The application of the ECL model requires significant estimation, and consideration of all reasonable and relevant information including forward-looking information. When making such estimation, the Group estimates the expected changes of the debtor's credit risk based on historical repayment data along with economic policies, macro-economic indicators, and industrial risk.

(XI) DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences, and the carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2020 was RMB2,566,763,000 (31 December 2019: RMB2,041,142,000). The amount of unrecognised tax losses and deductible temporary differences as at 31 December 2020 was RMB34,270,483,000 (31 December 2019: RMB25,376,424,000). Further details are contained in note 30 to the financial statements.

(XII) NET REALISABLE VALUE OF INVENTORIES, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES FOR SALE

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

(XIII) CONTINGENT CONSIDERATION FOR THE ACQUISITION OF SUBSIDIARIES

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

(XIV) ASSESSMENT OF INSURANCE CONTRACT LIABILITIES

The Group's insurance contract liabilities are assessed on the basis of the methodologies and assumptions described in note 2.4. These liabilities reflect a quantified estimate of the impact of future events on the accounts of the Group's insurance companies, based on actuarial assumptions, claims history and other methods accepted in the sector. Owing to the nature of insurance activity, the assessment of claims provisions and other insurance contract liabilities is highly subjective and the real amounts payable in the future may differ significantly from the estimates. Management reassesses these estimates at the end of each reporting period, however, that the liabilities on insurance contracts recognised in the consolidated financial statements adequately reflect the best estimate at the end of the reporting period of the amounts to be disbursed by the Group. As at 31 December 2020, the total carrying amount of insurance contract liabilities was RMB74,849,778,000 (2019: RMB74,492,677,000), which included unearned premium provisions amounting to RMB9,650,294,000 (2019: RMB8,972,868,000), provision for outstanding claims amounting to RMB40,403,031,000 (2019: RMB39,153,011,000), provision for unexpired risks amounting to RMB371,607,000 (2019: RMB248,466,000) and other life insurance contract liabilities amounting to RMB24,424,846,000 (2019: RMB26,118,332,000).

(XV) VALUATION OF THE IDENTIFIABLE ASSETS AND LIABILITIES THROUGH BUSINESS COMBINATIONS AND THE RECOGNISED CORRESPONDING GOODWILL OR GAIN ON BARGAIN PURCHASE

The Group completed certain business combinations during the year. The purchase prices are allocated between the fair values of the identifiable assets acquired and the liabilities assumed which result in the recognition of goodwill or gains on bargain purchase. Management, assisted by the external appraisers, evaluated the fair values of identifiable assets acquired and liabilities assumed and completed the purchase price allocation. The fair value determination in the accounting for business combinations relied on significant management estimation in respect of fair value assessments.

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

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2020 are set out below:

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered capital	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries						
Asset Management segment						
上海復星高科技(集團)有限公司# (Shanghai Fosun High Technology (Group) Co., Ltd.) ("Fosun High Technology")	PRC/ Chinese Mainland	RMB4,800,000,000	100.0%	–	100.0%	Investment holding
上海復星產業投資有限公司# (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC/ Chinese Mainland	RMB600,000,000	–	100.0%	100.0%	Investment holding
復星金融控股有限公司 (Fosun Financial Holdings Limited)	Hong Kong	HKD18,598,275,001	100.0%	–	100.0%	Investment holding
復星地產控股有限公司 (Fosun Property Holdings Limited)	Hong Kong	HKD1	100.0%	–	100.0%	Investment holding
上海復星創富投資管理股份有限公司# (Shanghai Fosun Capital Investment & Management Co., Ltd.)	PRC/ Chinese Mainland	RMB110,000,000	–	100.0%	100.0%	Capital investment and management
復地(集團)股份有限公司# (Shanghai Forte Land Co., Ltd.) ("Forte")	PRC/ Chinese Mainland	RMB2,504,155,034	–	100.0%	100.0%	Property development
浙江復星商業發展有限公司# (Zhejiang Fosun Commercial Development Co., Ltd.)	PRC/ Chinese Mainland	RMB100,000,000	–	100.0%	100.0%	Property development
復星產業控股有限公司 (Fosun Industrial Holdings Limited)	Hong Kong	HKD500,000,000	100.0%	–	100.0%	Investment holding
Fortune Star (BVI) Limited	Virgin Islands, British	USD1	–	100.0%	100.0%	Capital investment and management
上海復星工業技術發展有限公司# (Shanghai Fosun Industrial & Technology Development Co., Ltd.)	PRC/ Chinese Mainland	RMB8,200,000,000	–	100.0%	100.0%	Capital investment and management
Hauck & Aufhäuser Privatbankiers AG	Germany	EUR18,445,196	–	99.9%	99.9%	Private banking and financial services

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

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2020 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered capital	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Health segment						
上海復星醫藥(集團)股份有限公司*/# (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.) ("Fosun Pharma")	PRC/ Chinese Mainland	RMB2,562,899,000	–	38.6%	38.6%	Investment holding
上海復星醫藥產業發展有限公司# (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)	PRC/ Chinese Mainland	RMB2,253,308,000	–	100.0%	38.6%	Investment holding
上海復星醫療(集團)有限公司# (Shanghai Fosun Medical (Group) Co., Ltd.)	PRC/ Chinese Mainland	RMB3,500,000,000	–	100.0%	38.6%	Medical consultation
錦州奧鴻藥業有限責任公司# (Jinzhou Aohong Pharmaceutical Co., Ltd.)	PRC/ Chinese Mainland	RMB510,000,000	–	100.0%	38.6%	Manufacture and trading of medicine
江蘇萬邦生化醫藥集團有限責任公司# (Jiangsu Wanbang Biopharmaceutical Co., Ltd.)	PRC/ Chinese Mainland	RMB440,455,000	–	100.0%	38.6%	Manufacture and trading of medicine
Alma Lasers Ltd.	State of Israel	NIS14,000,000	–	74.8%	28.9%	Manufacture and sale of medical devices
湖北新生源生物工程有限公司# (Shine Star (Hubei) Biological Engineering Co., Ltd.)	PRC/ Chinese Mainland	RMB51,120,000	–	51.0%	19.7%	Manufacture and trading of medicine
重慶藥友製藥有限責任公司# (Chongqing Yao Pharmaceutical Co., Ltd.)	PRC/ Chinese Mainland	RMB196,540,000	–	61.0%	23.6%	Manufacture and trading of medicine
桂林南藥股份有限公司# (Guilin South Pharma Co., Ltd.)	PRC/ Chinese Mainland	RMB285,030,000	–	96.4%	37.2%	Manufacture and trading of medicine
江蘇萬邦醫藥營銷有限公司# (Jiangsu Wanbang Pharmaceutical Marketing & Distribution Co., Ltd.)	PRC/ Chinese Mainland	RMB274,000,000	–	100.0%	38.6%	Manufacture and trading of medicine

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

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2020 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered capital	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Health segment (Continued)						
復星實業(香港)有限公司 (Fosun Industrial Co., Limited)	Hong Kong	USD571,446,000	–	100.0%	38.6%	Investment holding
佛山市禪城區中心醫院有限公司# (Foshan City Chancheng District Central Hospital Co., Ltd.)	PRC/ Chinese Mainland	RMB50,000,000	–	87.4%	33.8%	Provision of healthcare services
蘇州二葉製藥有限公司# (Suzhou Erye Pharmaceutical Co. Ltd.)	PRC/ Chinese Mainland	RMB238,420,000	–	90.0%	34.8%	Manufacture and trading of medicine
Gland Pharma Limited ("Gland")	India	RS163,283,000	–	58.4%	22.5%	Manufacture and trading of medicine
上海復宏漢霖生物技術股份有限公司# (Shanghai Henlius Biotech Co. Ltd.)	PRC/ Chinese Mainland	RMB543,495,000	–	55.0%	21.2%	Research and development of biopharmaceutical drugs
Luz Saúde, S.A.	Portugal	EUR95,542,254	–	99.9%	92.2%	Provision of healthcare Services
Intelligent Manufacturing Segment						
海南礦業股份有限公司# (Hainan Mining Co., Ltd.)	PRC/ Chinese Mainland	RMB1,954,720,000	–	51.6%	51.6%	Sale of iron and steel products
上海愛夫迪自動化科技有限公司# (Shanghai FFT Automation Technology Co., Ltd.)	PRC/ Chinese Mainland	RMB500,000,000	–	70.6%	57.9%	Provision of digital and intelligent solution

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

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2020 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered capital	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Happiness segment						
Club Med SAS	France	EUR149,704,804	–	100.0%	81.0%	Tourism
海南亞特蘭蒂斯商旅發展有限公司# (Hainan Atlantis Commerce And Tourism Development Co., Ltd.)	PRC/ Chinese Mainland	RMB801,500,000	–	100.0%	81.0%	Tourism
上海豫園旅遊商城(集團)股份有限公司# (Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.) ("Yuyuan")	PRC/ Chinese Mainland	RMB3,883,498,000	–	68.6%	68.6%	Retail
北京復地通盈置業有限公司# (Beijing Forte Tongying Property Co., Ltd.)	PRC/ Chinese Mainland	RMB20,000,000	–	100.0%	81.2%	Property development
海南復地投資有限公司# (Hainan Forte Investment Co., Ltd.)	PRC/ Chinese Mainland	RMB10,000,000	–	100.0%	68.6%	Property development
成都復地明珠置業有限公司# (Chengdu Forte Mingzhu Property Co., Ltd.)	PRC/ Chinese Mainland	RMB500,000,000	–	66.0%	45.3%	Property development
上海豫園珠寶時尚集團有限公司# (Shanghai Yuyuan Jewelry Fashion Group Co., Ltd.)	PRC/ Chinese Mainland	RMB200,000,000	–	100.0%	68.6%	Retail
Insurance segment						
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong	USD791,405,154	–	86.5%	86.5%	Reinsurance
Fidelidade – Companhia de Seguros, S.A.	Portugal	EUR509,264,000	–	85.0%	85.0%	Underwriting of life and non-life insurance
AmeriTrust Group, Inc.	United States of America	USD588,987,000	–	100.0%	100.0%	Underwriting of non-life insurance

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

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2020 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered capital	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Associates						
國藥產業投資有限公司# (Sinopharm Industrial Investment Co., Ltd.) ("Sinopharm")	PRC/ Chinese Mainland	RMB100,000,000	–	49.0%	18.9%	Distribution of pharmaceutical products
Banco Comercial Português, S.A.	Portugal	EUR4,725,000,000	–	29.9%	29.9%	Banking and financial services
青島啤酒股份有限公司@/# (Tsingtao Brewery Company Limited)	PRC/ Chinese Mainland	RMB1,364,183,000	–	9.1%	8.9%	Production and sale of beer
新華人壽保險股份有限公司@/# (New China Life Insurance Co LTD.)	PRC/ Chinese Mainland	RMB3,120,000,000	–	5.4%	5.1%	Life insurance
天津建龍鋼鐵實業有限公司# (Tianjin Dragon Steel Industrial Co., Ltd.)	PRC/ Chinese Mainland	RMB2,000,000,000	–	25.7%	25.7%	Manufacture and sale of iron and steel products
Joint ventures						
南京南鋼鋼鐵聯合有限公司#/& (Nanjing Nangang Iron & Steel United Co., Ltd.)	PRC/ Chinese Mainland	RMB3,000,000,000	–	60.0%	60.0%	Manufacture and sale of iron and steel products
上海復星外灘置業有限公司# (Shanghai Fosun Bund Property Co., Ltd.)	PRC/ Chinese Mainland	RMB7,000,000,000	–	50.0%	50.0%	Property development

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

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

The above table lists the subsidiaries, associates and joint ventures of the Group which, in the opinion of the directors of the Company, principally affected the results of the Group for the year ended 31 December 2020 or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries, associates and joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes:

* Fosun Pharma continues to be accounted for as a subsidiary because the Group continues to be the single major shareholder of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders, despite the fact that the Group's equity interest in this company was 38.6% as at 31 December 2020.

@ The Group's investments in these associates are accounted for under the equity method of accounting because the Group has significant influence over these entities by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Group's direct or indirect equity interests in these associates were lower than 20% for the year ended 31 December 2020.

These companies are registered as limited liability companies under PRC law.

& Although the Group held a 60% equity interest in Nanjing Nangang Iron & Steel United Co., Ltd. ("Nanjing Nangang") as at 31 December 2020, the Group delegated 10% voting rights in Nanjing Nangang to Nanjing Iron & Steel (Group) Co., Ltd., and Nanjing Nangang was accounted for as a joint venture of the Group.

5. OPERATING SEGMENT INFORMATION

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

(i) The Health segment engages in the research and development, manufacture, sale and trading of pharmaceutical and health products and providing medical services and health management;

(ii) The Happiness segment comprises principally the operation and investments in tourism and leisure, fashion consumer and lifestyle industries;

(iii) The Insurance segment mainly engages in the operation of and investment in the insurance businesses;

(iv) The Asset Management segment comprises principally the operation and investment of asset management, market investments, and investments in other companies of the Group; and

(v) The Intelligent Manufacturing segment comprises principally the operation of and investment in the intelligent manufacturing and iron, steel and ore production.

Both the Insurance segment and the Asset Management segment listed above belong to the Wealth sector of the Group.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. During the year, as management changed the structure of the Group's internal organisation to match its business development strategy in a manner that caused to change the Group's composition of its reportable segments, some entities in the Group were re-allocated to reflect such change. Segment performance is evaluated based on reportable segment profit or loss, which is measured consistently with the Group's profit or loss after tax. The head office and corporate expenses are allocated to each reportable segments based on their respective utilisation of internal resources. Certain interest-bearing bank and other borrowings which are managed on the group basis are allocated to each reportable segments based on their respective utilisation of the financing.

5. OPERATING SEGMENT INFORMATION *(Continued)*

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.

Year ended 31 December 2020

	Health	Happiness	Wealth		Intelligent Manufacturing		
			Insurance	Asset Management		Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	33,833,815	55,727,030	29,840,096	12,278,296	4,950,245	–	136,629,482
Inter-segment sales	773,298	177,447	–	401,354	–	(1,352,099)	–
Total revenue	34,607,113	55,904,477	29,840,096	12,679,650	4,950,245	(1,352,099)	136,629,482
Segment results							
Profit before tax	5,354,993	1,989,536	2,440,834	5,000,435	2,272,152	(84,022)	16,973,928
Tax	(685,162)	(2,585,823)	(844,327)	(1,670,665)	(87,473)	–	(5,873,450)
Profit/(loss) for the year	4,669,831	(596,287)	1,596,507	3,329,770	2,184,679	(84,022)	11,100,478
Segment and total assets	100,117,588	178,506,250	214,233,433	243,338,968	42,055,524	(10,571,162)	767,680,601
Segment and total liabilities	45,006,099	123,472,719	193,525,754	207,315,956	15,041,512	(9,768,066)	574,593,974
Other segment information:							
Interest and dividend income	231,771	341,839	3,558,028	718,125	51,599	(184,876)	4,716,486
Other income and gains (excluding interest and dividend income)	3,185,115	2,167,164	3,551,065	8,578,992	225,300	(1,477)	17,706,159
Amount reported in profit or loss applying the overlay approach	–	–	(294,869)	–	–	–	(294,869)
Impairment losses recognised in the statement of profit or loss, net	(283,601)	(376,370)	(322,264)	(1,700,471)	(207,157)	8,575	(2,881,288)
Finance costs	(1,127,255)	(2,275,467)	(1,774,037)	(4,715,597)	(271,148)	181,808	(9,981,696)
Share of profits and losses of							
– Joint ventures	(128,299)	11,873	(104,340)	543,745	1,069,596	(5,236)	1,387,339
– Associates	1,742,512	(47,616)	536,542	597,419	1,187,359	(131,040)	3,885,176
Depreciation and amortisation	(1,721,124)	(3,785,955)	(691,477)	(701,121)	(603,886)	–	(7,503,563)
Research and development costs	(2,800,802)	(109,012)	–	(22,234)	(72,447)	–	(3,004,495)
(Loss)/Gain on fair value adjustments of investment properties	–	(108,685)	328,803	1,527,111	–	–	1,747,229
Fair value gain/(loss) on financial assets at fair value through profit or loss	1,422,996	34,026	160,671	1,531,389	1,971	(7,922)	3,143,131
Investments in joint ventures	391,531	678,734	1,411,336	11,155,045	12,386,380	(401,640)	25,621,386
Investments in associates	25,534,198	10,300,345	10,484,791	38,231,665	9,733,136	(2,029,762)	92,254,373
Capital expenditure*	4,651,792	2,996,840	2,635,634	1,393,849	633,266	–	12,311,381

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2019 (restated)

	Health	Happiness	Wealth		Intelligent Manufacturing		
			Insurance	Asset Management		Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	32,149,321	67,673,918	31,278,161	8,297,247	3,583,481	–	142,982,128
Inter-segment sales	570,817	197,706	–	175,200	–	(943,723)	–
Total revenue	32,720,138	67,871,624	31,278,161	8,472,447	3,583,481	(943,723)	142,982,128
Segment results							
Profit before tax	4,965,330	6,655,546	1,769,794	10,805,948	3,400,564	(79,854)	27,517,328
Tax	(782,167)	(4,030,134)	(550,554)	(1,902,681)	(94,799)	12,384	(7,347,951)
Profit for the year	4,183,163	2,625,412	1,219,240	8,903,267	3,305,765	(67,470)	20,169,377
Segment and total assets	91,820,897	165,600,983	210,309,384	226,453,572	31,051,645	(9,555,285)	715,681,196
Segment and total liabilities	43,637,095	110,558,433	195,986,572	188,726,475	5,723,468	(9,875,063)	534,756,980
Other segment information:							
Interest and dividend income	211,163	370,546	3,431,356	1,029,193	51,501	(148,779)	4,944,980
Other income and gains (excluding interest and dividend income)	2,932,848	1,392,035	6,039,845	11,946,136	175,922	(59,538)	22,427,248
Amount reported in profit or loss applying the overlay approach	–	–	(1,323,143)	–	–	–	(1,323,143)
Impairment losses recognised in the statement of profit or loss, net	(504,450)	(387,781)	137,762	(357,886)	(2,005)	–	(1,114,360)
Finance costs	(1,277,487)	(2,115,185)	(1,803,383)	(4,959,043)	(199,002)	133,251	(10,220,849)
Share of profits and losses of							
– Joint ventures	(63,367)	(11,880)	(134,984)	639,071	1,616,067	454	2,045,361
– Associates	1,576,717	(277,166)	534,568	1,736,261	1,565,380	(50,903)	5,084,857
Depreciation and amortisation	(1,512,299)	(3,479,462)	(705,029)	(563,440)	(437,755)	–	(6,697,985)
Research and development costs	(2,055,004)	(87,574)	(40)	(36,945)	(2,717)	–	(2,182,280)
Gains on fair value adjustments of investment properties	–	97,421	494,842	1,051,285	–	–	1,643,548
Fair value (loss)/gain on financial assets at fair value through profit or loss	(40,185)	121,558	2,367,430	(784,021)	40,988	(1,867)	1,703,903
Investments in joint ventures	387,050	743,163	808,941	11,601,717	12,216,784	–	25,757,655
Investments in associates	24,085,811	9,411,873	9,179,974	36,354,045	10,381,455	(1,033,652)	88,379,506
Capital expenditure*	4,073,154	3,917,779	4,613,436	2,776,805	1,009,004	–	16,390,178

* Capital expenditure consists of additions to property, plant and equipment, exploration and evaluation assets, mining rights, intangible assets, investment properties, and oil and gas assets.

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(A) REVENUE FROM EXTERNAL CUSTOMERS

	2020 **RMB'000**	2019 RMB'000
Chinese Mainland	**80,609,556**	78,837,056
Portugal	**16,882,535**	18,806,130
Other countries and regions	**39,137,391**	45,338,942
	136,629,482	142,982,128

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

(B) NON-CURRENT ASSETS

	2020 **RMB'000**	2019 RMB'000
Chinese Mainland	**233,194,431**	212,001,724
Portugal	**26,465,939**	27,841,362
Other countries and regions	**60,378,202**	60,628,880
	320,038,572	300,471,966

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

Information about a major customer

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2020 and 2019.

6. REVENUE, OTHER INCOME AND GAINS

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

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

	Notes	2020 RMB'000	2019 RMB'000
Revenue			
Revenue from contracts with customers			
– Sale of goods	*(1)*	81,673,247	78,877,923
– Rendering of services	*(2)*	23,545,111	31,147,565
		105,218,358	110,025,488
Revenue from other sources			
– Insurance revenue	*(3)*	29,508,505	31,071,816
– Rental income		1,875,296	1,772,643
– Interest income		555,104	590,691
		31,938,905	33,435,150
Others			
– Less: Government surcharges		(527,781)	(478,510)
		136,629,482	142,982,128

(1) Sale of goods:

	2020 RMB'000	2019 RMB'000
Pharmaceuticals and medical products	25,334,154	24,967,129
Properties	23,249,943	23,987,470
Gold and jewelleries	22,167,937	20,456,986
Ore products	1,996,100	2,662,183
Oil and gas	646,226	976,815
Others	8,278,887	5,827,340
	81,673,247	78,877,923

(2) Rendering of services:

	2020 RMB'000	2019 RMB'000
Tourism	7,029,804	14,644,634
Healthcare	7,129,663	7,002,312
Property agency	462,410	520,311
Property management	1,522,074	1,210,884
Asset management	870,373	717,304
Fee and commission income	1,628,845	1,388,926
Others	4,901,942	5,663,194
	23,545,111	31,147,565

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

An analysis of revenue, other income and gains is as follows: *(Continued)*

Revenue *(Continued)*

(3) Insurance revenue:

	2020 RMB'000	2019 RMB'000
Gross premiums written	**38,041,100**	38,317,001
Less: Premiums ceded to reinsurers and retrocessionaires	**(7,397,160)**	(6,176,644)
Net premiums written	**30,643,940**	32,140,357
Change in unearned premium provisions, net of reinsurance	**(1,135,435)**	(1,068,541)
Net earned premiums	**29,508,505**	31,071,816

Performance obligations

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

SALE OF GOODS

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 360 days from delivery, or payment in advance is required in some cases.

SALE OF COMPLETED PROPERTIES

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

SERVICE INCOME

The performance obligation is satisfied over time as services are rendered and the customer simultaneously receives and consumes the benefits. Short-term advances are normally required before rendering the services.

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

An analysis of revenue, other income and gains is as follows: *(Continued)*

Disaggregated revenue information

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

For the year ended 31 December 2020

Segments:

	Health	Happiness	Wealth		Intelligent Manufacturing	
			Insurance	Asset Management		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services						
Sale of goods	25,741,624	45,219,431	–	5,762,514	4,949,678	81,673,247
Rendering of services	8,190,163	10,354,813	332,380	4,603,044	64,711	23,545,111
	33,931,787	55,574,244	332,380	10,365,558	5,014,389	105,218,358
Timing of revenue recognition						
Goods transferred at a point in time	25,741,624	45,219,431	–	5,762,514	4,949,678	81,673,247
Services transferred over time	8,190,163	10,354,813	332,380	4,603,044	64,711	23,545,111
	33,931,787	55,574,244	332,380	10,365,558	5,014,389	105,218,358

For the year ended 31 December 2019 (restated)

	Health	Happiness	Wealth		Intelligent Manufacturing	
			Insurance	Asset Management		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services						
Sale of goods	24,631,356	49,139,419	–	1,468,151	3,638,997	78,877,923
Rendering of services	7,682,843	18,398,519	206,823	4,859,380	–	31,147,565
	32,314,199	67,537,938	206,823	6,327,531	3,638,997	110,025,488
Timing of revenue recognition						
Goods transferred at a point in time	24,631,356	49,139,419	–	1,468,151	3,638,997	78,877,923
Services transferred over time	7,682,843	18,398,519	206,823	4,859,380	–	31,147,565
	32,314,199	67,537,938	206,823	6,327,531	3,638,997	110,025,488

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

An analysis of revenue, other income and gains is as follows: *(Continued)*

	2020 RMB'000	2019 RMB'000
Other income		
Interest income	**1,100,648**	1,187,351
Dividends and interest from financial assets at fair value through profit or loss	**1,280,682**	1,429,503
Dividends from equity investments at fair value through other comprehensive income (note 23)	**49,473**	2,724
Interest income from debt investments at fair value through other comprehensive income	**2,285,683**	2,325,402
Rental income	**615,402**	671,678
Government grants	**792,352**	585,747
Consultancy and other service income	**539,007**	579,199
Fee income relating to investment contracts and reinsurance profit sharing	**718,387**	666,428
Others	**1,015,712**	954,163
	8,397,346	8,402,195
Gains		
Gain on disposal of subsidiaries (note 60(b))	**5,072**	4,029,184
Gain on bargain purchase of subsidiaries	**–**	64,338
Gain on remeasurement of previously held interests in step acquisitions of subsidiaries	**832,742**	61,464
Gain on disposal/partial disposal of associates	**1,889,842**	8,518,506
Gain on deemed disposal of associates	**531,101**	153,797
Gain on bargain purchase of associates	**3,471,769**	–
Gain on disposal of debt investments at fair value through other comprehensive income	**314,899**	416,358
Gain on disposal of items of property, plant and equipment	**–**	307,497
Gain on disposal of items of intangible assets	**598,513**	93,252
Gain on disposal of investment properties	**–**	348,800
Gain on fair value adjustment of financial assets at fair value through profit or loss	**3,143,131**	1,703,903
Gain on derivative financial instruments	**1,311,498**	–
Gain on fair value adjustment of investment properties (note 14)	**1,747,229**	1,643,548
Gain on rent concessions as a result of the COVID-19 pandemic	**179,503**	–
Exchange gain, net	**–**	1,629,386
	14,025,299	18,970,033
Other income and gains	**22,422,645**	27,372,228

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 RMB'000	2019 RMB'000
Interest on bank and other borrowings (including convertible bonds)	**10,519,867**	10,879,212
Incremental interest on other long term payables (note 56)	**16,881**	18,241
Interest on lease liabilities (note 15)	**654,878**	579,914
	11,191,626	11,477,367
Less: Interest capitalised, in respect of bank and other borrowings (note 13 and note 27)	**1,687,512**	1,604,987
Interest expenses, net	**9,504,114**	9,872,380
Interest on discounted notes	**14,155**	15,638
Bank charges and other financial costs	**463,427**	332,831
Total finance costs	**9,981,696**	10,220,849

8. PROFIT BEFORE TAX

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

	2020 RMB'000	2019 RMB'000
Cost of sales:		
Cost of inventories sold	**51,379,549**	46,333,031
Cost of services provided	**34,679,398**	42,693,664
	86,058,947	89,026,695
Staff costs (including directors' and chief executive's remuneration and five highest paid employees as set out in note 9):		
Wages and salaries	**16,430,868**	15,500,715
Accommodation benefits:		
Defined contribution fund	**673,949**	655,551
Retirement costs:		
Defined contribution fund	**333,484**	552,894
Defined benefit fund	**169,381**	267,742
Equity-settled share-based payments (note 62)	**326,175**	456,238
Total staff costs	**17,933,857**	17,433,140

8. PROFIT BEFORE TAX *(Continued)*

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

	2020 RMB'000	2019 RMB'000
Research and development costs	**3,004,495**	2,182,280
Auditor's remuneration	**10,350**	10,100
Depreciation of items of property, plant and equipment (note 13)	**3,193,570**	2,938,953
Depreciation of right-of-use assets (note 15)	**2,328,672**	2,162,204
Amortisation of mining rights (note 17)	**23,199**	12,163
Amortisation of oil and gas assets (note 18)	**305,905**	319,406
Amortisation of intangible assets (note 19)	**1,652,217**	1,265,259
Impairment of financial assets, net:		
– Impairment of receivables	**587,195**	208,480
– Provision for/(reversal of) impairment of debt investments measured at fair value through other comprehensive income	**94,198**	(150,588)
– Impairment of loans and advances to customers (note 36)	**31,198**	75,326
– Provision for impairment of insurance and reinsurance debtors (note 33)	**203,186**	4,694
– Provision for impairment of debt investments at amortised cost	**3,395**	14,182
– Impairment of finance lease receivables (note 38)	**20,377**	16,372
Provision for inventories	**93,027**	11,197
Provision for impairment of oil and gas assets (note 18)	**194,623**	–
Provision for impairment of completed properties for sale	**41,973**	1,866
Provision for impairment of items of property, plant and equipment (note 13)	**70,154**	32,441
Provision for impairment of investments in associates	**908,904**	559,105
Provision for impairment of intangible assets (note 19)	**296,750**	225,151
Provision for impairment of property under development	**–**	48,559
Provision for impairment of goodwill (note 20)	**336,308**	67,575
Lease payment not included in the measurement of lease liabilities	**396,468**	511,005
Exchange loss/(gain), net	**2,131,963**	(1,629,386)
(Gain)/loss on derivative financial instruments	**(1,311,498)**	1,386,769
Ineffectiveness of hedges	**–**	106,113

* At 31 December 2020, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2019: Nil).

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES

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

	2020 RMB'000	2019 RMB'000
Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	28,105	30,764
Performance related bonus*	67,859	38,010
Equity-settled share award scheme expense	50,340	59,279
Pension scheme contributions	108	417
	146,412	128,470

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

During 2019 and 2020, certain directors were granted share awards and share options in respect of their services to the Group under the share award scheme and share option scheme, respectively, of the Company, further details of which are set out in note 62 to the financial statements. The fair value of the share award and share option, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

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

(i) Independent non-executive directors

There were no fees paid to independent non-executive directors during the year (2019: nil). The other emoluments including the equity-settled share award/option scheme expenses of independent non-executive directors during the year were as follows:

	2020 RMB'000	2019 RMB'000
Zhang Shengman	739	871
Zhang Huaqiao	739	871
David T. Zhang	739	871
Lee Kai-Fu	739	861
Tsang King Suen Katherine (appointed as independent director on 10 December 2020)	30	–
Yang Chao (resigned as an independent director on 21 February 2020)	114	871
	3,100	4,345

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(ii) Executive directors', non-executive directors' and chief executive's remuneration

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Equity-settled share award /option scheme expenses RMB'000	Total remuneration RMB'000
Year ended 31 December 2020						
Executive directors:						
Guo Guangchang	–	4,926	15,336	20	–	20,282
Wang Qunbin*	–	4,726	15,199	20	–	19,945
Chen Qiyu*	–	4,430	13,499	4	16,139	34,072
Xu Xiaoliang*	–	4,440	13,329	19	16,139	33,927
Qin Xuetang	–	3,830	4,305	20	9,051	17,206
Gong Ping	–	3,103	6,191	20	7,650	16,964
Wang Can (resigned as an executive director on 21 January 2020)	–	174	–	5	316	495
	–	25,629	67,859	108	49,295	142,891
Non-executive directors:						
Zhuang Yuemin**	–	381	–	–	–	381
Yu Qingfei***	–	40	–	–	–	40
Chen Shucui	–	–	–	–	–	–
	–	26,050	67,859	108	49,295	143,312
Year ended 31 December 2019						
Executive directors:						
Guo Guangchang	–	4,929	4,967	61	–	9,957
Wang Qunbin*	–	4,729	4,770	61	–	9,560
Chen Qiyu*	–	4,675	6,572	49	14,364	25,660
Xu Xiaoliang*	–	4,243	7,654	51	14,364	26,312
Qin Xuetang	–	3,838	4,575	65	10,723	19,201
Wang Can (resigned as an executive director on 21 January 2020)	–	2,898	4,431	65	8,502	15,896
Gong Ping	–	3,032	5,041	65	9,401	17,539
	–	28,344	38,010	417	57,354	124,125
Non-executive directors:						
Chen Shucui	–	–	–	–	–	–
	–	28,344	38,010	417	57,354	124,125

* Mr. Wang Qunbin has been re-designated as Co-Chairman and has ceased to be the Chief Executive Officer of the Company with effect from 21 February 2020; Mr. Chen Qiyu and Mr. Xu Xiaoliang have been re-designated as Co-Chief Executive Officers of the Company with effect from the same day.

** Mr. Zhuang Yuemin was appointed as non-executive directors on 5 June 2020.

*** Mr. Yu Qingfei was appointed as non-executive directors on 10 December 2020.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(iii) Five highest paid employees

The five highest paid employees during the year included three directors (2019: five directors), details of whose remuneration are set out in note 9(ii) above. There are two highest paid employees who are neither a director nor chief executive of the Company for the year of 2020 (2019: nil). Details of the remuneration are as follows:

	2020 **RMB'000**	2019 RMB'000
Salaries, allowances and benefits in kind	**4,697**	–
Performance related bonuses	**53,675**	–
Equity-settled share award scheme expense	**8,377**	–
Pension scheme contributions	**24**	–
	66,773	–

During 2020, a share award and a share option were granted to two non-director highest paid employees (2019: nil) in respect of their services to the Group, further details of which are included in the disclosures in note 62 to the financial statements. The fair value of the share award and share option, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director highest paid employees' remuneration disclosures.

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

	Number of employees	
	2020	2019
RMB32,400,001 to RMB32,800,000	**1**	–
RMB32,800,001 to RMB33,200,000	**–**	–
RMB33,200,001 to RMB33,600,000	**–**	–
RMB33,600,001 to RMB34,000,000	**1**	–
	2	–

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

The provision for income tax of Peak Reinsurance Company Limited ("Peak Re") incorporated in Hong Kong acquired by the Group, is based on a preferential rate of 8.25% (2019: 8.25%).

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of the Group incorporated in Israel, is based on a preferential effective rate of 6.0% (2019: 9.0%).

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, is based on a rate of 31.5% (2019: 31.5%).

The provision for income tax of AmeriTrust Group, Inc. and its subsidiaries incorporated in the United States is based on a rate of 21% (2019: 21%).

The provision for income tax of Club Med Holding and its subsidiaries incorporated in France is based on a rate of 32.02% (2019: 34.43%).

The provision for income tax of Hauck & Aufhäuser Privatbankiers AG ("H&A") and its subsidiaries incorporated in Germany, acquired by the Group, is based on a rate of 32.10% (2019: 32.10%).

The provision for income tax of Gland Pharma Limited and its subsidiaries incorporated in India, acquired by the Group, is based on a statutory rate of 25.17% in 2020 (2019: 27%).

The provision for income tax of entities incorporated in the Chinese Mainland was based on a statutory rate of 25% (2019: 25%) as determined in accordance with the Enterprise Income Tax Law of the People's Republic of China which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the Chinese Mainland, which were taxed at preferential rates ranging from 0% to 20%.

The major components of tax expenses for the years ended 31 December 2020 and 2019 are as follows:

	2020 RMB'000	2019 RMB'000
Current – Portugal, Hong Kong and others	**1,270,327**	710,106
Current – Chinese Mainland		
– Income tax in the Chinese Mainland for the year	**2,594,811**	3,674,306
– LAT in the Chinese Mainland for the year	**2,197,932**	2,886,484
Deferred	**(189,620)**	77,055
Tax expenses for the year	**5,873,450**	7,347,951

10. TAX *(Continued)*

A reconciliation between the tax expenses and profit before tax excluding share of profits and losses of associates and joint ventures at the applicable statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled is as follows:

	Portugal, Hong Kong and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2020			
Profit before tax excluding share of profits and losses of associates and joint ventures	3,757,757	7,943,656	11,701,413
Tax at the applicable tax rate	1,082,698	1,985,914	3,068,612
Different tax rates for specific entities	310,283	(457,132)	(146,849)
Tax effect of:			
Income not subject to tax	(1,696,752)	(691,117)	(2,387,869)
Influence of the change of tax rate on the deferred income tax balance	46,594	17,448	64,042
Expenses not deductible for tax	1,235,207	161,555	1,396,762
Tax losses and temporary differences not recognised	857,872	2,229,005	3,086,877
Tax losses utilised	(193,903)	(360,566)	(554,469)
Under-provision/(over-provision) in prior years	299	(84,817)	(84,518)
Tax incentives on eligible expenditures	(41,082)	(99,901)	(140,983)
Subtotal	1,601,216	2,700,389	4,301,605
Provision for LAT for the year	–	1,118,926	1,118,926
Deferred tax effect of provision for LAT (note 30)	–	(279,731)	(279,731)
Prepaid LAT for the year	–	1,079,006	1,079,006
Tax effect of prepaid LAT	–	(249,916)	(249,916)
Decrease in deferred LAT in deferred tax liabilities (note 30)	–	(96,440)	(96,440)
Tax expenses	1,601,216	4,272,234	5,873,450

10. TAX *(Continued)*

	Portugal, Hong Kong and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2019			
Profit before tax excluding share of profits and losses of associates and joint ventures	6,932,987	13,454,123	20,387,110
Tax at the applicable tax rate	2,323,063	3,364,790	5,687,853
Different tax rates for specific entities	84,933	(881,409)	(796,476)
Tax effect of:			
Income not subject to tax	(982,597)	(136,800)	(1,119,397)
Influence of the change of tax rate on the deferred income tax balance	(115,691)	–	(115,691)
Reversal of deferred tax liabilities for withholding tax on distributable profits of PRC subsidiaries	–	(1,049,999)	(1,049,999)
Expenses not deductible for tax	710,872	97,819	808,691
Tax losses and temporary differences not recognised	581,124	1,739,391	2,320,515
Tax losses utilised	(209,299)	(108,687)	(317,986)
(Over-provision)/under-provision in prior years	(62,410)	42,474	(19,936)
Tax incentives on eligible expenditures	(82,634)	(88,252)	(170,886)
Subtotal	2,247,361	2,979,327	5,226,688
Provision for LAT for the year	–	1,875,890	1,875,890
Deferred tax effect of provision for LAT (note 30)	–	(468,973)	(468,973)
Prepaid LAT for the year	–	1,010,594	1,010,594
Tax effect of prepaid LAT	–	(252,648)	(252,648)
Decrease in deferred LAT in deferred tax liabilities (note 30)	–	(43,600)	(43,600)
Tax expenses	2,247,361	5,100,590	7,347,951

According to the tax notices issued by the relevant local tax authorities, the Group commenced to pay land appreciation tax ("LAT") at rates ranging from 0.5% to 5% on proceeds from the sale and pre-sale of properties from 2004. The Directors considered that the relevant tax authorities would unlikely impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

During the year, the prepaid LAT of the Group amounted to RMB1,079,006,000 (2019: RMB1,010,594,000).

In addition, based on the latest understanding of the LAT regulations from the State Administration of Taxation, the Group made an additional LAT provision in the amount of RMB1,455,926,000 (2019: RMB1,875,890,000) in respect of the sales of properties in the year in accordance with the requirements set forth in the relevant PRC tax laws and regulations. During the year, unpaid LAT provision in the amount of RMB337,000,000 (2019: Nil) was reversed to the consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group.

11. DIVIDENDS

	2020 RMB'000	2019 RMB'000
2019 final dividend declared in 2020 – HKD0.27 per ordinary share (2018 final dividend declared in 2019 – HKD0.37 per ordinary share)	**2,042,029**	2,781,877
2020 interim dividend – Nil (2019: HKD0.13 per ordinary share)	**–**	977,244
	2,042,029	3,759,121

The proposed final dividend of HKD0.27 per ordinary share for the year ended 31 December 2019 was declared and approved by the shareholders at the annual general meeting of the Company on 3 June 2020, amounting to a total of approximately HKD2,295,730,000.

On 30 March 2021, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2020 of HKD0.22 per ordinary share, amounting to a total of approximately HKD1,853,446,000, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the share award scheme and the weighted average number of ordinary shares of 8,483,146,200 (2019: 8,532,006,878) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the share award scheme. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed vesting or conversion of all dilutive potential ordinary shares into ordinary shares.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	**8,017,940**	14,800,912
Less: Cash dividends distributed to the share award scheme	**(1,708)**	(3,831)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**8,016,232**	14,797,081
Cash dividends distributed to the share award scheme	**1,708**	3,831
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**8,017,940**	14,800,912

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**8,483,146,200**	8,532,006,878
Effect of dilution – weighted average number of ordinary shares:		
– Share award scheme	**6,759,770**	6,320,858
– Share option scheme	**13,510**	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**8,489,919,480**	8,538,327,736
Basic earnings per share (RMB)	**0.94**	1.73
Diluted earnings per share (RMB)	**0.94**	1.73

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
At 1 January 2019	27,007,306	6,488,987	2,926,364	426,026	599,783	1,278,275	2,875,090	41,601,831
Additions	789,834	921,651	470,077	62,482	370,917	–	2,608,520	5,223,481
Transfer from construction in progress	720,788	644,884	93,829	3,711	31,222	67,241	(1,561,675)	–
Transfer from investment properties (note 14)	411,236	–	–	–	–	–	–	411,236
Transfer to investment properties (note 14)	(591,582)	–	–	–	–	–	–	(591,582)
Acquisition of subsidiaries	1,132,748	823,731	326,077	5,406	23,915	–	196,603	2,508,480
Disposal of subsidiaries (note 60(b))	(755,953)	(253,301)	(499,454)	(1,308)	(107,738)	–	(15,979)	(1,633,733)
Disposals	(551,266)	(593,682)	(464,626)	(55,491)	(527,946)	–	(2,978)	(2,195,989)
Exchange realignment	135,119	18,500	31,055	359	26,324	–	(2,539)	208,818
At 31 December 2019 and 1 January 2020	28,298,230	8,050,770	2,883,322	441,185	416,477	1,345,516	4,097,042	45,532,542
Additions	483,205	809,971	373,033	35,705	391,922	–	3,394,053	5,487,889
Transfer from construction in progress	1,054,666	745,518	30,844	7,576	51,381	–	(1,889,985)	–
Transfer from investment properties (note 14)	4,073	–	–	–	–	–	–	4,073
Transfer to investment properties (note 14)	(660,337)	–	–	–	–	–	–	(660,337)
Acquisition of subsidiaries (note 60(a))	2,007,767	462,250	76,687	9,901	252,857	–	39,840	2,849,302
Disposal of subsidiaries (note 60(b))	(346,247)	(19,186)	(376,217)	(2,084)	(1,912)	–	(14,170)	(759,816)
Disposals	(293,425)	(358,954)	(164,432)	(46,733)	(139,632)	(3,452)	(141,906)	(1,148,534)
Included in assets classified as held for sale (note 41)	(62,740)	–	–	–	–	–	–	(62,740)
Exchange realignment	(565,159)	(169,704)	(23,928)	7,776	(57,073)	–	(5,703)	(813,791)
At 31 December 2020	29,920,033	9,520,665	2,799,309	453,326	914,020	1,342,064	5,479,171	50,428,588

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

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:								
At 1 January 2019	2,236,170	1,853,163	707,538	260,145	286,863	107,378	–	5,451,257
Charge for the year (note 8)	1,237,009	1,038,524	319,044	63,791	254,904	25,681	–	2,938,953
Transfer to investment properties (note 14)	(141,637)	–	–	–	–	–	–	(141,637)
Disposal of subsidiaries (note 60(b))	(463,836)	(229,628)	(429,369)	(965)	(104,083)	–	–	(1,227,881)
Disposals	(259,228)	(541,038)	(350,880)	(34,343)	(438,825)	–	–	(1,624,314)
Exchange realignment	58,639	16,351	27,826	186	19,620	–	–	122,622
At 31 December 2019 and 1 January 2020	2,667,117	2,137,372	274,159	288,814	18,479	133,059	–	5,519,000
Charge for the year (note 8)	1,193,794	1,221,414	386,463	54,127	335,400	2,372	–	3,193,570
Transfer to investment properties (note 14)	(26,216)	–	–	–	–	–	–	(26,216)
Disposal of subsidiaries (note 60(b))	(97,057)	(15,907)	(82,777)	(1,217)	(736)	–	–	(197,694)
Disposals	(124,477)	(267,247)	(128,214)	(41,829)	(110,787)	–	–	(672,554)
Included in assets classified as held for sale (note 41)	(20,963)	–	–	–	–	–	–	(20,963)
Exchange realignment	(173,359)	(68,597)	(20,529)	3,021	(17,818)	–	–	(277,282)
At 31 December 2020	3,418,839	3,007,035	429,102	302,916	224,538	135,431	–	7,517,861
Impairment loss:								
At 1 January 2019	152,221	143,611	9,702	462	–	7,537	91,886	405,419
Charge for the year (note 8)	15,018	8,396	8,837	190	–	–	–	32,441
Transfer to investment properties (note 14)	(437)	–	–	–	–	–	–	(437)
Disposals	(32,453)	(1,586)	(1,027)	–	–	–	–	(35,066)
Exchange realignment	617	(94)	20	12	–	–	233	788
At 31 December 2019 and 1 January 2020	134,966	150,327	17,532	664	–	7,537	92,119	403,145
Charge for the year (note 8)	68,925	1,121	–	1	107	–	–	70,154
Transfer to investment properties (note 14)	(939)	–	–	–	–	–	–	(939)
Disposals	(14,950)	–	–	–	–	–	–	(14,950)
Included in assets classified as held for sale (note 41)	(568)	–	–	–	–	–	–	(568)
Exchange realignment	(5,090)	(138)	189	(4)	–	–	(936)	(5,979)
At 31 December 2020	182,344	151,310	17,721	661	107	7,537	91,183	450,863
Net book value:								
At 31 December 2020	26,318,850	6,362,320	2,352,486	149,749	689,375	1,199,096	5,387,988	42,459,864
At 31 December 2019	25,496,147	5,763,071	2,591,631	151,707	397,998	1,204,920	4,004,923	39,610,397

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

(1) The net book values of property, plant and equipment pledged as security for interest-bearing bank loans granted to the Group are as follows (note 42):

	2020 RMB'000	2019 RMB'000
Buildings	4,459,296	5,479,748
Plant and machinery	–	804,355
Construction in progress	300,417	28,064
	4,759,713	6,312,167

(2) Capitalised interest expenses included in construction in progress of the Group are as follows (note 7):

	2020 RMB'000	2019 RMB'000
Interest expenses capitalised	30,015	22,606

(3) As at 31 December 2020, the Group was in the process of applying for property certificates of plant and office buildings with a net book value of approximately RMB963,913,000 (2019: RMB578,479,000).

14. INVESTMENT PROPERTIES

	2020 RMB'000	2019 RMB'000
Carrying amount at 1 January	59,360,379	46,567,826
Additions	3,335,992	7,388,822
Acquisition of subsidiaries (note 60(a))	572,367	4,192,333
Transfer from completed properties for sale	–	1,537,762
Transfer from properties under development	5,356,492	–
Transfer from property, plant and equipment (note 13)	633,182	449,508
Transfer from right-of-use assets (note 15)	163,365	53,079
Transfer to assets of a disposal group held for sale	–	(68,856)
Transfer to property, plant and equipment (note 13)	(4,073)	(411,236)
Transfer to properties under development	–	(1,097,500)
Revaluation gain upon transfer from owner-occupied property recognised in other comprehensive income	4,858	312
Gain on fair value adjustments (note 6)	1,747,229	1,643,548
Disposal	(4,024,693)	(1,584,789)
Exchange realignment	(1,456,625)	689,570
Carrying amount at 31 December	65,688,473	59,360,379

14. INVESTMENT PROPERTIES *(Continued)*

The Group's investment properties consist of commercial properties, which are located in the Chinese Mainland, the United States of America, Brazil, Angola, Japan, Italy, Russia, the United Kingdom, Portugal and other countries in Europe. The directors of the Company have determined that the investment properties are commercial assets based on the nature, characteristics and risks of these properties.

The Group engages external appraisers to assist with its determination of the fair values of all investment properties and the Group's policy is that property valuations are performed by the external appraisers on a regular basis. Selection criteria of the appraiser include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Company has discussions with the appraiser on the valuation assumptions and valuation results when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

At 31 December 2020, the Group's certain investment properties with a net carrying amount of approximately RMB23,400,126,000 (2019: RMB35,123,620,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2020 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**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**65,688,473**	**65,688,473**

	Fair value measurement as at 31 December 2019 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
Recurring fair value measurement for:				
Commercial properties	–	–	59,360,379	59,360,379

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

14. INVESTMENT PROPERTIES *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	**2020 range/ weighted average**	2019 range/ weighted average
28 Liberty	Direct capitalisation approach and discounted cash flow approach	Terminal capitalisation rate (Year 10)	**5.0%**	5.0%
		Discount rate	**6.0% to 6.5%**	6.8%
		Market rent:		
		– modified gross (Year 1) (Square foot/year)	**USD35 to USD125**	USD35 to USD150
Fosun International Center in Beijing	Direct comparison approach and direct capitalisation approach	Term yield	**5.5% to 6.5%**	5.5% to 6.5%
		Market rent:		
		– per sq.m. and per month	**RMB306 to RMB336**	RMB295 to RMB323
		– per slot of parking space/month	**RMB1,205**	RMB1,208
		Level adjustments	**20% to 60%**	20% to 60%
		Market yield	**6.0% to 7.0%**	6.0% to 7.0%
		Reversionary period	**From 1 January 2021 to 30 August 2054**	From 1 January 2020 to 30 August 2054
Chengdu Forte International	Direct comparison approach and direct capitalisation approach	Term yield	**4.5% to 5.5%**	4.5% to 5.5%
		Market rent:		
		– per sq.m. and per month	**RMB49 to RMB232**	RMB49 to RMB218
		Level adjustments	**30% to 150%**	30% to 150%
		Market yield	**5.0% to 6.0%**	5.0% to 6.0%
		Reversionary period	**From 1 January 2021 to 2 July 2048**	From 1 January 2020 to 2 July 2048
Thomas More Square	Term and reversionary approach	Term yield	**0.37% to 10.2%**	(0.66%) to 10.18%
		Market yield	**5.25% to 8.65%**	4.34% to 8.51%
		Market rent:		
		– per sq.ft. and per annual	**GBP12.5 to GBP56.0**	GBP17.5 to GBP48.0
		Occupancy rate	**60% to 100%**	60% to 100%
Triton Y	Direct comparison approach and direct capitalisation approach	Terminal capitalisation rate	**N/A**	4.15%
		Discount rate	**N/A**	4.40%
		Market rent:		
		– per tsubo and per month	**N/A**	JPY19,232
		Occupancy rate	**N/A**	100%
Broggi Palace	Direct comparison approach and direct capitalisation approach	Terminal capitalisation rate	**4.5%**	4.77%
		Discount rate	**5.5%**	5.78%
		Market rent:		
		– per sq.m. and per annum	**EUR463 to EUR935**	EUR450 to EUR1,000
		Occupancy rate	**90% to 99%**	96% to 99%

14. INVESTMENT PROPERTIES *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties: *(Continued)*

	Valuation techniques	Significant unobservable inputs	**2020 range/ weighted average**	2019 range/ weighted average
Shenyang Yuyuan Tourist Mart	Direct comparison approach and direct capitalisation approach	Term yield	**6.0%**	6.0%
		Market rent:		
		– per sq.m. and per month	**RMB105 to RMB207**	RMB105 to RMB210
		– per slot of parking space/month	**RMB1,800**	RMB1,800
		Level adjustments	**50% to 70%**	50% to 75%
		Market yield	**6.0%**	6.0%
		Reversionary period	**From 1 January 2021 to 30 October 2051**	From 1 January 2020 to 30 October 2051
Other commercial properties	Direct comparison approach and direct capitalisation approach	Term yield	**4% to 7.0%**	3.5% to 7.0%
		Market rent:		
		– per sq.m. and per month	**RMB18 to RMB398**	RMB30 to RMB374
		– per slot of parking space/month	**RMB237 to RMB1,800**	RMB243 to RMB1,248
		Level adjustments	**20% to 100%**	20% to 75%
		Market yield	**4.0% to 7.5%**	4.0% to 7.5%
		Reversionary period	**From 1 January 2021 to 13 May 2073**	From 1 January 2020 to 13 May 2073

The direct comparison approach is a method of valuation based on comparing the property of the Group to be assessed directly with other comparable properties which have been recently changed hands or leased. These premises are generally located in the surrounding areas or in another market which is comparable to the property of the Group. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price/rent likely to be achieved by the property under consideration.

The term and reversion method is a method by capitalising the rental from existing tenancies and the reversionary income potential at an appropriate market yield for the remaining term of the land use rights of the property of the Group. The capitalisation rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality.

The direct capitalisation approach is a method measures the fair value of the property by capitalising the rental from existing tenancies and the reversionary income potential at a market yield rate. The capitalisation rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase/(decrease) in the estimated market rent would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the term yield and market yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

15. LEASES

The Group as a lessee

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

(A) RIGHT-OF-USE ASSETS

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

	Leasehold Land RMB'000	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Total RMB'000
At 1 January 2019	3,478,660	10,562,234	408,114	258,146	14,707,154
Additions	1,490,461	2,476,778	195,618	39,173	4,202,030
Acquisition of subsidiaries	239,527	2,407,100	6,896	9,565	2,663,088
Depreciation charge (note 8)	(80,419)	(1,764,606)	(209,841)	(107,338)	(2,162,204)
Disposals	–	(162,920)	(9,139)	(232)	(172,291)
Disposals of subsidiaries (note 60(b))	–	(426,640)	(3,155)	(138,125)	(567,920)
Transfer to investment properties (note 14)	(53,079)	–	–	–	(53,079)
Exchange realignment	15,319	144,144	(355)	1,476	160,584
As at 31 December 2019 and 1 January 2020	**5,090,469**	**13,236,090**	**388,138**	**62,665**	**18,777,362**
Additions	**183,436**	**2,740,811**	**247,469**	**361,603**	**3,533,319**
Acquisition of subsidiaries (note 60(a))	**251,007**	**1,125,309**	**54**	**38,831**	**1,415,201**
Depreciation charge (note 8)	**(97,117)**	**(1,900,784)**	**(129,646)**	**(201,125)**	**(2,328,672)**
Disposals	**–**	**(128,601)**	**(65)**	**(2,062)**	**(130,728)**
Disposals of subsidiaries (note 60(b))	**(68,129)**	**(2,139,146)**	**–**	**(8,752)**	**(2,216,027)**
Transfer to investment properties (note 14)	**(163,365)**	**–**	**–**	**–**	**(163,365)**
Transfer to properties under development	**(103,278)**	**–**	**–**	**–**	**(103,278)**
Exchange realignment	**(18,499)**	**(343,146)**	**7,652**	**4,258**	**(349,735)**
As at 31 December 2020	**5,074,524**	**12,590,533**	**513,602**	**255,418**	**18,434,077**

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(A) RIGHT-OF-USE ASSETS *(Continued)*

The net book values of prepaid land lease payments and right-of-use assets pledged as security for interest-bearing bank loans granted to the Group are as follows (note 42):

	2020 RMB'000	2019 RMB'000
Right-of-use assets	**1,710,219**	1,692,302
	1,710,219	1,692,302

(B) LEASE LIABILITIES

The carrying amount of lease liabilities (included under accrued liabilities and other payables and other long term payables) and the movements during the year are as follows:

	2020 Lease liabilities RMB'000	2019 Lease liabilities RMB'000
At 1 January	**14,430,720**	11,240,589
Additions	**3,175,468**	2,692,100
Acquisition of subsidiaries (note 60(a))	**1,419,447**	2,874,552
Disposals	**(120,571)**	(155,838)
Disposals of subsidiaries (note 60(b))	**(2,500,708)**	(668,726)
Accretion of interest recognised during the year (note 7)	**654,878**	579,914
Covid-19-related rent concessions from lessors	**(330,278)**	–
Payments	**(2,313,651)**	(2,187,395)
Exchange realignment	**(294)**	55,524
At 31 December	**14,415,011**	14,430,720
Analysed into:		
Current portion	**2,110,586**	2,327,549
Non-current portion	**12,304,425**	12,103,171

The current portion of lease liabilities are included in accrued liabilities and other payables in note 45 and the non-current portion are included in other long-term payables in note 56. The maturity analysis of lease liabilities is disclosed in note 69 to the financial statements.

The Group entered into the lease in respect of certain leasehold properties from the associates and joint ventures. The amounts of lease liabilities by the Group to the related parties under the leases were determined with reference to the amounts charged by the third parties. Included in the Group's lease liabilities are amounts due to the Group's associates and joint ventures of RMB110,929,000 (2019: RMB116,154,000) and RMB194,829,000 (2019: RMB100,820,000), respectively.

As disclosed in note 2.2. to the financial statements, the Group has early adopted the amendment to HKFRS 16 and applied the practical expedient to all eligible rent concessions granted by the lessors for leases of certain plant and equipment during the year.

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(C) The amounts recognised in profit or loss in relation to leases are as follows:

	2020 RMB'000	2019 RMB'000
Interest on lease liabilities	**654,878**	579,914
Depreciation charge of right-of-use assets	**2,328,672**	2,162,204
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2020 and low value leases	**351,789**	464,237
Variable lease payments not included in the measurement of lease liabilities	**44,679**	46,768
Covid-19-related rent concessions from lessors	**(330,278)**	–
Loss on disposal of right-of-use assets	**10,157**	–
Total amount recognised in profit or loss	**3,059,897**	3,253,123

(D) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 61 and 63, respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties consisting of several commercial properties around the world under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB2,490,698,000 (2019: RMB2,444,321,000), details of which are included in note 6 to the financial statements.

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2020 RMB'000	2019 RMB'000
Within one year	**1,490,362**	751,442
After one year but within two years	**1,545,703**	805,542
After two years but within three years	**1,290,673**	782,138
After three years but within four years	**1,084,647**	787,978
After four years but within five years	**988,745**	717,330
After five years	**6,769,492**	6,175,096
	13,169,622	10,019,526

16. EXPLORATION AND EVALUATION ASSETS

	2020 RMB'000	2019 RMB'000
At 1 January	**507,028**	403,267
Additions	**167,420**	327,522
Exploration assets expensed and written off	**(105,375)**	(226,890)
Exchange realignment	**(13,584)**	3,129
At 31 December	**555,489**	507,028

17. MINING RIGHTS

	2020 RMB'000	2019 RMB'000
Cost:		
At 1 January	**1,392,126**	1,392,126
Additions	**–**	–
At 31 December	**1,392,126**	1,392,126
Accumulated amortisation:		
At 1 January	**568,018**	555,855
Amortisation for the year (note 8)	**23,199**	12,163
At 31 December	**591,217**	568,018
Impairment loss:		
At 1 January and 31 December	**288,085**	288,085
Net book value:		
At 31 December	**512,824**	536,023
At 1 January	**536,023**	548,186

18. OIL AND GAS ASSETS

	2020 RMB'000	2019 RMB'000
Cost:		
At 1 January	3,159,180	2,650,048
Additions	299,233	495,205
Exchange realignment	(236,596)	13,927
At 31 December	3,221,817	3,159,180
Accumulated amortisation:		
At 1 January	911,396	603,354
Amortisation for the year (note 8)	305,905	319,406
Exchange realignment	(93,905)	(11,364)
At 31 December	1,123,396	911,396
Impairment loss:		
At 1 January	560,728	548,471
Charge for the year (note 8)	194,623	–
Exchange realignment	(44,475)	12,257
At 31 December	710,876	560,728
Net book value:		
At 31 December	1,387,545	1,687,056
At 1 January	1,687,056	1,498,223

19. INTANGIBLE ASSETS

	Medicine licences RMB'000	Trademarks RMB'000	Business network and customer relationship RMB'000	Patents, technical know-how and operating concession rights RMB'000	Deferred development costs RMB'000	Others RMB'000	Total RMB'000
Cost:							
At 1 January 2019	589,825	7,828,535	2,107,959	5,285,919	2,042,482	3,561,493	21,416,213
Additions	–	101,798	58,602	62,041	1,580,962	1,151,745	2,955,148
Acquisition of subsidiaries	11,684	2,833,930	318,442	110,593	–	522,239	3,796,888
Disposals of subsidiaries (note 60(b))	–	(587,186)	(5,734)	(127,888)	–	(153,737)	(874,545)
Disposals	–	(2,482)	–	(133,539)	(102,760)	(770,188)	(1,008,969)
Transfer	329,909	–	–	26,950	(356,859)	–	–
Exchange realignment	–	62,067	25,911	2,242	(385)	123,416	213,251
At 31 December 2019 and 1 January 2020	**931,418**	**10,236,662**	**2,505,180**	**5,226,318**	**3,163,440**	**4,434,968**	**26,497,986**
Additions	**9,052**	**80,667**	**–**	**117,526**	**1,385,265**	**1,428,337**	**3,020,847**
Acquisition of subsidiaries (note 60(a))	**–**	**3,300,928**	**420,866**	**382**	**–**	**616,773**	**4,338,949**
Disposals of subsidiaries (note 60(b))	**–**	**(1,504,846)**	**(451,061)**	**–**	**–**	**(84,284)**	**(2,040,191)**
Disposals	**–**	**(6)**	**–**	**(8)**	**(187,390)**	**(494,007)**	**(681,411)**
Transfer	**1,089,449**	**–**	**–**	**181,880**	**(1,397,984)**	**126,655**	**–**
Exchange realignment	**104**	**33,477**	**(97,934)**	**(229,514)**	**2**	**(20,637)**	**(314,502)**
At 31 December 2020	**2,030,023**	**12,146,882**	**2,377,051**	**5,296,584**	**2,963,333**	**6,007,805**	**30,821,678**
Accumulated amortisation:							
At 1 January 2019	20,845	88,755	552,485	602,845	1,711	1,029,454	2,296,095
Provided during the year (note 8)	22,599	48,079	166,139	276,598	–	751,844	1,265,259
Disposals of subsidiaries (note 60(b))	–	(9,533)	(5,734)	(106,990)	–	(71,596)	(193,853)
Disposals	–	(2,393)	–	(74,250)	–	(499,875)	(576,518)
Exchange realignment	–	21,732	15,602	855	–	27,897	66,086
At 31 December 2019 and 1 January 2020	**43,444**	**146,640**	**728,492**	**699,058**	**1,711**	**1,237,724**	**2,857,069**
Provided during the year (note 8)	**41,634**	**98,314**	**227,830**	**295,583**	**–**	**988,856**	**1,652,217**
Disposals of subsidiaries (note 60(b))	**–**	**(57,621)**	**(32,412)**	**–**	**–**	**(98,797)**	**(188,830)**
Disposals	**–**	**(5)**	**–**	**(8)**	**–**	**(257,412)**	**(257,425)**
Exchange realignment	**449**	**20,406**	**(38,570)**	**(58,576)**	**–**	**13,702**	**(62,589)**
At 31 December 2020	**85,527**	**207,734**	**885,340**	**936,057**	**1,711**	**1,884,073**	**4,000,442**

19. INTANGIBLE ASSETS *(Continued)*

	Medicine licences RMB'000	Trademarks RMB'000	Business network and customer relationship RMB'000	Patents, technical know-how and operating concession rights RMB'000	Deferred development costs RMB'000	Others RMB'000	Total RMB'000
Impairment loss:							
At 1 January 2019	64,000	–	–	20,142	–	17,132	101,274
Charge for the year (note 8)	–	–	–	177,151	–	48,000	225,151
Disposals of subsidiaries (note 60(b))	–	–	–	–	–	(883)	(883)
Disposals	–	–	–	–	–	(15,068)	(15,068)
Exchange alignment	–	–	–	2,103	–	1,452	3,555
At 31 December 2019 and 1 January 2020	64,000	–	–	199,396	–	50,633	314,029
Charge for the year (note 8)	–	–	–	–	–	296,750	296,750
Exchange alignment	–	–	–	(11,596)	–	(1,351)	(12,947)
At 31 December 2020	64,000	–	–	187,800	–	346,032	597,832
Net book value:							
At 31 December 2020	1,880,496	11,939,148	1,491,711	4,172,727	2,961,622	3,777,700	26,223,404
At 31 December 2019	823,974	10,090,022	1,776,688	4,327,864	3,161,729	3,146,611	23,326,888

At 31 December 2020, certain of the Group's intangible assets with a net carrying amount of approximately RMB10,800,000 (2019: Nil) were pledged to secure general banking facilities granted to the Group (note 42).

19. INTANGIBLE ASSETS *(Continued)*

Impairment testing of intangible assets with indefinite useful lives

Certain intangible assets of the Group have indefinite useful lives as the extension costs are low and the intangible assets can be used indefinitely. The Group performs impairment tests for those intangible assets with indefinite useful lives based on individual intangible assets or the respective cash-generating unit depending on whether the recoverable amount of each individual intangible asset can be reliably estimated.

TRADEMARKS

The recoverable amounts of the trademarks have been determined based on the fair values less costs to sell using the relief from royalty method or based on the value-in-use calculations using cash flow projections derived from the financial budgets covering periods ranging from five to nine years approved by management. The royalty rates applied in the relief from the royalty method range from 1.5% to 5%. The discount rates used in the relief from royalty calculations or applied to the cash flows projections in the value-in-use calculations are in the range of 9.1% to 18%. Cash flows beyond the period of the financial budget are extrapolated using the estimated long-term growth rates of 1.9% to 4.5% which are also estimates of the rates of inflation.

MEDICINE LICENCES

The recoverable amounts of medicine licences have been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering periods ranging from five to nine years approved by management. The discount rates applied to the cash flow projections are in the range of 15% to 18%. The growth rate used to extrapolate the cash flows beyond the forecast period is 3%, which is also an estimate of the rate of inflation.

OPERATING CONCESSION RIGHTS

The recoverable amounts of operating concession rights have been determined based on a value-in-use calculation using cash flow projections based on a financial budget covering a nine-year period approved by senior management. The discount rate applied to the cash flow projection is 18%. The growth rate used to extrapolate the cash flows beyond the forecast period is 3%, which is also an estimate of the rate of inflation.

Assumptions were used in the value-in-use calculation for 31 December 2020 and 31 December 2019. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of indefinite-life intangible assets:

Budgeted gross margins – Management determined budgeted gross margins based on past performance and its expectations for the development of the market.

Discount rates – The discount rates used are the rates of return on investment required by the Group.

Royalty rates – The royalty rates are determined based on comparable or similar transactions.

Grow rates – The growth rates beyond the forecast period are the rates of inflation.

The values assigned to key assumptions are consistent with historical experience of the Group and external information sources.

20. GOODWILL

	2020 RMB'000	2019 RMB'000
Cost:		
At 1 January	**20,830,317**	19,602,582
Acquisition of subsidiaries (note 60(a))	**4,855,980**	1,285,867
Disposal of subsidiaries (note 60(b))	**(6,428)**	(131,738)
Exchange alignment	**(286,532)**	73,606
At 31 December	**25,393,337**	20,830,317
Accumulated impairment:		
At 1 January	**577,878**	510,303
Charge for the year (note 8)	**336,308**	67,575
Disposal of subsidiaries	**–**	–
At 31 December	**914,186**	577,878
Net book value:		
At 31 December	**24,479,151**	20,252,439
At 1 January	**20,252,439**	19,092,279

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the corresponding subsidiary acquired as the acquired subsidiary is the only cash-generating unit that can benefit from synergy of the acquisition. The impairment test is based on the recoverable amount of the acquired subsidiary to which the goodwill is allocated of the following segments:

– Health
– Happiness
– Insurance
– Asset Management
– Intelligent Manufacturing

The carrying amounts of goodwill are as follows:

	Health	Happiness	Wealth			
			Insurance	Asset Management	Intelligent Manufacturing	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2020	**11,987,152**	**8,238,065**	**1,273,064**	**872,144**	**2,108,726**	**24,479,151**
2019 (restated)	12,244,496	5,537,216	1,296,523	994,779	179,425	20,252,439

20. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The recoverable amount of each cash-generating unit is determined based on a value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a period ranging from five to ten years. The discount rates applied to the cash flow projections range from 4.47% to 20% (2019: 3.87% to 18%). Cash flows beyond the period of the financial budget are extrapolated using the estimated long-term growth rates of 1% to 4%. Discount rates and the estimated long-term growth rates used for each cash-generating unit within the major segments as at 31 December 2020 are as follows:

	Discount rates	Estimated long-term growth rates
Happiness segment	6.5%-16.5%	1.9%-3.0%
Health segment	4.47%-20.0%	1.5%-3.0%
Insurance segment	5.8%-9.0%	1.5%-4.0%
Intelligent Manufacturing segment	12.7%	1.0%

Assumptions were used in the value-in-use calculation of the cash-generating units as at 31 December 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – Management determined budgeted gross margins based on past performance and its expectations for the development of the market.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Growth rate – The growth rates beyond the forecast period are the rates of inflation.

21. INVESTMENTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Share of net assets	**25,562,886**	25,699,155
Loans to joint ventures	**58,500**	58,500
	25,621,386	25,757,655

Loans to joint ventures of RMB58,500,000 are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as part of the Group's net investments in joint ventures.

The Group's amounts due from joint ventures and amounts due to joint ventures are disclosed in note 28 to the financial statements.

As at 31 December 2020, there was no material joint venture within the Group.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2020 RMB'000	2019 RMB'000
Share of the joint ventures' profit for the year	**1,387,339**	2,045,361
Share of the joint ventures' other comprehensive (loss)/income	**(47,357)**	5,669
Share of the joint ventures' total comprehensive income	**1,339,982**	2,051,030
Aggregate carrying amount of the Group's investments in the joint ventures	**25,621,386**	25,757,655

22. INVESTMENTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Measured using the equity method		
Share of net assets	**76,425,955**	68,889,925
Goodwill on acquisition	**8,800,813**	13,349,890
	85,226,768	82,239,815
Provision for impairment	**(2,202,902)**	(1,314,528)
	83,023,866	80,925,287
Measured at fair value through profit or loss	**9,230,507**	7,454,219
Total	**92,254,373**	88,379,506
Net book value pledged as security for bank loans (note 42)	**15,884,365**	19,595,882

Particulars of the Group's principal associates of the Group are set out in note 4 to the financial statements.

The Group's amounts due from associates and amounts due to associates are disclosed in note 28 to the financial statements.

The assessment of the fair value of the identifiable assets and liabilities of certain of the Group's associates acquired during the year of 2020 are still undergoing and the information of the fair values of the identifiable assets and liabilities were provisional at the date of the approval of this consolidated financial statements.

22. INVESTMENTS IN ASSOCIATES *(Continued)*

Sinopharm is considered a material associate of the Group and is accounted for using the equity method.

The following table illustrates the summarised financial information of Sinopharm adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2020 **RMB'000**	2019 RMB'000
Current assets	**266,616,098**	229,675,022
Non-current assets	**44,565,992**	40,168,938
Current liabilities	**(203,901,142)**	(178,380,630)
Non-current liabilities	**(17,012,928)**	(14,220,244)
Net assets	**90,268,020**	77,243,086
Net assets attributable to the Group	**28,819,006**	25,544,330

	2020 **RMB'000**	2019 RMB'000
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets of the associate, excluding goodwill	**14,121,313**	12,516,722
Carrying amount of the investment	**14,121,313**	12,516,722
Revenues	**456,414,611**	425,272,726
Total comprehensive income for the year	**12,122,546**	10,630,160
Profit for the year attributable to owners of the parent	**3,629,718**	3,310,689
Other comprehensive income/(loss)	**16,035**	(3,668)
Dividend received	**464,961**	455,700

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 **RMB'000**	2019 RMB'000
Share of the associates' profit for the year	**2,105,596**	3,462,620
Share of the associates' other comprehensive gain/(loss)	**110,130**	(64,587)
Share of the associates' total comprehensive income	**2,215,726**	3,398,033
Aggregate carrying amount of the Group's investments in the associates	**78,133,060**	75,862,784

23. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 RMB'000	2019 RMB'000
Listed equity investments, at fair value	**612,689**	66,105
Unlisted equity investments, at fair value	**133,606**	832,491
	746,295	898,596
Portion classified as current assets	**–**	–
Non-current portion	**746,295**	898,596

In 2020, the Group disposed certain equity investments at fair value through other comprehensive income at the fair value of RMB495,017,000, resulting from adjustment in its investment strategy. The dividend income during 2020 of the equity instruments disposed of was RMB1,554,000.

The dividend income related to equity investments at fair value through other comprehensive income recognised for the year was RMB49,473,000 (2019: RMB2,724,000) as disclosed in note 6.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 RMB'000	2019 RMB'000
Listed investments, at fair value	**27,650,056**	28,531,362
Other unlisted investments, at fair value	**31,513,387**	32,866,003
	59,163,443	61,397,365
Analysed as:		
Equity investments	**47,419,712**	47,923,277
Debt investments	**11,743,731**	13,474,088
	59,163,443	61,397,365
Portion classified as current assets	**(33,969,450)**	(36,039,326)
Non-current portion	**25,193,993**	25,358,039

At 31 December 2020, the Group's financial assets at fair value through profit or loss with a carrying amount of RMB3,803,068,000 (31 December 2019: RMB2,489,369,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The Group elected to apply the overlay approach for certain designated eligible financial assets according to the amendments to HKFRS 4. The designated eligible financial assets applying the overlay approach, which are included in the financial assets at fair value through profit or loss, as at 31 December 2020 are analysed below:

	2020 RMB'000	2019 RMB'000
Equity investments	**17,703,370**	15,441,174
Debt investments	**1,112,193**	1,337,360
	18,815,563	16,778,534

During the year ended 31 December 2020, the total amount reported in profit or loss applying the overlay approach reclassified from other comprehensive income was derived from:

	2020 RMB'000	2019 RMB'000
The amount of gains reported in profit or loss for the designated financial assets under HKFRS 9	**(165,824)**	(357,025)
Less: the amount of losses that would have been reported in profit or loss for the designated financial assets as if HKAS 39 had been applied	**129,045**	966,118
Amount reported in profit or loss applying the overlay approach	**(294,869)**	(1,323,143)

For the year end 31 December 2020, impairment losses in the amount of RMB362,993,000 for the eligible financial assets (2019: RMB579,208,000) have been recognised in profit or loss as if HKAS 39 had been applied.

25. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 RMB'000	2019 RMB'000
Bonds		
Government bonds	**34,424,040**	31,479,581
Corporate bonds	**50,704,516**	53,422,150
Financial bonds	**3,247,349**	2,968,868
Notes receivable	**766,408**	571,731
	89,142,313	88,442,330
Listed debt investments, at fair value	**82,428,644**	84,069,555
Unlisted debt investments, at fair value	**6,713,669**	4,372,775
	89,142,313	88,442,330
Portion classified as current assets	**(22,771,181)**	(20,209,046)
Non-current portion	**66,371,132**	68,233,284

Analysis of the movements of allowance for ECLs:

	2020 RMB'000	2019 RMB'000
As at the beginning of the year	**745,959**	977,812
Charge for the year	**228,270**	148,240
Reversal	**(26,583)**	(20,770)
Amounts written off	**(107,489)**	(278,058)
Foreign exchange adjustments	**23,612**	(81,265)
At the end of the year	**863,769**	745,959

At 31 December 2020, the Group's debt investments at fair value through other comprehensive income with a carrying amount of RMB312,693,000 (31 December 2019: RMB320,542,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

At 31 December 2020, the Group's debt investments at fair value through other comprehensive income with a carrying amount of RMB276,553,000 (31 December 2019: Nil) were pledged to secure assets sold under agreements to repurchase, as set out in note 46 to the financial statements.

26. DEBT INVESTMENTS AT AMORTISED COST

	Note	2020 RMB'000	2019 RMB'000
Debt investments			
Bonds			
Government bonds		**18,463,262**	16,783,264
Financial bonds		**10,099,479**	12,273,422
Corporate bonds		**465,635**	362,060
Assets held under reverse repurchase agreements		**2,861,382**	–
Loans receivable	*(i)*	**2,948,195**	4,176,184
		34,837,953	33,594,930
Impairment allowance		**(25,063)**	(16,550)
		34,812,890	33,578,380
Portion classified as current assets		**(11,071,593)**	(7,868,974)
Non-current portion		**23,741,297**	25,709,406

At 31 December 2020, the Group's debt investments at amortised cost with a carrying amount of RMB1,989,165,000 (31 December 2019: RMB1,173,834,000) were pledged for refinancing operations and those of RMB6,064,194,000 (31 December 2019: RMB6,062,745,000) were restricted as a result of the security lending business.

26. DEBT INVESTMENTS AT AMORTISED COST *(Continued)*

Note:

(i) The details of the loans and receivables are set out as follows:

		2020			2019		
	Notes	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current							
Loans receivable from related parties – unsecured	*(1)*	0 – 15	On demand or mature in 2021	896,973	0 – 12	On demand or mature in 2020	1,726,427
Loans receivable from third parties – secured		15	On demand	32,600	15	On demand	32,600
Loans receivable from third parties – unsecured		0 – 15	On demand	1,151,451	0 – 9.5	On demand or mature in 2020	1,478,565
				2,081,024			3,237,592
Non-current							
Loans receivable from related parties – unsecured	*(2)*	3.5 – 5.23	2022	726,617	3.5 – 10	2022	696,537
Loans receivable from third parties – secured		1	2022	24,222	1	2022	23,840
Loans receivable from third parties – unsecured		1 – 1.5	No fixed terms or from 2022 to 2038	116,332	0 – 3.5	No fixed terms or from 2021 to 2038	218,215
				867,171			938,592
				2,948,195			4,176,184

Notes:

(1) As at 31 December 2020, the current portion of loans receivable to related parties comprises:

– a shareholders' loan of RMB429,129,000 provided to Acacias Property S.à r.l Limited, a joint venture, which is unsecured, bears interest at a fixed interest rate of 3.50% per annum and is repayable in 2021;

– a shareholders' loan of RMB27,647,000 provided to Fosun Fashion Group (Cayman) Limited, an associate, which is unsecured, bears interest at an interest rate of 10% and is repayable in 2021.

– a shareholders' loan of RMB15,975,000 provided to Fosun Sinopharm (Hong Kong) Supply Chain Management Co., Limited, a joint venture, which is unsecured, bears interest at an interest rate of 15% and is repayable on demand.

– a shareholders' loan of RMB412,446,000 provided to Shanghai Fuyi Industrial Development Co., Ltd, a joint venture, which is unsecured, interest-free and is repayable on demand.

– a shareholders' loan of RMB11,776,000 provided to Nature's Sunshine (Far East) Limited, an associate, which is unsecured, bears interest at an interest rate of 3% and is repayable on demand.

(2) As at 31 December 2020, the non-current portion of loans receivable from related parties comprises:

– a shareholders' loan of RMB214,481,000 provided to FPH Europe Holdings III (HK) Limited, a joint venture, which is unsecured, bears interest at a fixed interest rate of 3.50% per annum and is repayable in 2022.

– a shareholders' loan of RMB323,296,000 provided to Acacias Property S.à r.l Limited, a joint venture, which is unsecured, bears interest at a fixed interest rate of 3.50% per annum and is repayable in 2022;

– a shareholders' loan of RMB188,840,000 provided to Fosun Kite Biotechnology Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 5.23% per annum and is repayable in 2022;

27. PROPERTIES UNDER DEVELOPMENT

	2020 RMB'000	2019 RMB'000
Land cost	**35,077,375**	43,361,604
Construction costs	**15,536,835**	5,784,714
Capitalised finance costs	**4,580,763**	2,150,510
	55,194,973	51,296,828
Provision for impairment of properties under development	**–**	(48,559)
	55,194,973	51,248,269
Portion classified as current assets	**(36,961,448)**	(33,036,615)
	18,233,525	18,211,654

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2020 RMB'000	2019 RMB'000
Net book value pledged (note 42)	**28,695,758**	25,174,888
Additions to properties under development include:		
Interest expense capitalised in respect of bank and other borrowings (note 7)	**1,657,497**	1,582,381

The Group's properties under development are mainly situated in China.

28. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2020 RMB'000	2019 RMB'000
Due from related companies:			
Associates	*(i)/(ii)*	**3,058,508**	2,603,372
Joint ventures	*(iii)*	**9,848,064**	11,996,315
Other related companies		**–**	509
		12,906,572	14,600,196
Portion classified as current assets		**(11,831,435)**	(13,745,593)
Non-current portion	*(i)*	**1,075,137**	854,603

28. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES *(Continued)*

Notes:

(i) As at 31 December 2020, the balances due from associates included the amount of RMB1,106,195,000 (2019: RMB1,085,601,000), which was non-trade in nature, unsecured, interest-free and repayable on demand. The balances due from associates also included an amount of RMB941,182,000 (2019: RMB779,817,000) which was non-trade in nature, unsecured, bore interest at a fixed interest rate of 7.80% per annum and will be repayable in 2026. The remaining non-currents balances due from associates as at 31 December 2020 were non-trade in nature, unsecured, interest-free and will not be repaid within one year.

(ii) As at 31 December 2020, the balances due from associates included an amount of RMB878,767,000 (2019: RMB737,954,000), which was trade in nature, interest-free and repayable on demand.

(iii) As at 31 December 2020, the balances due from joint ventures included an amount of RMB6,784,518,000 (2019: RMB11,906,779,000), which was non-trade in nature, unsecured, interest-free and repayable on demand.

As at 31 December 2020, the balances due from joint ventures included an amount of RMB3,012,069,000 (2019: Nil), which was non-trade in nature, unsecured, bore interest at a fixed interest rate of 8.00% per annum and repayable on demand. The balances due from joint ventures included an amount of RMB49,886,000, which was trade in nature, interest-free and repayable on demand. The remaining balances due from joint ventures as at 31 December 2020 was trade in nature, interest-free and will not be repaid within one year.

	Notes	2020 RMB'000	2019 RMB'000
Due to the holding company	*(iv)*	**3,659,378**	3,058,650
Due to related companies:			
Associates	*(v)*	**2,858,910**	2,817,769
Non-controlling shareholders of subsidiaries	*(vi)*	**3,721**	44,805
Joint ventures	*(vii)*	**256,328**	478,044
Other related companies		**1,337**	340
		3,120,296	3,340,958

(iv) As at 31 December 2020, the balances due to the holding company included an amount of RMB3,000,000,000(2019: Nil) which was non-trade in nature, unsecured, interest-free and will not be repaid within one year. The remaining balances included an amount of RMB659,378,000 (2019: RMB3,058,650,000) due to the holding company were non-trade in nature, interest-free and repayable on demand.

(v) As at 31 December 2020, the balances due to associates included an amount of RMB1,799,482,000 (2019: RMB2,731,778,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The balances due to associates included an amount of RMB923,453,000 (2019: Nil) which was non-trade in nature, unsecured, interest-free and will not be repaid within one year. The remaining balances included an amount of RMB135,975,000 (2019: RMB85,991,000) due to associates were trade in nature, interest-free and repayable on demand.

(vi) As at 31 December 2020, the balances due to the non-controlling shareholders of subsidiaries were comprised of an amount of RMB3,721,000 (2019: RMB44,805,000), being the payables for purchase of low-grade ore products from Hainan Iron and Steel Co., Ltd., which is interest-free and repayable on demand.

(vii) As at 31 December 2020, the balances due to joint ventures included an amount of RMB256,328,000(2019: RMB478,044,000), which were non-trade in nature, unsecured, interest-free and repayable on demand.

29. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2020 RMB'000	2019 RMB'000
Prepayments consist of:		
Prepayments for purchase of pharmaceutical materials	**1,287,834**	248,843
Prepayments for purchase of construction materials	**94,961**	162,318
Prepayments for purchase of tourism services	**649,243**	728,647
Prepayments for purchase of equipment and others	**1,039,740**	1,210,199
Prepaid tax	**2,560,953**	3,430,450
Prepaid expenses	**1,775,102**	1,412,805
Deposits	**3,803,281**	2,499,428
Other receivables consist of:		
Funding provided to third parties	**4,222,722**	3,078,969
Tax recoverable	**1,518,511**	1,033,736
Receivable for consideration of disposal of equity investments	**1,081,545**	1,099,951
Others	**7,210,857**	7,618,183
Prepayments for the proposed equity investments	**987,833**	990,527
Prepayments for the acquisition of the land	**56,500**	124,889
	26,289,082	23,638,945
Impairment allowance	**(905,027)**	(557,887)
	25,384,055	23,081,058
Classified as current assets portion	**(21,208,160)**	(19,056,697)
Non-current portion	**4,175,895**	4,024,361

30. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from debt investments at fair value through other comprehensive income RMB'000	Fair value adjustments arising from equity investments at fair value through other comprehensive income RMB'000	Additional LAT provisions RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax assets								
At 1 January 2019	1,673,967	1,888,015	478,915	434,442	–	1,171,854	945,876	6,593,069
Acquisition of subsidiaries	154,974	27,597	3,053	480	–	13,949	19,181	219,234
Disposal of subsidiaries (note 60(b))	–	(3,865)	–	–	–	–	(10,228)	(14,093)
Deferred tax credited/(charged) to reserves during the year	–	6,059	–	(291,582)	310,426	–	(17,660)	7,243
Deferred tax charged to reserves for financial assets applying the overlay approach during the year	–	–	(238,522)	–	–	–	–	(238,522)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	176,507	59,540	(120,514)	(17,699)	–	468,973	303,779	870,586
Exchange realignment	35,694	(63,294)	(13,381)	(20,989)	–	–	(17,877)	(79,847)
Gross deferred tax assets at 31 December 2019 and 1 January 2020	2,041,142	1,914,052	109,551	104,652	310,426	1,654,776	1,223,071	7,357,670
Acquisition of subsidiaries (note 60(a))	43,632	107,631	1,087	–	–	–	60,885	213,235
Disposal of subsidiaries (note 60(b))	(474)	–	–	–	–	–	(819)	(1,293)
Deferred tax credited/(charged) to reserves during the year	–	11,446	–	11,854	7,461	–	14,541	45,302
Deferred tax charged to reserves for financial assets applying the overlay approach during the year	–	–	(36,465)	–	–	–	–	(36,465)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	472,419	169,108	–	(19,875)	–	279,731	(144,307)	757,076
Exchange realignment	10,044	60,076	(2,041)	(81,012)	476	(52,436)	(25,156)	(90,049)
Gross deferred tax assets at 31 December 2020	2,566,763	2,262,313	72,132	15,619	318,363	1,882,071	1,128,215	8,245,476

30. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from equity investments at fair value through other comprehensive income RMB'000	Fair value adjustments arising from debt investments at fair value through other comprehensive income RMB'000	Revaluation of investment properties RMB'000	Deemed disposal of associates RMB'000	Deferred LAT RMB'000	Withholding taxes RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities										
At 1 January 2019	8,536,385	744,786	–	580,246	1,808,075	1,308,825	82,952	1,049,999	1,238,229	15,349,497
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 10)	(456,148)	937,026	–	(2,310)	477,591	750,886	(43,600)	(1,049,999)	334,195	947,641
Deferred tax credited to reserves during the year	(23,095)	–	–	3,395	–	–	–	–	(75,451)	(95,151)
Deferred tax credited to reserves for financial assets applying the overlay approach during the year	–	53,642	–	–	–	–	–	–	–	53,642
Acquisition of subsidiaries	867,021	12,037	–	2,645	140,335	–	–	–	275,108	1,297,146
Disposal of subsidiaries (note 60(b))	(160,855)	–	–	–	–	–	–	–	(1,912)	(162,767)
Exchange realignment	3,131	(11,965)	–	(1,415)	(66,863)	13,467	–	–	(35,483)	(99,128)
Gross deferred tax liabilities at 31 December 2019 and 1 January 2020	8,766,439	1,735,526	–	582,561	2,359,138	2,073,178	39,352	–	1,734,686	17,290,880
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 10)	(531,552)	540,337	–	–	715,666	(140,705)	(96,440)	–	80,150	567,456
Deferred tax credited to reserves during the year	–	–	–	89,689	2,561	–	–	–	59,399	151,649
Deferred tax credited to reserves for financial assets applying the overlay approach during the year	–	8,828	–	–	–	–	–	–	–	8,828
Acquisition of subsidiaries (note 60(a))	945,679	–	–	–	–	–	257,577	–	51,849	1,255,105
Disposal of subsidiaries (note 60(b))	(287,128)	(14,743)	–	–	–	–	–	–	(91,426)	(393,297)
Exchange realignment	(252,482)	76,640	–	(9,032)	(44,705)	(46,298)	(3,253)	–	(24,686)	(303,816)
Gross deferred tax liabilities at 31 December 2020	8,640,956	2,346,588	–	663,218	3,032,660	1,886,175	197,236	–	1,809,972	18,576,805

30. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities amounting to RMB1,922,352,000 have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2020 **RMB'000**
Net deferred tax assets recognised in the consolidated statement of financial position	**6,323,124**
Net deferred tax liabilities recognised in the consolidated statement of financial position	**16,654,453**

As at 31 December 2020, the deferred tax assets were recognised for certain entities within the Group which suffered accumulated losses as at the end of 2020. The directors are of the opinion that these entities could generate sufficient future taxable profits to utilise the deferred tax assets recognised as at 31 December 2020.

Deferred tax assets have not been recognised in respect of the following items as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the following items can be utilised:

	2020 **RMB'000**	2019 RMB'000
Tax losses	**31,720,419**	18,958,665
Deductible temporary differences	**2,550,064**	6,417,759
	34,270,483	25,376,424

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding corporate income tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding corporate income tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable withholding rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and joint ventures established in Chinese Mainland in respect of earnings generated from 1 January 2008. At 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of unrecognized deferred tax liabilities (i.e., withholding taxes relating to such temporary differences) was approximately RMB 2,770,230,000 at 31 December 2020 (2019: RMB2,521,683,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. INVENTORIES

	2020 RMB'000	2019 RMB'000
Raw materials	**2,965,269**	2,053,575
Work in progress	**8,009,889**	955,019
Finished goods	**6,994,328**	5,905,231
Spare parts and consumables	**125,915**	129,460
	18,095,401	9,043,285
Less: Provision for inventories	**(430,801)**	(333,417)
	17,664,600	8,709,868
Portion classified as non-current assets	**–**	(41,218)
Current portion	**17,664,600**	8,668,650

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2020 RMB'000	2019 RMB'000
Net book value pledged (note 42)	**470,817**	428,216

32. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED CONTRACTS

	2020 RMB'000	2019 RMB'000
Financial assets designated as at fair value through profit or loss:		
Debt instruments	**2,488,587**	647,724
Equity instruments	**665,557**	33,903
Investment funds	**665,199**	313,920
Term deposits	**–**	2,345
Sight deposits	**388,399**	89,247
Others	**(6,413)**	(2,952)
	4,201,329	1,084,187
Portion classified as current assets	**(468,689)**	(176,539)
Non-current portion	**3,732,640**	907,648

The above assets are held for policyholders of unit-linked products.

33. INSURANCE AND REINSURANCE DEBTORS

	2020 RMB'000	2019 RMB'000
Amounts due from insurance customers and reinsurers	**17,801,151**	14,299,445
Provision for impairment	**(439,497)**	(199,210)
	17,361,654	14,100,235
Portion classified as current assets	**(17,285,390)**	(13,973,826)
Non-current portion	**76,264**	126,409

The following is an ageing analysis of the amounts due from insurance customers:

	2020 RMB'000	2019 RMB'000
Neither past due nor impaired	**12,669,287**	10,613,810
Past due but not impaired	**4,692,367**	3,486,425
Past due and impaired	**439,497**	199,210
	17,801,151	14,299,445

The amount of impaired debts is RMB439,497,000 (31 December 2019: RMB199,210,000). Various actions have been taken to recover the debts, but these debts have not been recovered and hence impairment is provided.

Movements in the provision for impaired debts are as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	**199,210**	194,086
Amount written off as uncollectible	**(10,370)**	–
Provision of impairment losses (note 8)	**203,186**	4,694
Exchange realignment	**47,471**	430
At 31 December	**439,497**	199,210

34. REINSURERS' SHARE OF INSURANCE CONTRACT PROVISIONS

The reinsurers' share of insurance contract provisions represents the reinsurers' share of life insurance contract liabilities, unearned premium provisions and provision for outstanding claims arising from the life insurance, property and casualty insurance and reinsurance businesses.

	2020 RMB'000	2019 RMB'000
Life insurance contract liabilities	183,452	131,202
Unearned premium provisions	1,594,496	1,297,904
Provision for outstanding claims	8,363,662	8,748,479
Others	453,234	449,609
	10,594,844	10,627,194
Portion classified as current assets	(5,825,518)	(5,958,133)
Non-current portion	4,769,326	4,669,061

35. CASH AND BANK BALANCES AND TERM DEPOSITS

	Notes	2020 RMB'000	2019 RMB'000
Cash on hand		63,917	128,302
Cash at banks, unrestricted		93,703,288	81,848,043
Cash and cash equivalents		93,767,205	81,976,345
Pledged bank balances	*(1)*	3,894,736	3,827,925
Time deposits with original maturity of more than three months		6,014,155	5,879,008
Restricted pre-sale proceeds	*(2)*	2,699,497	2,788,647
Required reserve deposits	*(3)*	464,350	428,579
		106,839,943	94,900,504
Portion classified as current assets		(105,717,947)	(93,647,199)
Non-current portion – term deposits		1,121,996	1,253,305

35. CASH AND BANK BALANCES AND TERM DEPOSITS *(Continued)*

Notes:

		Note	**2020 RMB'000**	2019 RMB'000
(1)	Pledged bank balances to secure bank loans (note 42)		**551,975**	72,765
	Pledged bank balances to secure investment	*(6)*	**1,505,301**	1,500,000
	Bank balances as various deposits		**1,820,795**	1,951,436

(2) In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

(3) Required reserve deposits amounting to RMB464,350,000 (2019: RMB428,579,000) are placed by Shanghai Fosun High Technology Group Finance Co., Ltd. ("Finance Company"), an indirect subsidiary of the Company, with the People's Bank of China ("PBOC"). The reserve deposits with the PBOC are not available for use in the Group's daily operations.

(4) The Group has certain deposits in Tebon Securities Co., Ltd., a company controlled by the ultimate controlling shareholder of the Group. The balance as at 31 December 2020 was RMB291,734,000 (2019: RMB513,479,000).

(5) The Group has certain deposits in Banco Comercial Português, S.A., an associate of the Group. The balance as at 31 December 2020 was RMB47,240,000 (2019: RMB219,504,000).

(6) The Group has certain pledged deposits in Zhejiang E-commerce Bank Co.Ltd, an associate of the Group, for further investment. The balance as at 31 December 2020 was RMB1,505,301,000 (2019: RMB1,500,000,000).

In the preparation of the consolidated statement of cash flows, pledged bank balances, time deposits with original maturity of more than three months, restricted pre-sale proceeds from properties and required reserve deposits have been excluded from cash and cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short- term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

36. LOANS AND ADVANCES TO CUSTOMERS

	2020 RMB'000	2019 RMB'000
Corporate loans and advances		
– Loans and advances	**3,810,443**	3,695,465
Personal loans		
– Mortgages	**77,000**	153,359
– Other	**692,695**	1,003,372
	769,695	1,156,731
Total loans and advances	**4,580,138**	4,852,196
Allowance for impairment		
– Corporate loans and advances	**(41,357)**	(100,322)
– Personal loans	**(141,624)**	(129,616)
	(182,981)	(229,938)
Loans and advances to customers, net	**4,397,157**	4,622,258
Portion classified as current assets	**(4,035,666)**	(4,195,966)
Non-current portion	**361,491**	426,292

	2020 RMB'000	2019 RMB'000
Gross loans and advances to customers	**4,580,138**	4,852,196
Allowance for impairment		
– Individually assessed	**(159,103)**	(168,727)
– Collectively assessed	**(23,878)**	(61,211)
	(182,981)	(229,938)
Loans and advances to customers, net	**4,397,157**	4,622,258

The movements in the allowance for impairment of loans and advances to customers are as follows:

	2020 RMB'000	2019 RMB'000
As at 1 January	**229,938**	352,598
Allowance for impairment losses (note 8)	**31,198**	75,326
Amount written off as uncollectible	**(76,997)**	(198,474)
Exchange differences	**(1,158)**	488
At 31 December	**182,981**	229,938

37. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2020

	Fair value Assets RMB'000	Liabilities RMB'000
Derivatives held for trading		
Currency derivatives		
Currency forwards, futures and swaps, and cross-currency interest rate swaps	**1,477,295**	1,707,108
Interest rate derivatives		
Interest rate swaps	**332,272**	367,808
Interest rate futures	**1,302**	841
Interest rate options	**–**	477
Commodity derivatives and others	**86,044**	49,155
Equity derivatives	**747**	26,596
	1,897,660	2,151,985
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards, futures and swaps	**113,452**	184,483
Interest rate derivatives		
Interest rate swaps	**777**	356,689
	114,229	541,172
	2,011,889	2,693,157
Portion classified as current assets/liabilities	**(1,604,363)**	(2,021,960)
Non-current portion	**407,526**	671,197

37. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

As at 31 December 2019

	Fair value Assets RMB'000	Liabilities RMB'000
Derivatives held for trading		
Currency derivatives		
Currency forwards, futures and swaps, and cross-currency interest rate swaps	547,839	493,721
Currency options	990	990
Interest rate derivatives		
Interest rate swaps	277,500	859,702
Interest rate futures	18,051	–
Interest rate options	3,114	17,705
Commodity derivatives and others	27,352	836
Equity derivatives	354,587	–
	1,229,433	1,372,954
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards, futures and swaps	47,807	257,180
Interest rate derivatives		
Interest rate swaps	3,736	354,328
	51,543	611,508
	1,280,976	1,984,462
Portion classified as current assets/liabilities	(977,860)	(1,396,069)
Non-current portion	303,116	588,393

38. FINANCE LEASE RECEIVABLES

Total future minimum lease receivables under finance leases and their present values are as follows:

	2020 RMB'000	2019 RMB'000
Gross lease receivables:		
Within one year	1,360,969	1,581,303
In the second year	511,201	711,691
In the third to fifth years, inclusive	178,218	388,379
Total minimum finance lease receivables	2,050,388	2,681,373
Unearned finance income	(188,530)	(232,362)
Future value-added tax	(198,471)	(184,430)
Provision for lease receivables	(66,915)	(46,538)
	1,596,472	2,218,043
Portion classified as current finance lease receivables	(1,351,935)	(1,306,901)
Non-current portion	244,537	911,142

At 31 December 2020, the Group's finance lease receivables with a carrying amount of RMB1,071,603,000 (2019: RMB1,031,187,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

The movement in the allowance for impairment of finance lease receivables is as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	46,538	30,166
Additions (note 8)	20,377	16,372
At 31 December	66,915	46,538

39. TRADE AND NOTES RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	**8,665,245**	7,586,989
Notes receivable	**351,607**	107,136
	9,016,852	7,694,125

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

	2020 RMB'000	2019 RMB'000
Outstanding balances with ages:		
Within 90 days	**5,897,611**	4,583,266
91 to 180 days	**1,718,135**	1,176,040
181 to 365 days	**627,514**	1,481,813
1 to 2 years	**371,935**	379,729
2 to 3 years	**193,354**	180,133
Over 3 years	**241,327**	186,557
	9,049,876	7,987,538
Less: Loss allowance for trade receivables	**384,631**	400,549
	8,665,245	7,586,989

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	**400,549**	282,332
Amount written off as uncollectible	**(93,181)**	(35,338)
Disposal of subsidiaries	**(90,330)**	(21,033)
Impairment losses, net	**165,251**	172,201
Exchange realignment	**2,342**	2,387
At the end of the year	**384,631**	400,549

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, the balances are grouped based on credit risk characteristics and the ageing analysis. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

39. TRADE AND NOTES RECEIVABLES *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020

	Less than 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	**0.60%**	**1.21%**	**20.31%**	**58.78%**	
Gross carrying amount (RMB'000)	**7,615,746**	**627,514**	**371,935**	**434,681**	**9,049,876**
Expected credit losses (RMB'000)	**45,971**	**7,614**	**75,546**	**255,500**	**384,631**

As at 31 December 2019

	Less than 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	1.09%	3.99%	28.29%	46.62%	
Gross carrying amount (RMB'000)	5,759,306	1,481,813	379,729	366,690	7,987,538
Expected credit losses (RMB'000)	62,974	59,173	107,437	170,965	400,549

Trade and notes receivables of the Group mainly arose from the Health segment and the Happiness segment. Credit terms granted to the Group's customers are as follows:

	Credit terms
Health segment	90 to 180 days
Happiness segment	30 to 360 days

At 31 December 2020, the Group's trade and notes receivables with a carrying amount of approximately RMB149,532,000 (31 December 2019: RMB126,632,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

40. CONTRACT ASSETS AND OTHER ASSETS

	Note	2020 RMB'000	2019 RMB'000
Other Assets			
Costs for obtaining contracts	*(1)*	**78,129**	191,938
Right-of-return assets		**31,847**	–
Portion classified as current assets		**(97,410)**	(191,938)
Non-current portion		**12,566**	–

(1) Management expects that the incremental costs, primarily sales commission and stamp duty paid/payable as a result of obtaining the property sales contracts, are recoverable. The Group has capitalised the amounts and amortised them when the related revenue is recognised. The amount of capitalisation was RMB38,634,000 for the year of 2020 (2019: RMB147,740,000) and the amount of amortisation was RMB125,736,000 for the year of 2020 (2019: RMB67,685,000).

40. CONTRACT ASSETS AND OTHER ASSETS *(Continued)*

The expected timing of recovery or settlement for contract assets and other assets as at 31 December 2020 is as follows:

	2020 RMB'000	2019 RMB'000
Within one year	97,410	191,938
More than one year	12,566	–
	109,976	191,938

41. NON-CURRENT ASSETS/LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

	2020 RMB'000	2019 RMB'000
Carrying amount of the assets classified as held for sale	792,496	70,942
Liabilities directly associated with the assets classified as held for sale	4,614	8,454

The assets and liabilities classified as held for sale as at 31 December 2020 and 2019 are as follows:

	2020 RMB'000	2019 RMB'000
Assets		
Investment in an associate*	717,787	–
Property, plant and equipment (note 13)	41,209	–
Investment properties	32,248	69,723
Deferred tax assets	1,252	1,219
Non-current assets classified as held for sale	792,496	70,942
Liabilities		
Deferred tax liabilities	4,614	8,454
Liabilities directly associated with the assets classified as held for sale	4,614	8,454

* At 31 December 2020, the Group's non-current assets classified as held for sale with a net carrying amount of approximately RMB717,787,000 (2019: nil) were pledged to secure bank loans, as set out in note 42 to the financial statements. The Group, through its subsidiary, signed an agreement in December 2020 to dispose partial interest in one of its associates. The disposal was completed in January 2021.

42. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	**2020 RMB'000**	2019 RMB'000
Bank loans:	*(1)*		
Guaranteed		**820,000**	1,000,000
Secured		**42,716,938**	42,998,410
Unsecured		**76,041,910**	61,721,259
		119,578,848	105,719,669
Corporate bonds and enterprise bonds	*(2)*	**38,749,139**	33,980,708
Private placement notes	*(3)*	**1,002,826**	1,976,150
Private placement bonds	*(4)*	**4,436,030**	5,208,922
Senior notes	*(5)*	**32,613,393**	33,187,427
Medium-term notes	*(6)*	**17,935,947**	14,489,280
Short-term commercial papers		**–**	1,000,000
Super short-term commercial papers	*(7)*	**2,029,786**	2,020,035
Other borrowings, secured	*(8)*	**12,563,192**	9,583,654
Other borrowings, unsecured	*(8)*	**893,263**	1,121,212
Total		**229,802,424**	208,287,057
Repayable:			
Within one year		**89,339,137**	82,738,138
In the second year		**47,461,776**	43,439,152
In the third to fifth years, inclusive		**76,092,545**	74,112,282
Over five years		**16,908,966**	7,997,485
		229,802,424	208,287,057
Portion classified as current liabilities		**(89,339,137)**	(82,738,138)
Non-current portion		**140,463,287**	125,548,919

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

Notes:

(1) Certain of the Group's bank loans are secured by the pledges of assets with carrying values at the end of each reporting period as follows:

	2020 RMB'000	2019 RMB'000
Pledge of assets:		
Buildings (note 13)	4,459,296	5,479,748
Plant and machinery (note 13)	–	804,355
Construction in progress (note 13)	300,417	28,064
Investment properties (note 14)	23,400,126	35,123,620
Right-of-use assets (note 15)	1,710,219	1,692,302
Properties under development (note 27)	28,695,758	25,174,888
Completed properties for sale	1,881,810	3,107,921
Trade and notes receivables (note 39)	149,532	126,632
Pledged bank balances (note 35)	551,975	72,765
Finance lease receivables (note 38)	1,071,603	1,031,187
Inventories (note 31)	470,817	428,216
Investment in an associates (note 22)	15,884,365	19,595,882
Financial assets at fair value through profit or loss (note 24)	3,803,068	2,489,369
Debt investments designated at fair value through comprehensive income (note 25)	312,693	320,542
Intangible assets (note 19)	10,800	–
Investment in associates included in assets classified as held for sale (note 41)	717,787	–

Apart from the above, certain interest-bearing bank borrowings are secured by investments in subsidiaries as at 31 December 2020.

As at 31 December 2020, nil interest-bearing bank and other borrowings (2019: RMB1,000,000,000) were guaranteed by Fosun Holdings Limited, which is the holding company of the Group. Interest-bearing bank and other borrowings amounted to RMB820,000,000 (2019: nil) as at 31 December 2020 were guaranteed by third party.

The bank loans bear interest at rates ranging from 0.00% to 7.60% (2019: 0.5% to 14.88%) per annum.

(2) Corporate bonds and enterprise bonds

On 21 January 2016, 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. On 21 January 2019, Fosun High Technology repaid in advance with a par value of RMB44,040,000. 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. On 4 March 2019, Fosun Pharma repaid in advance with a par value of RMB5,500,000. Interest is paid annually in arrears and the maturity date is 4 March 2021.

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. On 14 April 2019, Fosun High Technology repaid in advance with a par value of RMB4,000,000. 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. On 26 May 2019, Fosun High Technology repaid in advance with a par value of RMB131,185,000. Interest is paid annually in arrears and the maturity date is 26 May 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. On 14 March 2020, Fosun Pharma repaid in advance with a par value of RMB158,050,000. Interest is paid annually in arrears and the maturity date is 14 March 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.

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

Notes: *(Continued)*

(2) Corporate bonds and enterprise bonds *(Continued)*

On 13 August 2018, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,300,000,000 and an effective interest rate of 5.15% per annum. Interest is paid annually in arrears and the maturity date is 13 August 2023.

On 27 August 2018, Forte issued three-year domestic corporate bonds with a par value of RMB3,000,000,000 and an effective interest rate of 6.92% per annum. Interest is paid annually in arrears and the maturity date is 27 August 2021.

On 22 November 2018, Fosun High Technology issued four-year domestic corporate bonds with a par value of RMB2,200,000,000 and an effective interest rate of 5.40% per annum. On 22 November 2020, Fosun High Technology repaid in advance with a par value of RMB251,500,000. Interest is paid annually in arrears and the maturity date is 22 November 2022.

On 26 November 2018, Yuyuan issued five-year domestic corporate bonds with a par value of RMB2,000,000,000 and an effective interest rate of 4.97% per annum. Interest is paid annually in arrears and the maturity date is 26 November 2023.

On 30 November 2018, Fosun Pharma issued four-year domestic corporate bonds with a par value of RMB500,000,000 and an effective interest rate of 4.54% per annum. On 30 November 2020, Fosun Pharma repaid in advance with a par value of RMB260,000,000. Interest is paid annually in arrears and the maturity date is 30 November 2022.

On 30 November 2018, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 4.75% per annum. Interest is paid annually in arrears and the maturity date is 30 November 2023.

On 27 November 2019, Yuyuan issued five-year domestic corporate bonds with a par value of RMB600,000,000 and an effective interest rate of 4.95% per annum. Interest is paid annually in arrears and the maturity date is 27 November 2024.

On 14 February 2020, Forte issued three-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 4.33% per annum. Interest is paid annually in arrears and the maturity date is 14 February 2023.

On 20 February 2020, Yuyuan issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 3.60% per annum. Interest is paid annually in arrears and the maturity date is 20 February 2025.

On 21 April 2020, Fosun High Technology issued four-year domestic corporate bonds with a par value of RMB1,700,000,000 and an effective interest rate of 3.38% per annum. Interest is paid annually in arrears and the maturity date is 21 April 2024.

On 21 April 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB300,000,000 and an effective interest rate of 4.58% per annum. Interest is paid annually in arrears and the maturity date is 21 April 2025.

On 17 July 2020, Forte issued three-year domestic corporate bonds with a par value of RMB3,000,000,000 and an effective interest rate of 4.67% per annum. Interest is paid annually in arrears and the maturity date is 17 July 2023.

On 7 August 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 4.56% per annum. Interest is paid annually in arrears and the maturity date is 7 August 2025.

On 27 August 2020, Yuyuan issued one-year domestic corporate bonds with a par value of RMB300,000,000 and an effective interest rate of 3.28% per annum. Interest is paid annually in arrears and the maturity date is 27 August 2021.

On 27 August 2020, Yuyuan issued three-year domestic corporate bonds with a par value of RMB1,300,000,000 and an effective interest rate of 3.8% per annum. Interest is paid annually in arrears and the maturity date is 27 August 2023.

On 2 November 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 4.87% per annum. Interest is paid annually in arrears and the maturity date is 2 November 2025.

(3) Private placement notes

On 20 March 2020, Treble Hooray Limited issued one-year private placement notes with a par value of EUR122,000,000 and the effective interest rate is 3.20% per annum. Interest is paid annually in arrears and the maturity date is 20 March 2021.

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

Notes: *(Continued)*

(4) Private placement bonds

On 3 April 2017, Tekapo TMK, a subsidiary of Fosun Management Holdings Limited, issued five-year private placement bonds with a par value of JPY700,000,000 and the effective interest rate is 2.02% per annum. Interest is paid quarterly in arrears since April 2017. The final maturity date is 3 April 2022.

On 25 January 2019, Forte issued three-year private placement bonds with a par value of RMB1,440,000,000 and the effective interest rate is 6.13% per annum. Interest is paid annually in arrears and the maturity date is 25 January 2022.

On 22 March 2019, Forte issued three-year private placement bonds with a par value of RMB1,000,000,000 and the effective interest rate is 5.99% per annum. Interest is paid annually in arrears and the maturity date is 22 March 2022.

On 20 March 2020, Forte issued three-year private placement bonds with a par value of RMB1,160,000,000 and the effective interest rate is 5.09% per annum. Interest is paid annually in arrears and the maturity date is 20 March 2023.

On 5 November 2020, Forte issued three-year private placement bonds with a par value of RMB800,000,000 and the effective interest rate is 5.22% per annum. Interest is paid annually in arrears and the maturity date is 5 November 2023.

(5) Senior notes

In 2014, Xingtao Assets Limited, a direct subsidiary of Fosun Industrial Holdings Limited, issued eight-year senior notes with an effective interest rate of 3.31%. Among these, senior notes with a par value of EUR202,200,000 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 effective interest rates of 5.603%, 5.599% and 5.41%, respectively. Among these, senior notes with a par value of USD445,509,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 17 August 2023.

On 23 March 2017, Fortune Star (BVI) Limited ("Fortune Star"), a subsidiary of Fosun Industrial Holdings Limited, issued two tranches of five-year senior notes with effective interest rates of 5.33% and 5.04%, respectively. Among these, senior notes with a par value of USD1,179,416,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 23 March 2022.

On 29 January 2018, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD450,000,000 and an effective interest rate of 6.09%. Among these, senior notes with a par value of USD443,500,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 29 January 2023.

On 28 January 2019, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued two-year senior notes with a par value of USD500,000,000 and an effective interest rate of 7.19%. Among these, senior notes with a par value of USD195,314,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 28 January 2021.

On 2 July 2019, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued four-year senior notes with a par value of USD700,000,000 and an effective interest rate of 6.90%. Among these, senior notes with a par value of USD699,700,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 2 July 2023.

On 6 November 2019, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued three-and-half-year senior notes with a par value of EUR400,000,000 and an effective interest rate of 4.59%. Interest is paid semi-annually in arrears and the maturity date is 6 May 2023.

On 2 July 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued four-year senior notes with a par value of USD600,000,000 and an effective interest rate of 6.99%. Interest is paid semi-annually in arrears and the maturity date is 2 July 2024.

On 19 October 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD400,000,000 and an effective interest rate of 6.09%. Interest is paid semi-annually in arrears and the maturity date is 19 October 2025.

On 8 December 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD300,000,000 and an effective interest rate of 5.56%. Interest is paid semi-annually in arrears and the maturity date is 19 October 2025.

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

Notes: *(Continued)*

(6) Medium-term notes

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. On 7 February 2020, Fosun High Technology repaid in advance with a par value of RMB290,000,000. 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. On 19 April 2020, Fosun High Technology repaid in advance with a par value of RMB60,000,000. Interest is paid annually in arrears and the maturity date is 19 April 2021.

On 25 April 2018, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.60% per annum. Interest is paid annually in arrears and the maturity date is 27 April 2021.

On 30 July 2018, Fosun High Technology issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 6.57% per annum. On 30 July 2020, Fosun High Technology repaid in advance with a par value of RMB70,000,000. Interest is paid annually in arrears and the maturity date is 30 July 2021.

On 7 September 2018, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 6.91% per annum. Among these, medium-term notes with a par value of RMB870,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 7 September 2023.

On 11 September 2018, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.50% per annum. Interest is paid annually in arrears and the maturity date is 13 September 2021.

On 22 February 2019, Fosun High Technology issued five-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 5.36% per annum. Among these, medium-term notes with a par value of RMB1,880,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 22 February 2024.

On 18 July 2019, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.53% per annum. Interest is paid annually in arrears and the maturity date is 18 July 2022.

On 7 August 2019, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.89% per annum. Interest is paid annually in arrears and the maturity date is 7 August 2024.

On 5 September 2019, Fosun High Technology issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.81% per annum. Interest is paid annually in arrears and the maturity date is 5 September 2022.

On 25 October 2019, Fosun High Technology issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.00% per annum. Among these, medium-term notes with a par value of RMB900,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 25 October 2022.

On 15 January 2020, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.79% per annum. Among these, medium-term notes with a par value of RMB960,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 15 January 2025.

On 25 February 2020, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.31% per annum. Among these, medium-term notes with a par value of RMB980,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 25 February 2025.

On 22 July 2020, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 3.94% per annum. Interest is paid annually in arrears and the maturity date is 21 July 2023.

On 22 September 2020, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.01% per annum. Among these, medium-term notes with a par value of RMB890,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 22 September 2025.

On 24 November 2020, Fosun High Technology issued four-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.16% per annum. Among these, medium-term notes with a par value of RM890,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 24 November 2024.

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

Notes: *(Continued)*

(7) Super short-term commercial papers

On 11 September 2020, Fosun High Technology issued super short-term commercial papers with a par value of RMB2,000,000,000 and an effective interest rate 3.85% of per annum. Interest is payable at the maturity date which is 8 June 2021.

(8) Other borrowings

In March 2020, Fosun Tourism Group ("**FTG**") issued asset-backed securities which were backed by the Atlantis Sanya hotel and water park as mortgage, and the 100% equity interest in Hainan Atlantis Commerce and Tourism Development Co., Ltd. and operating revenue of Atlantis Sanya as a pledge. The securities of the prioritized level of RMB6,800,000,000 was subscribed by various third party investors with a coupon rate of 5% and the securities of the subordinated level of RMB201,000,000 was subscribed by a subsidiary of the Group. The principal and interest of the prioritized level shall be repaid semi-annually in 48 instalments in 24 years. The coupon rates of the securities of the prioritized level are subject to adjustments FTG and the holders have the rights, at their option, to require FTG to redeem at an interval of every three years within the terms of the securities. The fund raised by FTG from the third party investors was recorded as other borrowings amounted to RMB6,725,933,000 as at 31 December 2020

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 0.00% to 9.80% (31 December 2019: 0.98% to 17.65%) per annum.

43. CONTRACT LIABILITIES

	2020 RMB'000	2019 RMB'000
Contract liabilities	**25,866,143**	21,932,172
Portion classified as current liabilities	**(25,165,866)**	(21,419,105)
Non-current portion	**700,277**	513,067

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts from property sales and resorts operation.

The following table shows the amounts of the revenue recognised in each reporting period related to contract liabilities carried forward.

	2020 RMB'000	2019 RMB'000
Revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year	**17,221,209**	16,328,809

The following table includes the transaction prices allocated to the remaining unsatisfied performance obligations as at the end of each reporting period.

	2020 RMB'000	2019 RMB'000
Expected to be recognised within one year	**19,490,907**	17,179,563
Expected to be recognised after one year	**6,375,236**	4,752,609
Total	**25,866,143**	21,932,172

44. TRADE AND NOTES PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables	**15,885,833**	16,338,761
Notes payable	**2,410,671**	379,705
	18,296,504	16,718,466

An ageing analysis of the trade payables as at the end of the reporting period is as follows:

	2020 RMB'000	2019 RMB'000
Outstanding balances with ages:		
Within 90 days	**8,913,013**	7,890,570
91 to 180 days	**1,632,474**	1,826,778
181 to 365 days	**3,017,718**	2,531,034
1 to 2 years	**1,600,842**	2,657,181
2 to 3 years	**504,710**	455,079
Over 3 years	**217,076**	978,119
	15,885,833	16,338,761

Trade and notes payables of the Group mainly arose from the Health segment and the Happiness segment. The trade and notes payables are non-interest-bearing and are normally settled on terms of 30 to 60 days or based on the progress of construction of properties.

45. ACCRUED LIABILITIES AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
Advances from customers	**3,484,847**	5,273,577
Dividends payable to non-controlling shareholders of subsidiaries	**81,456**	149,288
Payables related to:		
Purchases of property, plant and equipment	**1,326,646**	1,595,818
Deposits received	**2,416,273**	1,841,433
Payroll	**3,742,028**	3,066,546
Accrued interest expenses	**2,441,577**	2,436,328
Value-added tax	**1,710,520**	1,494,637
Accrued utilities	**31,387**	32,447
Acquisition of subsidiaries	**19,112**	60,600
Current portion of other long term payables	**538,953**	3,204,470
Funding from third parties for business development	**6,266,212**	6,430,831
Other accrued expenses	**4,468,812**	4,605,605
Lease liabilities (note 15)	**2,110,586**	2,327,549
Others	**9,302,041**	3,603,043
	37,940,450	36,122,172

46. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

Classified by collateral:

	2020 RMB'000	2019 RMB'000
Bonds	**3,120,034**	–

As at 31 December 2020, liabilities classified as assets sold under agreements to repurchase were secured by debt investments at fair value through other comprehensive income of the group amounted to RMB276,553,000 and the bonds of Central Bank of Brazil amounted to RMB2,846,009,000.

47. DEPOSITS FROM CUSTOMERS

	2020 RMB'000	2019 RMB'000
Demand deposits		
– Corporate deposits	**43,989,396**	37,030,696
– Personal deposits	**3,495,986**	3,582,062
	47,485,382	40,612,758
Time deposits		
– Corporate deposits	**192,439**	192,754
– Personal deposits	**180,707**	228,564
	373,146	421,318
Total deposits from customers	**47,858,528**	41,034,076
Portion classified as current liabilities	**(47,788,958)**	(40,892,261)
Non-current portion	**69,570**	141,815

Deposits from customers which are related parties are disclosed in note 65 to the financial statements.

Included in the Group's deposits from customers are amounts from the Group's associates and joint ventures in the Finance Company, a subsidiary of the Group of RMB1,170,434,000 (2019:RMB792,606,000) and RMB851,610,000 (2019: RMB10,000,000), respectively.

48. UNEARNED PREMIUM PROVISIONS

		31 December 2020			31 December 2019		
			Reinsurers'			Reinsurers'	
		Gross	share	Net	Gross	share	Net
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Life insurance	*(i)*	**161,423**	**(10,885)**	**150,538**	133,319	(16,420)	116,899
Non-life insurance	*(ii)*	**9,488,871**	**(1,583,611)**	**7,905,260**	8,839,549	(1,281,484)	7,558,065
		9,650,294	**(1,594,496)**	**8,055,798**	8,972,868	(1,297,904)	7,674,964

Notes:

(i) Analysis of movements in the unearned premium provisions for the life insurance business:

	31 December 2020			31 December 2019		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	**133,319**	**(16,420)**	**116,899**	123,040	(6,421)	116,619
Premiums written during the year	**4,174,414**	**(746,662)**	**3,427,752**	7,903,707	(696,514)	7,207,193
Acquisition of subsidiaries	**–**	**–**	**–**	28,865	(14,830)	14,035
Premiums earned during the year	**(4,137,368)**	**737,317**	**(3,400,051)**	(7,924,567)	702,471	(7,222,096)
Exchange realignment	**(8,942)**	**14,880**	**5,938**	2,274	(1,126)	1,148
At 31 December	**161,423**	**(10,885)**	**150,538**	133,319	(16,420)	116,899

(ii) Analysis of movements in the unearned premium provisions for the non-life insurance business:

	31 December 2020			31 December 2019		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	**8,839,549**	**(1,281,484)**	**7,558,065**	6,561,279	(1,035,249)	5,526,030
Premiums written during the year	**33,866,686**	**(6,678,670)**	**27,188,016**	30,413,294	(5,480,130)	24,933,164
Acquisition of subsidiaries	**–**	**–**	**–**	1,211,654	(395,743)	815,911
Premiums earned during the year	**(32,698,104)**	**6,282,679**	**(26,415,425)**	(29,433,926)	5,390,920	(24,043,006)
Exchange realignment	**(519,260)**	**93,864**	**(425,396)**	87,248	238,718	325,966
At 31 December	**9,488,871**	**(1,583,611)**	**7,905,260**	8,839,549	(1,281,484)	7,558,065

49. PROVISION FOR OUTSTANDING CLAIMS

		31 December 2020			31 December 2019		
			Reinsurers'			Reinsurers'	
		Gross	share	Net	Gross	share	Net
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Life insurance	*(i)*	**3,504,880**	**(529,769)**	**2,975,111**	3,453,733	(354,731)	3,099,002
Non-life insurance	*(ii)*	**36,898,151**	**(7,833,893)**	**29,064,258**	35,699,278	(8,393,748)	27,305,530
		40,403,031	**(8,363,662)**	**32,039,369**	39,153,011	(8,748,479)	30,404,532
Portion classified as current liabilities		**(21,137,373)**			(21,321,027)		
Non-current portion		**19,265,658**			17,831,984		

Notes:

(i) Analysis of movements in the provision for outstanding claims for the life insurance business:

	31 December 2020			31 December 2019		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	**3,453,733**	**(354,731)**	**3,099,002**	2,449,022	(74,415)	2,374,607
Claims paid during the year	**(4,575,016)**	**727,289**	**(3,847,727)**	(3,533,095)	511,828	(3,021,267)
Acquisition of subsidiaries	**–**	**–**	**–**	545,779	(251,573)	294,206
Claims incurred during the year	**4,833,511**	**(921,527)**	**3,911,984**	3,963,433	(537,376)	3,426,057
Exchange realignment	**(207,348)**	**19,200**	**(188,148)**	28,594	(3,195)	25,399
At 31 December	**3,504,880**	**(529,769)**	**2,975,111**	3,453,733	(354,731)	3,099,002

(ii) Analysis of movements in the provision for outstanding claims for the non-life insurance business:

	31 December 2020			31 December 2019		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	**35,699,278**	**(8,393,748)**	**27,305,530**	31,444,469	(6,707,342)	24,737,127
Claims paid during the year	**(18,209,091)**	**3,254,310**	**(14,954,781)**	(18,214,021)	3,469,394	(14,744,627)
Acquisition of subsidiaries	**–**	**–**	**–**	1,123,862	(360,468)	763,394
Claims incurred during the year	**20,325,130**	**(3,066,836)**	**17,258,294**	21,096,942	(4,679,433)	16,417,509
Exchange realignment	**(917,166)**	**372,381**	**(544,785)**	248,026	(115,899)	132,127
At 31 December	**36,898,151**	**(7,833,893)**	**29,064,258**	35,699,278	(8,393,748)	27,305,530

50. FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

	Notes	**2020 RMB'000**	2019 RMB'000
Financial liabilities for unit-linked contracts	*(i)*	**4,201,329**	1,084,187
Investment contract liabilities	*(ii)*	**62,888,654**	68,669,164
Commissions on the issue of financial products		**(42,954)**	(43,977)
		67,047,029	69,709,374
Portion classified as current liabilities		**(12,119,025)**	(7,754,262)
Non-current portion		**54,928,004**	61,955,112

Notes:

(i) Unit-linked contracts

	2020 RMB'000	2019 RMB'000
At 1 January	**1,084,187**	316,142
Issues	**3,033,046**	789,388
Redemptions	**(99,475)**	(35,121)
Profit or loss	**96,631**	17,621
Other	**(1,629)**	(1,005)
Exchange realignment	**88,569**	(2,838)
At 31 December	**4,201,329**	1,084,187

(ii) Other investment contract liabilities

	2020 RMB'000	2019 RMB'000
At 1 January	**68,669,164**	72,479,089
Issues	**4,708,096**	8,401,535
Redemptions	**(12,395,552)**	(12,183,348)
Profit or loss	**206,127**	315,879
Other	**6,953**	(57,433)
Exchange realignment	**1,693,866**	(286,558)
At 31 December	**62,888,654**	68,669,164

51. OTHER LIFE INSURANCE CONTRACT LIABILITIES

31 December 2020

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	**23,372,922**	**–**	**23,372,922**
Provision for profit sharing	**607,628**	**50**	**607,678**
Provision for interest rate commitments	**232,821**	**–**	**232,821**
Provision for portfolio stabilisation	**211,425**	**–**	**211,425**
	24,424,796	**50**	**24,424,846**
Portion classified as current liabilities			**(387,828)**
Non-current portion			**24,037,018**

31 December 2019

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	25,014,596	–	25,014,596
Provision for profit sharing	667,195	14	667,209
Provision for interest rate commitments	229,713	–	229,713
Provision for portfolio stabilisation	206,814	–	206,814
	26,118,318	14	26,118,332
Portion classified as current liabilities			(1,756,869)
Non-current portion			24,361,463

51. OTHER LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

31 December 2020

Analysis of movements of other life insurance contract liabilities:

	Mathematical provision for life insurance RMB'000	Provision for profit sharing RMB'000	Provision for interest rate commitments RMB'000	Provision for portfolio stabilisation RMB'000	Total RMB'000
At 1 January	25,014,596	667,209	229,713	206,814	26,118,332
Liabilities originated in the period and interest attributed	(1,044,367)	25,187	(2,991)	(918)	(1,023,089)
Amount attributable to insured from shareholders' equity	–	214	–	–	214
Change in deferred acquisition costs	(1,564)	–	–	–	(1,564)
Other movements	(62,803)	–	–	–	(62,803)
Income distributed	(1,158,914)	(115,441)	–	–	(1,274,355)
Exchange realignment	625,974	30,509	6,099	5,529	668,111
At 31 December	23,372,922	607,678	232,821	211,425	24,424,846

31 December 2019

Analysis of movements of other life insurance contract liabilities:

	Mathematical provision for life insurance RMB'000	Provision for profit sharing RMB'000	Provision for interest rate commitments RMB'000	Provision for portfolio stabilisation RMB'000	Total RMB'000
At 1 January	15,466,919	636,451	178,001	206,023	16,487,394
Liabilities originated in the period and interest attributed	2,640,171	73,501	51,780	1,609	2,767,061
Acquisition of subsidiaries	6,564,894	–	–	–	6,564,894
Amount attributable to insured from shareholders' equity	–	52,762	–	–	52,762
Change in deferred acquisition costs	(4,891)	–	–	–	(4,891)
Other movements	(9,373)	–	–	–	(9,373)
Income distributed	299,746	(97,017)	–	–	202,729
Exchange realignment	57,130	1,512	(68)	(818)	57,756
At 31 December	25,014,596	667,209	229,713	206,814	26,118,332

52. INSURANCE AND REINSURANCE CREDITORS

	2020 RMB'000	2019 RMB'000
Amounts due to insurance customers and reinsurers	**9,338,413**	6,899,424
Amounts due to insurance intermediaries	**465,252**	621,468
Deposits retained from reinsurers/retrocessionaires	**316,256**	626,097
Prepaid premiums received	**272,050**	216,846
	10,391,971	8,363,835
Portion classified as current liabilities	**(10,259,769)**	(8,217,474)
Non-current portion	**132,202**	146,361

The following is an ageing analysis of the amounts due to insurance customers and reinsurers:

	2020 RMB'000	2019 RMB'000
Amounts due to insurance customers and reinsurers:		
Within 90 days	**8,956,223**	6,925,963
91 to 180 days	**251,586**	573,719
181 to 365 days	**787,326**	406,436
1 to 2 years	**65,587**	103,094
2 to 3 years	**10,079**	17,399
Over 3 years	**321,170**	337,224
	10,391,971	8,363,835

53. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 RMB'000	2019 RMB'000
Gold leases	**2,133,300**	2,245,801
Others	**2,946**	–
	2,136,246	2,245,801
Portion classified as current liabilities	**(2,134,246)**	(2,245,801)
Non-current portion	**2,000**	–

Yuyuan, a subsidiary of the Group, signed gold lease contracts with banks, pursuant to which Yuyuan will lease in gold and return the same quantity of gold to the banks. Financial liabilities at fair value through profit or loss mainly represent the fair value of the gold to be returned under the gold lease agreements between Yuyuan and the banks as at 31 December 2020.

54. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2020 RMB'000	2019 RMB'000
Due to European Central Bank	**941,650**	447,658
Due to:		
Banks in Germany	**402,350**	362,682
Banks in other European countries	**1,583,600**	1,183,553
Banks in other countries and regions	**8,545**	169
	1,994,495	1,546,404
Total	**2,936,145**	1,994,062
Portion classified as current liabilities	**(1,992,004)**	(1,994,062)
Non-current portion	**944,141**	–

55. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2020 RMB'000	2019 RMB'000
Special purpose fund for technology improvement	**433,667**	453,186
Government grants for property development and fixed asset construction	**750,832**	732,511
	1,184,499	1,185,697

56. OTHER LONG TERM PAYABLES

	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000
Payables for rehabilitation	*(i)*	**169,211**	231,489
Payables for employee benefits	*(ii)*	**1,063,604**	1,017,856
Payables for acquisition of additional interests in subsidiaries		**34,662**	35,613
Share redemption options granted to non-controlling shareholders of subsidiaries		**559,769**	3,279,162
Loans from non-controlling shareholders of subsidiaries		**598,207**	260,446
Lease liabilities (note 15)		**12,304,425**	12,103,171
Others		**1,305,355**	1,437,040
		16,035,233	18,364,777

Notes:

(i) The movements of payables for rehabilitation are set out below:

	2020 RMB'000	2019 RMB'000
At 1 January	**231,489**	164,417
Additions	**18,840**	21,592
Acquisition of subsidiaries	**32,673**	74,916
Disposal of subsidiaries	**(74,792)**	–
Payments made	**(10,835)**	(11,451)
Classified as current portion	**(21,222)**	(20,362)
Exchange realignment	**(6,942)**	2,377
At 31 December	**169,211**	231,489

Payables for rehabilitation are in relation to the costs of the Group's obligations for land reclamation, decoration and restoration for the leased properties.

(ii) The movements of payables for employee benefits are set out below:

	2020 RMB'000	2019 RMB'000
At 1 January	**1,017,856**	1,148,112
Additions	**150,516**	90,012
Acquisition of subsidiaries	**117,663**	11,200
Interest increment (note 7)	**16,881**	18,241
Payments made	**(158,506)**	(51,496)
Disposal of subsidiaries	**(15,738)**	(134,333)
Classified as current portion	**(60,483)**	(62,995)
Exchange realignment	**(4,585)**	(885)
At 31 December	**1,063,604**	1,017,856

Payables for employee benefits are based on estimates of future payments made by management and are discounted at rates in the range of 0.34% to 6.66% (2019: 0.77% to 3.66%).

57. SHARE CAPITAL

Shares

	2020 RMB'000	2019 RMB'000
Issued and fully paid:		
8,424,756,424 (2019: 8,537,541,244) ordinary shares	**36,785,936**	36,714,828

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Issued capital RMB'000
At 1 January 2019	8,546,928,994	36,660,729
Share award scheme (note 62)	6,262,250	54,099
Re-purchase of shares	(15,650,000)	–
At 31 December 2019 and 1 January 2020	8,537,541,244	36,714,828
Share award scheme (note 62)	7,633,680	70,642
Share option exercised (note 62)	42,500	466
Re-purchase of shares	(120,461,000)	–
At 31 December 2020	8,424,756,424	36,785,936

58. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Other deficits

The balance of other deficits represented the acquisition of the entire equity interest in Fosun Group pursuant to the restructuring of the Group prior to the listing of its shares on the Hong Kong Stock Exchange, after netting off the paid-up capital and capital reserve (arising from the bonus share issue of its subsidiaries) of Fosun Group.

(b) Surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries established in Chinese Mainland (the "PRC Subsidiaries"), each PRC Subsidiary is required to allocate 10% of its profit after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the surplus reserve until this reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the surplus reserve can be capitalised as paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

In accordance with the Company Law of Portugal, a percentage of not less than 10% or 5% of each year's net profit, depending on whether a company is an insurance or other company, must be transferred to the legal reserve, until the legal reserve totals the amount of share capital, or the legal reserve totals 20% of the registered capital. The legal reserve may not be distributed, but only be used to increase share capital or to offset accumulated losses.

59. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2020	2019
Percentage of equity interest held by non-controlling interests:		
Fosun Pharma	**61.38%**	61.90%
Portuguese Insurance Group	**15.01%**	15.01%

Fidelidade – Companhia de Seguros, S.A., Multicare – Seguros de Saúde, S.A. and Fidelidade Assistência – Companhia de Seguros, S.A. are collectively referred to as "Portuguese Insurance Group".

	2020 **RMB'000**	2019 RMB'000
Profit for the year allocated to non-controlling interests:		
Fosun Pharma	**2,242,775**	2,061,276
Portuguese Insurance Group	**273,944**	284,633
Dividends paid to non-controlling interests:		
Fosun Pharma	**615,615**	508,058
Accumulated balances of non-controlling interests at the reporting dates:		
Fosun Pharma	**22,700,179**	19,745,522
Portuguese Insurance Group	**3,307,629**	3,024,187

59. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2020	**Portuguese Insurance Group RMB'000**	**Fosun Pharma RMB'000**
Revenue	**20,282,092**	**30,163,260**
Total expenses	**(18,490,571)**	**(26,223,279)**
Profit for the year	**1,791,521**	**3,939,981**
Total comprehensive income for the year	**1,496,332**	**3,350,136**
Current assets	**34,651,123**	**25,084,803**
Non-current assets	**120,653,321**	**58,544,320**
Current liabilities	**(31,817,359)**	**(24,872,353)**
Non-current liabilities	**(94,297,582)**	**(12,829,374)**
Net cash flows (used in)/from operating activities	**(4,358,041)**	**2,579,774**
Net cash flows from/(used in) investing activities	**3,275,562**	**(4,706,229)**
Net cash flows (used in)/from financing activities	**(2,901,652)**	**1,467,129**

2019	Portuguese Insurance Group RMB'000	Fosun Pharma RMB'000
Revenue	22,646,093	28,389,277
Total expenses	(20,604,658)	(24,645,755)
Profit for the year	2,041,435	3,743,522
Total comprehensive income for the year	4,432,952	3,525,696
Current assets	37,705,800	20,403,368
Non-current assets	120,947,593	55,659,391
Current liabilities	(30,002,339)	(17,433,766)
Non-current liabilities	(101,623,154)	(19,481,667)
Net cash flows from operating activities	323,142	3,222,412
Net cash flows used in investing activities	(4,948,226)	(171,962)
Net cash flows from/(used in) financing activities	1,126,234	(1,935,978)

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL

The major acquisition of subsidiaries accounted for as business combinations not under common control is set out as follows:

In March 2020, Yuyuan, a subsidiary of the Group, completed the acquisition of 65% equity interest in Tianjin Seagull Watch Group Co., Ltd and 55% equity interest in Shanghai Watch Co., Ltd at the consideration of RMB522,129,000 and RMB71,312,000, respectively.

In March 2020, Fosun Jinmei (Shanghai) Cosmetics Co., Ltd, a subsidiary of the Group, acquired 68% equity interest in Wei Holding, Inc. at the total consideration of RMB375,977,000. The acquisition was undertaken to further develop the fashion business under the happiness segment of the Group.

In June 2020, the Group acquired additional 27.95% equity interest of Shanghai FFT Automation Technology Co., Ltd ("FFT"), a former associate, at a consideration of RMB1,166,000,000. After the completion of the acquisition, the Group held 70.64% interest in FFT and FFT was accounted for as a subsidiary of the Group. The acquisition was undertaken to further develop the intelligent equipment business under the intelligent manufacturing segment of the Group.

In October 2020, Yuyuan, a subsidiary of the Group, completed the acquisition of 38% equity interest in Jinhui Liquor Co., Ltd at the consideration of RMB3,396,408,000. The acquisition was undertaken to further develop the Liquor business under the happiness segment 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 interest's proportionate share of the acquired subsidiary's identifiable net assets.

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL *(Continued)*

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows:

	2020 Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 13)	2,849,288
Intangible assets (note 19)	4,338,949
Right-of-use assets (note 15)	1,415,201
Cash and bank balances	1,818,231
Investments in associates	14,355
Investment properties (note 14)	572,367
Debt investments at fair value through other comprehensive income	7,000
Deferred tax assets (note 30)	155,827
Trade and notes receivables	1,302,182
Due from related companies	1,633
Contract assets	26,282
Prepayments, other receivables and other assets	1,115,558
Inventories	6,599,775
Properties under development	3,288,596
Derivative financial instruments (Assets)	70,605
Interest-bearing bank and other borrowings	(4,659,070)
Trade and notes payables	(1,659,098)
Accrued liabilities and other payables (excluding lease liabilities)	(956,359)
Due to related companies	(1,018,024)
Tax payable	(124,320)
Deferred Income	(8,094)
Derivative financial instruments (Liabilities)	(55,873)
Other long term payables (excluding lease liabilities)	(155,078)
Lease liabilities (note 15)	(1,419,447)
Contract liabilities	(4,287,646)
Deferred tax liabilities (note 30)	(1,255,105)
Total identifiable net assets at fair value	7,941,735
Non-controlling interests	(3,769,626)
Total net assets acquired	4,172,109
Goodwill on acquisition (note 20)	4,855,980
	9,028,089

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL *(Continued)*

	2020 RMB'000
Satisfied by:	
Cash	2,730,575
Investments in joint ventures	978,022
Financial assets at fair value through profit or loss	60,503
Prepayments, other receivables and other assets	556,000
Contingent liability	20,000
Investments in associates	4,682,989
	9,028,089

The fair values of the trade receivables and prepayments, other receivables and other assets as at the dates of acquisition amounted to RMB1,302,182,000 and RMB1,115,558,000, respectively. The gross contractual amounts of trade receivables and prepayments, other receivables and other assets were RMB1,501,250,000 and RMB1,115,558,000, respectively, among which RMB199,068,000 about the trade receivables were expected to be uncollectible.

The Group incurred transaction costs of RMB199,000 for these acquisitions. These transaction costs have been expensed and are included in other expenses or administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

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

Since the acquisition, the acquired subsidiaries contributed RMB5,119,675,000 to the Group's turnover and net profit of RMB322,654,000 to the consolidated profit for the year ended 31 December 2020.

Had the combinations taken place at the beginning of the year, the revenue of the Group and the net profit of the Group for the year ended 31 December 2020 would have been RMB142,991,874,000 and RMB10,663,554,000, respectively.

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(II) ACQUISITION OF SUBSIDIARIES NOT ACCOUNTED FOR AS BUSINESS COMBINATION

The major acquisition of subsidiaries not accounted for as business combination is set out as follows:

In October 2020, Yuyuan, a subsidiary of the Group, completed the acquisition of 100% equity interest in Chengjiangyibang investment Co., Ltd at the consideration of RMB1,920,000,000. The acquisition was undertaken to further develop the property development business under the Happiness segment of the Group.

The above acquisition has been accounted as an acquisition of assets in the Group's consolidated financial statements. The purchase cost of the Group is allocated to the assets and liabilities, respectively, on the basis of their relative fair values at the date of purchase.

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase is as follows:

	2020 Allocation of purchase cost RMB'000
Property, plant and equipment (note 13)	14
Cash and bank balances	469
Deferred tax assets (note 30)	57,408
Prepayments, other receivables and other assets	213,474
Properties under development	1,748,278
Accrued liabilities and other payables (excluding lease liabilities)	(99,643)
	1,920,000
Total purchase costs	1,920,000
Satisfied by	
Cash	1,920,000

(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	(4,650,575)
Cash and cash equivalents acquired	1,795,942
Cash consideration unpaid as at 31 December 2020	5,180
Payment of unpaid cash consideration as at 31 December 2019	(71,959)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(2,921,412)
Transaction costs of these acquisitions included in cash flows from operating activities	(199)
	(2,921,611)

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries

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

In January 2020, FTG, a subsidiary of the Group, completed the disposal of its 100% equity interests in a subsidiary, Société Immobiliére et de Gestion Hôteliére du Cap Skirring ("SIGHC"), at a consideration of EUR16,238,000 (equivalent to RMB124,058,000). SIGHC was engaged in the operation of Cap Skirring Resort in the Republic of Senegal. The Group then entered into a lease contract with the buyer for the leaseback of the assets of Cap Skirring Resort on a 12-year term and continued to operate the resort. The Group measured the right-of-use assets arising from the leaseback for the proportion that relates to the right of use retained by the Group and recognized the amount of the gain that relates to the rights transferred to the buyer.

In May 2020, the Group disposed and lost its control of Tom Tailor Holding SE ("Tom Tailor"), a subsidiary of the Group with 76.75% equity interests.

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

	2020 **RMB'000**	2019 RMB'000
Net assets disposed of:		
Property, plant and equipment (note 13)	**562,122**	405,852
Intangible assets (note 19)	**1,851,361**	679,809
Right-of-use assets (note 15)	**2,216,027**	567,920
Goodwill (note 20)	**6,428**	131,738
Investments in associates	**–**	14,150
Deferred tax assets (note 30)	**1,293**	14,093
Properties under development	**1,603,465**	1,879,693
Cash and bank balances	**598,902**	338,198
Financial assets at fair value through profit or loss	**–**	18,149
Debt investment at fair value through other comprehensive income	**244,644**	–
Insurance and reinsurance debtors	**2,459**	–
Trade and notes receivables	**369,329**	169,617
Contract assets	**26,986**	–
Due from related parties	**210**	158,906
Prepayments, other receivables and other assets	**392,142**	214,023
Inventories	**1,042,547**	350,719
Deferred income	**(3,014)**	(2)
Interest-bearing bank and other borrowings	**(1,833,226)**	(751,510)
Trade and notes payables	**(721,515)**	(171,006)
Due to related companies	**(957,802)**	(819)
Accrued liabilities and other payables (excluding lease liabilities)	**(1,369,547)**	(177,259)
Tax payables	**(84,519)**	–
Contract liabilities	**(86,774)**	(10,144)
Derivative financial instruments (Liabilities)	**(8,596)**	–
Deferred tax liabilities (note 30)	**(393,297)**	(162,767)
Provision for outstanding claims	**(179,346)**	–
Other long-term payables (excluding lease liabilities)	**(99,733)**	(134,333)
Lease liabilities (note 15)	**(2,500,708)**	(668,726)
Non-controlling interests	**(156,723)**	(398,734)
	523,115	2,467,567

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

	2020 RMB'000	2019 RMB'000
Exchange fluctuation reserve	(84,573)	–
	438,542	2,467,567
Portion relating to the right of use retained in the lease back*	19,184	–
Fair value of the retained interests in subsidiaries disposed of	(51,000)	(3,562,583)
Net gain on disposal of subsidiaries (note 6)	5,072	4,029,184
	411,798	2,934,168
Satisfied by:		
Cash	411,798	2,934,168

An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	2020 RMB'000	2019 RMB'000
Cash consideration	411,798	2,934,168
Cash and bank balance disposed of	(598,902)	(338,198)
Receipt of unreceived cash consideration for disposal as at 31 December 2019	25,447	25,672
Cash consideration unreceived as at 31 December 2020	(54,409)	(1,007,574)
Net (outflow)/inflow of cash and cash equivalents included in cash flows from investing activities	(216,066)	1,614,068

61. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,175,468,000 and RMB3,175,468,000, respectively, in respect of lease arrangements for land, buildings, machinery, furniture, fixtures and other equipment (2019: RMB2,692,100,000 and RMB2,692,100,000).

(b) Changes in liabilities arising from financing activities

	Bank and other loans RMB'000	Loans from non-controlling shareholders of subsidiaries RMB'000	Lease liabilities RMB'000	Assets sold under agreements to repurchase RMB'000	Interest payable RMB'000
At 31 December 2019 and at 1 January 2020	208,287,057	3,210,446	14,430,720	–	2,436,328
Changes from financing cash flows	21,026,295	(2,444,075)	(2,313,651)	274,026	–
Changes from operating cash flows	–	–	–	2,846,008	–
Transfer to equity	–	(131,327)	–	–	–
Interest paid	(60,037)	–	–	–	(10,471,462)
New leases	–	–	3,175,468	–	–
Disposal	–	–	(120,571)	–	–
Foreign exchange movement	(2,396,863)	(36,837)	(294)	–	60,091
Interest expense	120,128	–	654,878	–	8,729,108
Covid-19-related rent concessions from lessors	–	–	(330,278)	–	–
Interest capitalised under properties under development	–	–	–	–	1,658,190
Interest capitalised under property, plant and equipment	–	–	–	–	29,322
Increase arising from acquisition of subsidiaries	4,659,070	–	1,419,447	–	–
Decrease arising from disposal of subsidiaries	(1,833,226)	–	(2,500,708)	–	–
At 31 December 2020	**229,802,424**	**598,207***	**14,415,011**	**3,120,034**	**2,441,577**

* Included in other long term payables and accrued liabilities and other payables

61. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

(b) Changes in liabilities arising from financing activities *(Continued)*

	Bank and other loans RMB'000	Loans from non-controlling shareholders of subsidiaries RMB'000	Finance lease payable/Lease liabilities RMB'000	Interest payable RMB'000
At 31 December 2018	186,140,351	4,454,231	566,405	1,816,958
Effect of adoption of HKFRS 16	–	–	10,674,184	–
At 1 January 2019 (restated)	186,140,351	4,454,231	11,240,589	1,816,958
Changes from financing cash flows	12,702,315	(1,243,785)	(2,187,395)	–
Interest paid	(78,319)	–	–	(10,199,765)
New leases	–	–	2,692,100	–
Disposal	–	–	(155,838)	–
Foreign exchange movement	994,514	–	55,524	42,673
Interest expense	120,991	–	579,914	9,171,475
Interest capitalised under properties under development	–	–	–	1,582,381
Interest capitalised under property, plant and equipment	–	–	–	22,606
Increase arising from acquisition of subsidiaries	9,158,715	–	2,874,552	–
Decrease arising from disposal of subsidiaries	(751,510)	–	(668,726)	–
At 31 December 2019	208,287,057	3,210,446*	14,430,720	2,436,328

* Included in other long term payables and accrued liabilities and other payables

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2020 RMB'000	2019 RMB'000
Within operating activities	**396,468**	511,005
Within investing activities	**308,646**	535,769
Within financing activities	**2,313,651**	2,187,395
	3,018,765	3,234,169

62. SHARE-BASED PAYMENTS

(a) Share award scheme of the Company

The Company adopts a share award scheme ("Share Award Scheme") for the purpose to align the interests of the eligible persons with those of the Group through ownership of shares, dividends and other distributions paid on shares and/or the increase in value of the shares; and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

SHARE AWARD SCHEME III

On 4 May 2017, the Board of Directors of the Company has resolved to award an aggregate of 5,275,000 award shares ("Award Shares 2017") to 65 selected participants under the share award scheme ("Share Award Scheme III"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 6 June 2017.

Award Shares 2017 shall be locked up immediately upon granting. The Award Shares 2017 granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2017 held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2017 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2017 granted amounted to approximately HKD59,126,000. The Group has recognised an amount of HKD2,142,000 (equivalent to RMB1,905,000) as expenses during the year ended 31 December 2020 (2019: equivalent to RMB9,651,000).

SHARE AWARD SCHEME IV

On 28 March 2018, the Board of Directors of the Company has resolved to award an aggregate of 5,902,000 award shares ("Award Shares 2018") to 70 selected participants under the share award scheme ("Share Award Scheme IV"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 6 June 2018.

Award Shares 2018 shall be locked up immediately upon granting. The Award Shares 2018 granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2018 held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2018 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2018 granted amounted to approximately HKD91,685,000. The Group has recognised an amount of HKD13,950,000 (equivalent to RMB12,409,000) as expenses during the year ended 31 December 2020 (2019: equivalent to RMB35,747,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

SHARE AWARD SCHEME V

On 27 March 2019, the Board of Directors of the Company has resolved to award an aggregate of 6,283,000 award shares ("Award Shares 2019 I") to 92 selected participants under the share award scheme ("Share Award Scheme V"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 5 June 2019.

Award Shares 2019 I shall be locked up immediately upon granting. The Award Shares 2019 granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2019 I held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2019 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2019 I granted amounted to approximately HKD55,031,000. The Group has recognised an amount of HKD21,942,000 (equivalent to RMB19,517,000) as expenses during the year ended 31 December 2020 (2019: equivalent to RMB20,256,000).

SHARE AWARD SCHEME VI

On 28 August 2019, the Board of Directors of the Company has resolved to award an aggregate of 420,000 award shares ("Award Shares 2019 II") to 10 selected participants under the share award scheme ("Share Award Scheme VI"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the special general meeting held on 30 October 2019.

Award Shares 2019 II shall be locked up immediately upon granting. The Award Shares 2019 II granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2019 II held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2019 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2019 II granted amounted to approximately HKD3,197,000. The Group has recognised an amount of HKD2,175,000 (equivalent to RMB1,935,000) as expenses during the year ended 31 December 2020 (2019: equivalent to RMB406,000).

SHARE AWARD SCHEME VII

On 1 April 2020, the Board of Directors of the Company has resolved to award an aggregate of 8,501,000 award shares ("Award Shares 2020 I") to 83 selected participants under the share award scheme ("Share Award Scheme VII"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 3 June 2020.

Award Shares 2020 I shall be locked up immediately upon granting. The Award Shares 2020 I granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2020 I held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2020 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2020 I granted amounted to approximately HKD77,814,000. The Group has recognised an amount of HKD28,083,000 (equivalent to RMB24,979,000) as expenses during the year ended 31 December 2020.

62. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

SHARE AWARD SCHEME VIII

On 28 August 2020, the Board of Directors of the Company has resolved to award an aggregate of 70,000 award shares ("Award Shares 2020 II") to 2 selected participants under the share award scheme ("Share Award Scheme VIII"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the special general meeting held on 28 August 2020.

Award Shares 2020 II shall be locked up immediately upon granting. The Award Shares 2020 II granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2020 II held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2020 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2020 II granted amounted to approximately HKD530,000. The Group has recognised an amount of HKD113,000 (equivalent to RMB101,000) as expenses during the year ended 31 December 2020.

The following shares were outstanding under the Share Award Scheme during the year:

	2020	2019
At 1 January	**11,861,690**	10,612,200
Granted during the year	**8,571,000**	6,703,000
Forfeited and cancelled during the year	**(1,897,620)**	(374,750)
Unblocked during the year	**(5,116,320)**	(5,078,760)
At 31 December	**13,418,750**	11,861,690

The number of outstanding shares as at 31 December 2020 for each tranche of share award is as follows:

	2020	2019
Share Award Scheme III	**–**	1,645,600
Share Award Scheme IV	**1,554,140**	3,770,090
Share Award Scheme V	**3,486,010**	6,116,000
Share Award Scheme VI	**120,600**	330,000
Share Award Scheme VII	**8,228,000**	–
Share Award Scheme VIII	**30,000**	–
At 31 December	**13,418,750**	11,861,690

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company

The Company adopts a share option scheme ("Share Option Scheme") for the purpose of providing incentive and/or reward to eligible persons for their contribution to the Group, and continuing efforts to promote the interests of the Group.

SHARE OPTION SCHEME I

On 8 January 2016, the Company granted 111,000,000 options ("Options 2016") to subscribe for an aggregate of 111,000,000 ordinary shares in the Company under its Share Option Scheme. Each of the Options 2016 shall entitle the holder of such Option 2016 to subscribe for one share upon exercise of such Option 2016 at an exercise price of HKD11.53 per share.

The Options 2016 are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2016, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2016");

ii. up to a further 30% of the Options 2016, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2016; and

iii. in respect of the remaining 50% of the Options 2016, which, for the avoidance of doubt, comprise those Options 2016 which have not been exercised (and have not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2016.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD315,876,000. The Group has recognised an amount of HKD51,383,000 (equivalent to RMB45,705,000) as expenses during the year ended 31 December 2020 (2019: equivalent to RMB45,218,000).

SHARE OPTION SCHEME II

On 4 May 2017, the Company has granted 56,400,000 options ("Options 2017") to subscribe for an aggregate of 56,400,000 ordinary shares in the Company under its Share Option Scheme. Each of the Options 2017 shall entitle the holder of such Option 2017 to subscribe for one share upon exercise of such Option 2017 at an exercise price of HKD11.75 per share.

The Options 2017 are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2017, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2017");

ii. up to a further 30% of the Options 2017, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2017; and

iii. in respect of the remaining 50% of the Options 2017, which, for the avoidance of doubt, comprise those Options 2017 which have not been exercised (and have not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2017.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD155,132,000. The Group has recognised an amount of HKD24,379,000 (equivalent to RMB21,685,000) as expenses during the year ended 31 December 2020 (2019: equivalent to RMB22,207,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME III

On 28 March 2018, the Company has granted 51,701,000 options ("Options 2018") to subscribe for an aggregate of 51,701,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 27,000,000 option shares are granted to selected global core management; and (ii) 24,701,000 option shares are granted to selected outstanding employees. Each of the Options 2018 shall entitle the holder of such Option 2018 to subscribe for one share upon exercise of such Option 2018 at an exercise price of HKD17.58 per share.

The Options 2018 granted to selected global core management are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2018, 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 from the date of grant ("Option Period 2018");

ii. up to a further 30% of the Options 2018, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2018; and

iii. in respect of the remaining 50% of the Options 2018, which, for the avoidance of doubt, comprise those Options 2018 which have not been exercised (and have 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 2018.

The Options 2018 granted to selected outstanding employees are exercisable by each grantee in five tranches as set out below:

i. up to the first 20% of the Options 2018, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2018");

ii. up to a further 20% of the Options 2018, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2018; and

iii. up to a further 20% of the Options 2018, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2018; and

iv. up to a further 20% of the Options 2018, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2018; and

v. in respect of the remaining 20% of the Options 2018, which, for the avoidance of doubt, comprise those Options 2018 which have not been exercised (and have 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 Option Period 2018.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD202,965,000. The Group has recognised an amount of HKD31,556,000 (equivalent to RMB28,069,000) as expenses during the year ended 31 December 2020 (2019: equivalent to RMB45,014,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME IV

On 27 March 2019, the Company has granted 83,880,000 options ("Options 2019 I") to subscribe for an aggregate of 83,880,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 66,000,000 option shares are granted to selected global core management; and (ii) 17,880,000 option shares are granted to selected outstanding employees. Each of the Options 2019 I shall entitle the holder of such Option 2019 I to subscribe for one share upon exercise of such Option 2019 I at an exercise price of HKD12.86 per share.

The Options 2019 I granted to selected global core managements are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2019 I, 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 from the date of grant ("Option Period 2019 I");

ii. up to a further 30% of the Options 2019 I, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2019 I; and

iii. in respect of the remaining 50% of the Options 2019 I, which, for the avoidance of doubt, comprise those Options 2019 I which have not been exercised (and have 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 2019 I.

The Options 2019 I granted to selected outstanding employees are exercisable by each grantee in five tranches as set out below:

i. up to the first 20% of the Options 2019 I, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 I");

ii. up to a further 20% of the Options 2019 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2019 I; and

iii. up to a further 20% of the Options 2019 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2019; and

iv. up to a further 20% of the Options 2019 I, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2019 I; and

v. in respect of the remaining 20% of the Options 2019 I, which, for the avoidance of doubt, comprise those Options 2019 I which have not been exercised (and have 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 Option Period 2019 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD191,067,000. The Group has recognised an amount of HKD39,722,000 (equivalent to RMB35,332,000) as expenses during the year ended 31 December 2020 (2019: equivalent to RMB38,014,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME V

On 28 August 2019, the Company has granted 2,380,000 options ("Options 2019 II") to subscribe for an aggregate of 2,380,000 ordinary shares in the Company under its Share Option Scheme, Each of the options 2019 II shall entitle the holder of such Option 2019 II to subscribe for one share upon exercise of such Option 2019 II at an exercise price of HKD9.95 per share.

The Options 2019 II which are classified as type I and type II are granted to newly-joined management staff and the intelligent technology professionals of the Group.

TYPE I EXERCISING SCHEDULE:

i. up to the first 25% of the Options 2019 II, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 II");

ii. up to a further 25% of the Options 2019 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2019 II; and

iii. up to a further 25% of the Options 2019 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2019 II; and

iv. in respect of the remaining 25% of the Options 2019 II, which, for the avoidance of doubt, comprise those Options 2019 II 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 fourth anniversary of the date of grant till the end of the Option Period 2019 II.

TYPE II EXERCISING SCHEDULE:

i. up to the first 50% of the Options 2019 II, at any time from the date falling on the second anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 II");

ii. up to a further 25% of the Options 2019 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2019 II; and

iii. in respect of the remaining 25% of the Options 2019 II, which, for the avoidance of doubt, comprise those Options 2019 II which have not been exercised (and have not lapsed) since the second anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2019 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD5,848,000. The Group has recognised an amount of HKD2,684,000 (equivalent to RMB2,387,000) as expenses during the year ended 31 December 2020 (2019: equivalent to RMB911,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME VI

On 1 April 2020, the Company has granted 20,900,000 options ("Options 2020 I") to subscribe for an aggregate of 20,900,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 9,400,000 option shares are granted to selected global core management; and (ii) 11,500,000 option shares are granted to selected outstanding employees. Each of the Options 2020 I shall entitle the holder of such Option 2020 I to subscribe for one share upon exercise of such Option 2020 I at an exercise price of HKD8.79 per share.

The Options 2020 I granted to selected global core managements are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2020 I, at any time from the date falling on the third anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2020 I");

ii. up to a further 30% of the Options 2020 I, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2020 I; and

iii. in respect of the remaining 50% of the Options 2020 I, which, for the avoidance of doubt, comprise those Options 2020 I which have not been exercised (and have not lapsed) since the third 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 Option Period 2020 I.

The Options 2020 I granted to selected outstanding employees are exercisable by each grantee in five tranches as set out below:

i. up to the first 25% of the Options 2020 I, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2020 I");

ii. up to a further 25% of the Options 2020 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2020 I; and

iii. up to a further 25% of the Options 2020 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2020 I; and

iv. in respect of the remaining 25% of the Options 2020 I, which, for the avoidance of doubt, comprise those Options 2020 I 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 fourth anniversary of the date of grant till the end of the Option Period 2020 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD41,395,000. The Group has recognised an amount of HKD9,396,000 (equivalent to RMB8,358,000) as expenses during the year ended 31 December 2020.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME VII

On 28 August 2020, the Company has granted 190,000 options ("Options 2020 II") to subscribe for an aggregate of 190,000 ordinary shares in the Company under its Share Option Scheme, Each of the options 2020 II shall entitle the holder of such Option 2020 II to subscribe for one share upon exercise of such Option 2020 II at an exercise price of HKD8.86 per share.

The Options 2020 II are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2020 II, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2020 II");

ii. up to a further 25% of the Options 2020 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2020 II; and

iii. up to a further 25% of the Options 2020 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2020 II; and

iv. in respect of the remaining 25% of the Options 2020 II, which, for the avoidance of doubt, comprise those Options 2020 II 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 fourth anniversary of the date of grant till the end of the Option Period 2020 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD261,000. The Group has recognised an amount of HKD48,000 (equivalent to RMB42,000) as expenses during the year ended 31 December 2020.

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the major inputs to the model used:

Share option:	Scheme I	Scheme II	Scheme III
Share price (HKD per share)	10.80	11.68	17.58
Volatility (%)	30.00	25.17	32.12
Risk-free interest rate (%)	1.36	1.23	1.91
Expected life of options (year)	10	10	10
Dividend yield (%)	1.57	1.80	1.99

Share option:	Scheme IV	Scheme V	Scheme VI
Share price (HKD per share)	12.86	9.95	8.79
Volatility (%)	38.59	36.71	36.70
Risk-free interest rate (%)	1.43	1.01	0.64
Expected life of options (year)	10	10	10
Dividend yield (%)	2.88	3.17	4.58

Share option:	Scheme VII
Share price (HKD per share)	8.86
Volatility (%)	33.69
Risk-free interest rate (%)	0.71
Expected life of options (year)	10
Dividend yield (%)	3.14

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME VII *(Continued)*

The following options were outstanding under the Share Option Scheme during the year:

	2020	2019
At 1 January	**247,795,000**	194,312,000
Granted during the year	**21,090,000**	86,260,000
Exercised during the year	**(42,500)**	–
Forfeited and other changes during the year	**(47,288,900)**	(32,777,000)
At 31 December	**221,553,600**	247,795,000

The weighted average exercise price of share options which were granted during 2020 was HKD8.79 (2019: HKD12.78), the weighted average exercise price of share options which was forfeited during 2020 were HKD12.16 (2019: HKD17.58), and the weighted average share price for share options exercised during the year was HKD9.95 per share, at a cash consideration of RMB466,000 (2019: No share options were exercised).

The number of outstanding share options granted as at 31 December 2020 for each tranche of the share option scheme is as follows:

	2020	2019
Share Option Scheme I	**74,000,000**	89,000,000
Share Option Scheme II	**41,200,000**	56,400,000
Share Option Scheme III	**14,238,600**	19,280,000
Share Option Scheme IV	**71,300,000**	81,185,000
Share Option Scheme V	**1,515,000**	1,930,000
Share Option Scheme VI	**19,210,000**	–
Share Option Scheme VII	**90,000**	–
At 31 December	**221,553,600**	247,795,000

62. SHARE-BASED PAYMENTS *(Continued)*

(c) Equity-settled share-based payment of subsidiaries of the Group

HENLIUS

As at 14 April 2018, the second extraordinary general meeting of Henlix, a subsidiary of the Group, passed a share incentive scheme and granted 22,750,000 restricted shares to eligible participants at a price of RMB9.21 per share. As at 10 December 2020, Henlix passed a share incentive scheme and granted 2,780,700 restricted shares to eligible participants at a price of RMB9.21 per share. Henlix has recognised an amount of RMB46,050,000 as related expenses and deferred development costs during the year ended 31 December 2020 (2019:RMB123,734,000).

GLAND

As at 27 June 2019, Gland, a subsidiary of the Group, passed a share incentive scheme and granted 154,650 restricted shares to eligible participants at a price of equivalent RMB540 per share. Gland has recognised an amount of RMB19,490,000 as expenses during the year ended 31 December 2020 (2019:RMB12,084,000).

FTG

FTG, a subsidiary of the Group, has granted certain share options during previous years. The fair value of the share options granted was RMB184,620,000 (RMB3.47 to RMB4.59 each), based on different vesting periods, of which the Group recognised a share option expense of RMB26,098,000 during the year ended 31 December 2020 (2019: RMB54,845,000).

On 4 July 2018, pursuant to the free share ownership plan of FTG, share units for 3,505,537 ordinary shares of FTG were granted to eligible participants with vesting periods from one to four years. The aggregate fair value of the free shares granted was amounted to approximately RMB55,162,000. FTG has recognised a expense of RMB8,012,000 during the year ended 31 December 2020 (2019: RMB13,302,000).

On 28 August 2020, pursuant to the 2019 Free Share Ownership Plan, share units for 2,720,889 ordinary shares of the Company, were granted to eligible participants with vesting periods from one to four years. The aggregate fair value of the free shares granted during the year ended 31 December 2020 amounted to approximately RMB22,774,000. FTG has recognised an expense of RMB4,028,000 during the year ended 31 December 2020 (2019: Nil).

On 28 August 2020, pursuant to the 2019 Share Option Plan, 4,979,000 share options were granted to eligible participants with vesting periods from one to four years. The fair value of the share options granted during the year ended 31 December 2020 was RMB8,601,000 (RMB1.61 to RMB1.84 each), based on different vesting periods, of which the Group recognised a share option expense of RMB2,104,000 during the year ended 31 December 2020 (2019: nil).

YUYUAN

Pursuant to the restricted share incentive schemes and share incentive schemes of Yuyuan, share units for 21,148,000 restricted share and share option of Yuyuan were granted to eligible participants with vesting periods from one to five years. The aggregate fair value of the free shares granted was amounted to approximately RMB52,167,000. Yuyuan has recognised a expense of RMB13,203,000 during the year ended 31 December 2020 (2019: RMB15,216,000).

BAIHE JIAYUAN

Baihe Jiayuan, a subsidiary of the Group, has recognised an amount of RMB18,088,000 as expenses during the year ended 31 December 2020. (2019: RMB35,520,000).

63. COMMITMENTS

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

	2020 RMB'000	2019 RMB'000
Contracted, but not provided for:		
Plant and machinery	**5,956,388**	3,906,608
Properties under development	**2,454,808**	2,755,842
Investments	**7,057,208**	2,552,079
Oil and gas assets	**157,250**	389,272
	15,625,654	9,603,801

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2020 RMB'000	2019 RMB'000
Contracted but not provided for:		
Properties under development	**182,135**	784,706
	182,135	784,706

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2020. The future lease payments for these non-cancellable lease contracts are RMB43,975,000 due within one year, RMB117,531,000 due in the second to fifth years, inclusive and RMB2,249,000 due after five years.

64. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	Note	2020 RMB'000	2019 RMB'000
Principal amount of the guaranteed bank loans and corporate bonds of:			
Related parties		**20,059**	19,445
Third parties		**33,165**	11,402
Qualified buyers' mortgage loans	*(1)*	**7,814,151**	8,571,954
		7,867,375	8,602,801

Notes:

(1) As at 31 December 2020, the Group provided guarantees of approximately RMB7,814,151,000 (31 December 2019: RMB8,571,954,000) in favour of their customers in respect of mortgage loans provided by banks to these customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the PRC. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The directors consider that in the case of default in payments, the net realisable value of the related properties can cover the outstanding principal together with the accrued interest and penalties, and therefore, no provision has been made in the financial statements for the guarantees.

(2) Owing to the nature of the insurance business, the insurance segment of the Group is involved in legal proceedings in the ordinary course of its activities, 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.

65. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Sales of goods			
Sinopharm Group Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	**2,981,660**	3,135,245
C.Q.pharmaceutical Holding Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	**457,304**	448,804
Intuitive Surgical-Fosun (Hongkong) Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	**177,953**	217,368
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	**153,284**	66,288
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 7)	Sales of powdered iron	**70,893**	157,015
Shanghai Lingjian Information Technology Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**11,992**	8,111
Huaihai Hospital Management Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**9,292**	–
Koller Formenbau GmbH (Notes 2 & 7)	Sales of pharmaceutical products	**3,595**	–
Suzhou Fujian Xingyi Venture Capital Partnership (Limited Partnership) (Notes 2 & 7)	Sales of pharmaceutical products	**3,407**	–
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**3,291**	–
Shanghai Diai Medical Instrument Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**3,246**	5,102
Jinfukang Pharmaceutical Group Co., Ltd (Notes 2 &7)	Sales of pharmaceutical products	**3,008**	3,104
Tianjin Fosun Haihe Healthcare Industry Fund Partnership (Limited Partnership) (Notes 2 & 7)	Sales of pharmaceutical products	**2,202**	–
New Frontier Health Corporation (Notes 2 & 7)	Sales of pharmaceutical products	**2,083**	4,042
Shanghai Xingyao Medical Technology Development Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**1,612**	17,696
Qinghai Sales Company (Notes 2 &7)	Sales of other products	**1,034**	–
Tianjin EV Energies Co., Ltd. (Notes 2 &7)	Sales of pharmaceutical products	**722**	–
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 7)	Sales of waste rubble	**389**	–
Hainan Haigang Group Co., Ltd. (Notes 3 &7)	Sales of electricity	**140**	–
Total sales of goods		**3,887,107**	4,062,775

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(continued)*

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Purchases of goods			
Sinopharm Group Co., Ltd Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**323,922**	288,007
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 7)	Purchases of steel products	**29,276**	27,953
C.Q.pharmaceutical Holding Co., Ltd (Notes 2 & 7)	Purchases of pharmaceutical products	**28,323**	5,602
Dongguan Xingyu Jewelry Industrial Co., Ltd. (Notes 2 & 7)	Purchases of jewelry	**13,561**	–
Beijing Zhongyan Dadi Technology Co., Ltd. (Notes 2 & 7)	Purchases of construction materials	**9,747**	–
Saladax Biomedical, Inc. (Notes 2 & 7)	Purchases of pharmaceutical products	**7,465**	7,520
Shanghai Shihao Industry & Trade Technology Co., Ltd. (Notes 2 & 7)	Purchases of accessories	**6,072**	–
Shanghai Shishang Industry & Trade Technology Co., Ltd.(Notes 2 & 7)	Purchases of accessories	**4,276**	–
Shanghai Hengbao Horologe Co., Ltd. (Notes 2 & 7)	Purchases of accessories	**2,790**	–
SINNOWA Medical Science &Technology Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**2,281**	2,710
Anhui Sunhere Pharmaceuticals Excipients Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**2,243**	6,254
Shanghai Guanghao Watch Co., Ltd. (Notes 2 & 7)	Purchases of accessories	**1,898**	–
Shanghai Xingyao Medical Technology Development Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**907**	4,231
Fosun United Health Insurance Co., Ltd (Notes 2 & 7)	Purchases of insurance products	**194**	–
CMIC (Suzhou) Pharmaceutical Technology Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**–**	3,237
Yong'an Property Insurance Company Limited (Notes 2 & 7)	Purchases of insurance products	**–**	117
Total purchases of goods		**432,955**	345,631

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(continued)*

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Service income			
National General Insurance Corporation N.V. (Notes 2 & 8)	Reinsurance services provided to the related company	**214,917**	369,733
Shanghai Dijie Real Estate Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**40,019**	94
Shanghai Fosun Bund Property. Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**25,726**	–
Wuhan Fuzhi Real Estate Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**11,147**	–
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 8)	Medical related services provided to the related company	**4,617**	3,573
Yong'an Property Insurance Company Limited (Notes 2 & 8)	Other services provided to the related company	**4,127**	16,228
Fosun United Health Insurance Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	**3,443**	7,274
Pramerica Fosun Life Insurance Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	**2,990**	–
Tianjin EV Energies Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**2,569**	507
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development (Notes 2 & 8)	Medical related services provided to the related company	**1,575**	1,677
Beijing Dashu Yida Technology Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**1,427**	–
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**1,211**	–
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	**1,190**	–
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**934**	–
Nanjing Xinzhi Chain Technology Information Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**839**	–
Sichuan Wanrong Real Estate Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**690**	–
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	**576**	–
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**566**	1,456
Shanghai Fosun Bund Property. Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**510**	–
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**359**	–
Carthago (Notes 2 & 8)	Other services provided to the related company	**325**	–
Hainan Shilu Iron Mine Park Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**227**	–
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Platform service provided to the related company	**–**	26,151
Kuyi International Travel Agency (Shanghai) Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	**–**	1,827

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(continued)*

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Service income (continued)			
Shanghai Qinmiao Technology Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	–	506
Shanghai Qinmiao Technology Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	–	380
Sinopharm Group Co., Ltd Co., Ltd. (Notes 2 & 8)	Medical related services provided to the related company	–	22
Total service income		319,984	429,428
Interest income			
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 10)	Interest income	176,185	98,505
HCo Lux S.à r.l. (Notes 2 & 10)	Interest income	69,365	58,139
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 10)	Interest income	47,664	83,702
Banco Comercial Português, S.A. (Notes 2 & 10)	Interest income	34,799	20,152
Acacias Property S.à.r.l (Notes 2 & 10)	Interest income	22,131	10,186
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 10)	Interest income	9,467	5,716
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 10)	Interest income	8,427	–
FPH Europe Holdings III (HK) Limited (Notes 2 & 10)	Interest income	6,482	6,339
Fosun Fashion Group (Cayman) Limited (Notes 2 & 10)	Interest income	5,085	–
Tianjin EV Energies Co., Ltd. (Notes 2 & 10)	Interest income	2,289	8,634
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 10)	Interest income	416	2,106
Fosun Sinopharm (Hong Kong) Supply Chain Management Co., Ltd. (Notes 2 & 10)	Interest income	333	–
Nature's Sunshine(Far East) Limited (Notes 2 & 10)	Interest income	288	303
Total interest income		382,931	293,782

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(continued)*

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Rental income			
Fosun Kite Biological Technology Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	9,451	12,247
Shanghai Xingmai Information Technology Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	1,466	–
Suzhou Kentucky Fried Chicken Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	1,050	–
New Frontier Health Corporation (Notes 2 & 8)	Operating lease to related parties	630	264
Shanghai Xingyao Medical Technology Development Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	578	1,877
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development (Notes 2 & 8)	Operating lease to related parties	539	647
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	290	166
Shanghai Xingchen Children's Hospital Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	119	–
Tongde Equity Investment and Management (Shanghai) Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	–	907
Shanghai Qinmiao Technology Co., Ltd (Notes 2 & 8)	Operating lease to related parties	–	352
Kuyi International Travel Service (Shanghai) Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	–	325
Total rental income		14,123	16,785
Rental expense			
Hainan Haigang Group Co., Ltd. (Notes 3 & 8)	Operating lease from related parties	13,177	12,419
Pramerica Fosun Life Insurance Co., Ltd (Notes 2 & 8)	Operating lease from related parties	4,674	–
Shanghai Dijie Real Estate Co., Ltd (Notes 2 & 8)	Operating lease from related parties	2,943	–
Beijing Xingyuan Innovation Equity Investment Fund Management Co., Ltd. (Notes 2 & 8)	Operating lease from related parties	1,612	–
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Operating lease from related parties	40	–
Carthago (Notes 2 & 8)	Operating lease from related parties	–	3,095
Total rental expense		22,446	15,514

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(continued)*

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Interest expense			
Kuyi International Travel Service (Shanghai) Co., Ltd. (Notes 2 & 10)	Interest expense	–	360
Interest paid for deposits from related parties			
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	12,103	10,766
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	3,469	3,468
Taizhou Hangshaotai High-speed Railway Investment Management Partnership (Limited Partnership) (Notes 2 & 5)	Interest paid for deposits	943	527
Shanghai FFT Automation Technology Co., Ltd. (note 11& 5)	Interest paid for deposits	763	1,106
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	455	–
Nanjing Iron & Steel United Co., Ltd (Notes 2 & 5)	Interest paid for deposits	341	170
Tianjin EV Energies Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	215	274
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	119	31
Shanghai Fosun Bund Property Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	119	–
Shanghai Xingmai Information. Technology Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	109	–
FFT (Shanghai) Manufacturing System Engineering Co., Ltd. (Note 11 & 5)	Interest paid for deposits	73	–
Zhejiang Dongyang China Woodcarving City Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	4	–
Total interest paid for deposits from related parties		18,713	16,342
Other expenses			
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	404	–
Pramerica Fosun Life Insurance Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	229	–
Hainan Haigang Group Co., Ltd. (Notes 3 & 9)	Other service expenses from the related company	107	–
Total other expenses from related parties		740	–

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(continued)*

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Increase of deposits from related companies			
Nanjing Iron & Steel United Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**3,045,242**	51,500
Taizhou Hangshaotai High-speed Railway Investment Management Partnership (Limited Partnership) (Notes 2 & 5)	Increase of deposits from the related company	**2,883,064**	516,675
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**2,569,075**	5,357,616
Tianjin EV Energies Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**1,625,272**	1,600,478
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**1,100,476**	–
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**793,287**	883,243
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**782,113**	872,286
Shanghai FFT Automation Technology Co., Ltd. (Notes 11 & 5)	Increase of deposits from the related company	**475,806**	735,944
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**466,784**	492,149
FFT (Shanghai) Manufacturing System Engineering Co., Ltd. (Notes 11 & 5)	Increase of deposits from the related company	**246,324**	88,876
Shanghai Fosun Bund Property Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**239,631**	150,686
Shanghai Xingmai Information Technology Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**204,337**	170,236
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**150,004**	150,001
Shanghai Qinmiao Technology Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**4,810**	20,789
Yuyao Xinglv Real Estate Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**–**	16,027
Yadong Supervision and BEWG Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**–**	4,449
Total increase of deposits from related companies		**14,586,225**	11,110,955
Guarantees of bank loans and corporate bonds			
Fosun Holdings Limited (Notes 1, 6 & 4)	Bank loans guaranteed by the related company	**–**	1,000,000
Holiday Hotel AG (Notes 2 & 4)	Bank loan guarantee to the related company	**20,063**	19,203

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(continued)*

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
Increase of loans to related companies			
Changsha Fuyu Real Estate. Development Co., Ltd (Notes 2 & 10)	Increase of loans provided to the related company	**631,945**	–
Acacias Property S.à.r.l (Notes 2 & 10)	Increase of loans provided to the related company	**367,338**	40,906
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	**337,951**	–
Fosun Fashion Group (Cayman) Limited (Notes 2 & 10)	Increase of loans provided to the related company	**231,124**	–
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	**171,000**	384,474
Shanghai Xingmai Information. Technology Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	**97,458**	–
Beijing Hehua Real Estate Development Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	**52,821**	–
Fosun Sinopharm (Hong Kong) Supply Chain Management Co., Limited (Notes 2 & 10)	Increase of loans provided to the related company	**16,558**	–
Riviera Songhelou (Shanghai) Catering Management Co., Limited (Notes 2 & 10)	Increase of loans provided to the related company	**4,500**	–
Jiangsu Jinheng Information Technology Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	**60**	–
Shanghai Fuyi Industrial Development Co., Ltd. (Notes 2 & 10)	Increase of shareholder loans provided to the related company	**–**	1,591,946
Tianjin EV Energies Co., Ltd. . (Notes 2 & 10)	Increase of loans provided to the related company	**–**	406,083
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	**–**	121,278
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	**–**	90,000
Nature's sunshine (Far East) limited (Notes 2 & 10)	Increase of loans provided to the related company	**–**	164
Total increase of loans to related companies		**1,910,755**	2,634,851
Increase of right-of-use assets			
Shanghai Fosun Bund Property Co., Ltd. (Notes 2 & 7)	Increase of right-of-use assets	**239,631**	–
Total increase of right-of-use assets		**239,631**	–

65. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(1) It is the holding company of the Group.

(2) They are associates and joint ventures of the Group.

(3) They are non-controlling shareholders of the subsidiaries of the Group.

(4) 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.

(5) Interest paid for deposits from related parties represents interest paid for deposits placed by related parties in Finance Company, a subsidiary of the Group. The deposits from related parties carry interest which are determined in accordance with the benchmark deposit interest rate of PBOC and the prevailing market deposit interest rate. The deposits will be repaid upon demand of the related parties.

(6) These transactions constituted connected transactions or continuing connected transactions of the Group under Chapter 14A of the Listing Rules. They are exempted from the disclosure requirements under Chapter 14A of the Listing Rules.

(7) The directors consider that the sales and purchases were undertaken on commercial terms similar to those offered to/by unrelated customers/suppliers in the ordinary course of business of the relevant companies.

(8) The directors consider that the income for services provided to related companies were determined based on prices available to third party customers.

(9) The directors consider that the fees for services provided by the related companies were determined based on prices charged to third parties by related companies.

(10) The loans provided by/to the related companies are unsecured. The directors consider that the applicable interest rates are determined in accordance with the prevailing market borrowing rates.

(11) As set out in note 60, Shanghai FFT Automation Technology Co., Ltd. ("FFT")was an associate of the Group as at 31 December 2019, and FFT(Shanghai) Manufacturing System Engineering Co., Ltd. ("FFT System") was its subsidiary. In June 2020, the Group increased its equity interest in FFT from 42.69% to 70.64% and FFT became a subsidiary of the Group.

(12) Compensation of key management personnel of the Group:

	2020 **RMB'000**	2019 RMB'000
Short-term employee benefits	**102,849**	68,774
Equity-settled share award/option scheme expenses	**57,303**	59,279
Pension scheme contributions	**123**	417
Total compensation paid to key management personnel	**160,275**	128,470

66. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows:

2020

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss					Financial assets at fair value through other comprehensive income				
	Designated as such upon initial recognition RMB'000	Other investments* RMB'000	Held for trading RMB'000	Hedging instruments designated in fair value hedges RMB'000	Associates measured at fair value through profit or loss RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	–	–	–	–	–	–	746,295	–	–	746,295
Debt investments at fair value through other comprehensive income	–	–	–	–	–	89,142,313	–	–	–	89,142,313
Debt investments at amortised cost	–	–	–	–	–	–	–	34,812,890	–	34,812,890
Cash and bank balances	–	–	–	–	–	–	–	105,717,947	–	105,717,947
Term deposits	–	–	–	–	–	–	–	1,121,996	–	1,121,996
Financial assets at fair value through profit or loss	–	31,513,387	27,650,056	–	–	–	–	–	–	59,163,443
Trade and notes receivables	–	–	–	–	–	–	–	9,016,852	–	9,016,852
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	–	–	–	15,413,378	–	15,413,378
Due from related companies	–	–	–	–	–	–	–	12,906,572	–	12,906,572
Derivative financial instruments	–	–	1,897,660	48,351	–	–	–	–	65,878	2,011,889
Policyholder account assets in respect of unit-linked contracts	3,819,343	–	–	–	–	–	–	381,986	–	4,201,329
Loans and advances to customers	–	–	–	–	–	–	–	4,397,157	–	4,397,157
Placements with and loans to banks and other financial institutions	–	–	–	–	–	–	–	40,162	–	40,162
Associates measured at fair value through profit or loss	–	–	–	–	9,230,507	–	–	–	–	9,230,507
Finance lease receivables	–	–	–	–	–	–	–	1,596,472	–	1,596,472
	3,819,343	31,513,387	29,547,716	48,351	9,230,507	89,142,313	746,295	185,405,412	65,878	349,519,202

* Other investments include i) financial assets whose contractual cash flows are not solely payments of principal and interest; ii) investments which have not been irrevocably designated as equity investments at FVOCI; and iii) investments which have not been managed within the business model of only holding to collect contractual cash flows or both collecting contractual cash flows and selling the financial assets.

66. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2020 *(Continued)*

FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	–	229,802,424	–	229,802,424
Trade and notes payables	–	–	18,296,504	–	18,296,504
Financial liabilities included in accrued liabilities and other payables	73,503*	–	27,105,555	–	27,179,058
Due to related companies and the holding company	–	–	6,779,674	–	6,779,674
Deposits from customers	–	–	47,858,528	–	47,858,528
Financial liabilities included in other long term payables	–	–	14,788,305	–	14,788,305
Derivative financial instruments	330,739	2,151,985	–	210,433	2,693,157
Financial liabilities at fair value through profit or loss	–	2,136,246	–	–	2,136,246
Investment contract liabilities	–	–	62,845,700	–	62,845,700
Financial liabilities for unit-linked contracts	3,819,343	–	381,986	–	4,201,329
Accounts payable to brokerage clients	–	–	1,184,878	–	1,184,878
Placements from banks and other financial institutions	–	–	212,595	–	212,595
Due to banks and other financial institutions	–	–	2,936,145	–	2,936,145
Assets sold under agreements to repurchase	–	–	3,120,034	–	3,120,034
	4,223,585	4,288,231	415,312,328	210,433	424,034,577

* The amount includes the share redemption option granted to non-controlling shareholders of several subsidiaries, of which fair value change is recognised in reserves due to the nature of the equity transaction with non-controlling shareholders of the subsidiaries of the Group.

66. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2019

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss					Financial assets at fair value through other comprehensive income				
	Designated as such upon initial recognition RMB'000	Other investments* RMB'000	Held for trading RMB'000	Hedging instruments designated in fair value hedges RMB'000	Associates measured at fair value through profit or loss RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	–	–	–	–	–	–	898,596	–	–	898,596
Debt investments at fair value through other comprehensive income	–	–	–	–	–	88,442,330	–	–	–	88,442,330
Debt investments at amortised cost	–	–	–	–	–	–	–	33,578,380	–	33,578,380
Cash and bank balances	–	–	–	–	–	–	–	93,647,199	–	93,647,199
Term deposits	–	–	–	–	–	–	–	1,253,305	–	1,253,305
Financial assets at fair value through profit or loss	–	32,465,898	28,931,467	–	–	–	–	–	–	61,397,365
Trade and notes receivables	–	–	–	–	–	–	–	7,694,125	–	7,694,125
Financial assets included in prepayments, other receivables and other assets (note 29)	–	–	–	–	–	–	–	13,738,644	–	13,738,644
Due from related companies	–	–	–	–	–	–	–	14,600,196	–	14,600,196
Derivative financial instruments	–	–	1,229,433	34,791	–	–	–	–	16,752	1,280,976
Policyholder account assets in respect of unit-linked contracts	995,547	–	–	–	–	–	–	88,640	–	1,084,187
Loans and advances to customers	–	–	–	–	–	–	–	4,622,258	–	4,622,258
Placements with and loans to banks and other financial institutions	–	–	–	–	–	–	–	312,589	–	312,589
Associates measured at fair value through profit or loss	–	–	–	–	7,454,219	–	–	–	–	7,454,219
Finance lease receivables	–	–	–	–	–	–	–	2,218,043	–	2,218,043
	995,547	32,465,898	30,160,900	34,791	7,454,219	88,442,330	898,596	171,753,379	16,752	332,222,412

* Other investments include i) financial assets whose contractual cash flows are not solely payments of principal and interest; ii) investments which have not been irrevocably designated as equity investments at FVOCI; and iii) investments which have not been managed within the business model of only holding to collect contractual cash flows or both collecting contractual cash flows and selling the financial assets.

66. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2019 *(Continued)*

FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	–	208,287,057	–	208,287,057
Trade and notes payables	–	–	16,718,466	–	16,718,466
Financial liabilities included in accrued liabilities and other payables (note 45)	343,132*	–	25,069,584	–	25,412,716
Due to related companies and the holding company	–	–	6,399,608	–	6,399,608
Deposits from customers	–	–	41,034,076	–	41,034,076
Financial liabilities included in other long term payables (note 56)	2,608,958*	–	14,506,474	–	17,115,432
Derivative financial instruments	326,165	1,372,954	–	285,343	1,984,462
Financial liabilities at fair value through profit or loss	–	2,245,801	–	–	2,245,801
Investment contract liabilities	–	–	68,625,187	–	68,625,187
Financial liabilities for unit-linked contracts	995,547	–	88,640	–	1,084,187
Accounts payable to brokerage clients	–	–	156,513	–	156,513
Placements from banks and other financial institutions	–	–	17,501	–	17,501
Due to banks and other financial institutions	–	–	1,994,062	–	1,994,062
	4,273,802	3,618,755	382,897,168	285,343	391,075,068

* The amount includes the share redemption option granted to non-controlling shareholders of several subsidiaries, of which fair value change is recognised in reserves due to the nature of the equity transaction with non-controlling shareholders of the subsidiaries of the Group.

67. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

At 31 December 2020, the Group endorsed certain notes receivable accepted by banks in Mainland China (the "Endorsed notes") with a carrying amount of RMB108,555,000 (2019: Nil) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In addition, the Group discounted certain notes receivable accepted by banks in the PRC (the "Discounted Notes") to certain banks to finance its operating cash flows (the "Discount") with an aggregate carrying amount of RMB128,346,000 (2019:Nil).

In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes and Discounted Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled, the Discounted Notes and the short-term borrowings. Subsequent to the Endorsement and Discount, the Group did not retain any rights on the use of the Endorsed Notes and Discounted Notes, including the sale, transfer or pledge to any other third parties.

Transferred financial assets that are derecognised in their entirety

At 31 December 2020, the Group endorsed certain notes receivable accepted by banks in the PRC (the "Derecognised Notes") to certain of its suppliers in order to settle the trade payables due to these suppliers with an aggregate carrying amount of RMB1,197,901,000 (2019: RMB1,310,443,000). In addition, the Group discounted certain notes receivable accepted by banks in the PRC to certain banks to finance its operating cash flows with an aggregate carrying amount of RMB752,928,000 (2019: RMB988,834,000). The Derecognised Notes had maturity from one to ten months at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC and relevant discounting arrangement with certain banks, the holders of the Derecognised Notes have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement").

In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and the discount have been made evenly throughout the year.

68. 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	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Equity investments designated at fair value through other comprehensive income	**746,295**	898,596	**746,295**	898,596
Debt investments at fair value through other comprehensive income	**89,142,313**	88,442,330	**89,142,313**	88,442,330
Debt investments at amortised cost	**34,812,890**	33,578,380	**34,999,915**	33,800,168
Financial assets at fair value through profit or loss	**59,163,443**	61,397,365	**59,163,443**	61,397,365
Loans and advances to customers	**361,491**	426,292	**377,773**	445,692
Policyholder account assets in respect of unit-linked contracts	**3,819,343**	995,547	**3,819,343**	995,547
Derivative financial instruments	**2,011,889**	1,280,976	**2,011,889**	1,280,976
Associates measured at fair value through profit or loss	**9,230,507**	7,454,219	**9,230,507**	7,454,219
	199,288,171	194,473,705	**199,491,478**	194,714,893
Financial liabilities				
Interest-bearing bank and other borrowings	**140,463,287**	125,548,919	**145,023,742**	126,644,234
Financial liabilities at fair value through profit or loss	**2,136,246**	2,245,801	**2,136,246**	2,245,801
Financial liabilities included in accrued liabilities and other payables	**73,503**	343,132	**73,503**	343,132
Financial liabilities included in other long term payables	**2,483,880**	5,012,261	**2,483,880**	5,012,261
Deposits from customers	**69,570**	141,815	**70,262**	141,728
Due to banks and other financial institutions	**944,141**	–	**944,322**	–
Financial liabilities for unit-linked contracts	**3,819,343**	995,547	**3,819,343**	995,547
Due to related companies and the holding company	**3,923,453**	–	**3,830,512**	–
Derivative financial instruments	**2,693,157**	1,984,462	**2,693,157**	1,984,462
	156,606,580	136,271,937	**161,074,967**	137,367,165

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

Management has assessed that the fair values of cash and bank balances, term deposits, finance lease receivables, placements with and loans to banks and other financial institutions, accounts payable to brokerage clients, trade and notes receivables, trade and notes payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, investment contract liabilities, placements from banks and other financial institutions, amounts due from related companies and amounts due to related companies and the holding company, assets sold under agreements to repurchase the current portion of loans and advances to customers, interest-bearing bank and other borrowings, deposits from customers, and amounts due to banks and other financial institutions approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

The fair values of the non-current portion of financial liabilities included in other long term payables, and 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, and the non-current portion of interest-bearing bank and other borrowings as at 31 December 2020 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 31 December 2020, 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 including the credit quality of counterparties and interest rate curves. The carrying amounts of the commodity derivative contracts, forward currency contracts, and currency and interest rate swaps are the same as their fair values.

The fair values of listed equity investments without a lock-up period are based on quoted market prices. The fair values of listed equity investments with a lock-up period have been estimated based on assumptions that are supported by observable market prices and discount for lack of marketability. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques 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 by fair value measurement 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.

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

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, income approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. 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 31 December 2020:

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. For certain unlisted equity securities, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, etc., which requires the Group to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to earnings multiples and price to book multiples, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. An increase (decrease) in multiples would result in a higher (lower) fair value. An increase (decrease) in liquidity discount would result in a lower (higher) fair value. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

Unobservable inputs and sensitivity analysis for Level 3 liabilities

Significant unobservable valuation inputs for the share redemption option granted to non-controlling shareholders of subsidiaries included in accrued liabilities and other payables is EBITDA. An increase (decrease) in EBITDA would result in a higher (lower) carrying amounts of the liabilities.

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)

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

Fair value hierarchy *(Continued)*

ASSETS MEASURED AT FAIR VALUE:

AS AT 31 DECEMBER 2020

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	**611,646**	**47,548**	**87,101**	**746,295**
Debt investments at fair value through other comprehensive income	**81,127,119**	**7,931,235**	**83,959**	**89,142,313**
Financial assets at fair value through profit or loss	**26,265,450**	**23,864,765**	**9,033,228**	**59,163,443**
Policyholder account assets in respect of unit-linked contracts	**3,697,943**	**87,812**	**33,588**	**3,819,343**
Derivative financial instruments	**190,274**	**1,816,272**	**5,343**	**2,011,889**
Associates measured at fair value through profit or loss	**570,919**	**6,402,840**	**2,256,748**	**9,230,507**
	112,463,351	**40,150,472**	**11,499,967**	**164,113,790**

AS AT 31 DECEMBER 2019

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	66,105	494,007	338,484	898,596
Debt investments at fair value through other comprehensive income	82,543,057	5,831,100	68,173	88,442,330
Financial assets at fair value through profit or loss	26,954,892	26,080,299	8,362,174	61,397,365
Policyholder account assets in respect of unit-linked contracts	984,413	–	11,134	995,547
Derivative financial instruments	221,771	1,058,932	273	1,280,976
Associates measured at fair value through profit or loss	670,093	5,485,313	1,298,813	7,454,219
	111,440,331	38,949,651	10,079,051	160,469,033

During the year, the financial assets with a fair value of RMB1,308,937,000 in Level 2 as at 31 December 2019 were transferred out to Level 1 due to the end of the lock-up period for these equity investments in 2020 (2019: RMB673,093,000).

68. 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 within Level 3 during the year are as follows:

	Equity investments designated at fair value through other comprehensive income RMB'000	Debt investments at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Policyholder account assets in respect of unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Associates measured at fair value through profit or loss RMB'000	Total RMB'000
As at 31 December 2019	338,484	68,173	8,362,174	11,134	273	1,298,813	10,079,051
Total gains/(loss) recognised in the consolidated statement of profit or loss included in other gains	–	(1,767)	(126,840)	(185)	146	495,150	366,504
Total losses recognised in other comprehensive income	(206,345)	(2,726)	49,525	–	–	–	(159,546)
Addition	1,399	69,785	2,655,107	31,500	4,832	285,000	3,047,623
Disposals	(42,698)	(53,604)	(2,057,649)	(9,587)	–	(188,381)	(2,351,919)
Exchange realignment	(3,739)	4,098	90,764	726	92	(14,603)	77,338
Transfers*	–	–	60,147	–	–	380,769	440,916
	87,101	83,959	9,033,228	33,588	5,343	2,256,748	11,499,967

* During the year, the financial assets with a fair value of RMB889,159,000 in Level 3 as at 31 December 2019 were transferred out, and fair value of RMB1,330,075,000 in Level 2 as at 31 December 2019 were transferred in. The transfer was based on the significant input used in the fair value measurement as a whole.

68. 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 within Level 3 during the year are as follows: *(Continued)*

	Equity investments designated at fair value through other comprehensive income RMB'000	Debt investments at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Policyholder account assets in respect of unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Associates measured at fair value through profit or loss RMB'000	Total RMB'000
As at 31 December 2018	397,598	206,613	9,299,110	733	–	814,332	10,718,386
Total gains/(loss) recognised in the consolidated statement of profit or loss included in other gains	–	(9)	290,452	48	–	201,727	492,218
Total losses recognised in other comprehensive income	(60,816)	(367)	–	–	–	–	(61,183)
Addition	–	53,498	2,251,447	10,227	273	145,309	2,460,754
Disposals	(3,081)	(158,175)	(2,826,752)	–	–	–	(2,988,008)
Disposals of subsidiaries	–	–	(21,718)	–	–	–	(21,718)
Exchange realignment	4,783	423	49,906	126	–	3,507	58,745
Transfers*	–	(33,810)	(680,271)	–	–	133,938	(580,143)
	338,484	68,173	8,362,174	11,134	273	1,298,813	10,079,051

* During the year, the financial assets with a fair value of RMB1,389,009,000 in Level 3 as at 31 December 2018 were transferred out, and fair value of RMB808,866,000 in Level 2 as at 31 December 2018 were transferred in. The transfer was based on the significant input used in the fair value measurement as a whole.

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

Fair value hierarchy *(Continued)*

ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED:

AS AT 31 DECEMBER 2020

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Loans and advances to customers	–	–	377,773	377,773
Debt investments at amortised cost	28,530,565	6,210,397	258,953	34,999,915
	28,530,565	6,210,397	636,726	35,377,688

AS AT 31 DECEMBER 2019

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Loans and advances to customers	–	–	445,692	445,692
Debt investments at amortised cost	26,769,031	6,270,886	760,251	33,800,168
	26,769,031	6,270,886	1,205,943	34,245,860

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

Fair value hierarchy *(Continued)*

LIABILITIES MEASURED AT FAIR VALUE:

AS AT 31 DECEMBER 2020

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Financial liabilities for unit-linked contracts	**3,697,943**	**87,812**	**33,588**	**3,819,343**
Financial liabilities included in other payables and accruals	**–**	**–**	**73,503**	**73,503**
Financial liabilities at fair value through profit or loss	**2,134,246**	**2,000**	**–**	**2,136,246**
Derivative financial instruments	**17,175**	**2,668,006**	**7,976**	**2,693,157**
	5,849,364	**2,757,818**	**115,067**	**8,722,249**

AS AT 31 DECEMBER 2019

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Financial liabilities for unit-linked contracts	984,413	–	11,134	995,547
Financial liabilities included in other long term payables	–	–	2,608,958	2,608,958
Financial liabilities included in other payables and accruals	–	–	343,132	343,132
Financial liabilities at fair value through profit or loss	2,245,801	–	–	2,245,801
Derivative financial instruments	101,206	1,879,378	3,878	1,984,462
	3,331,420	1,879,378	2,967,102	8,177,900

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

Fair value hierarchy *(Continued)*

LIABILITIES MEASURED AT FAIR VALUE: *(Continued)*

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

AS AT 31 DECEMBER 2020

	Financial liabilities included in other payables and accruals RMB'000	Financial liabilities for unit-linked contracts RMB'000	Financial liabilities included in other long term payables RMB'000	Derivative financial instruments RMB'000	Total RMB'000
At 1 January	343,132	11,134	2,608,958	3,878	2,967,102
Total gains recognised in the consolidated statement of profit or loss included in other income	–	(185)	–	–	(185)
Total losses recognised in other comprehensive income	20,631	–	–	–	20,631
Addition	52,872	31,500	–	6,502	90,874
Decrease	(343,132)	(9,587)	(2,608,958)	(2,442)	(2,964,119)
Exchange realignment	–	726	–	38	764
At 31 December	73,503	33,588	–	7,976	115,067

AS AT 31 DECEMBER 2019

	Financial liabilities included in other payables and accruals RMB'000	Financial liabilities for unit-linked contracts RMB'000	Financial liabilities included in other long term payables RMB'000	Derivative financial instruments RMB'000	Total RMB'000
At 1 January	397,858	733	3,169,513	–	3,568,104
Total gains recognised in the consolidated statement of profit or loss included in other income	–	48	(59,619)	–	(59,571)
Total losses recognised in other comprehensive income	3,390	–	(48,947)	–	(45,557)
Addition	–	10,227	53,780	3,878	67,885
Decrease	(58,116)	–	(504,863)	–	(562,979)
Exchange realignment	–	126	(906)	–	(780)
At 31 December	343,132	11,134	2,608,958	3,878	2,967,102

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

Fair value hierarchy *(Continued)*

LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED:

AS AT 31 DECEMBER 2020

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	**55,463,554**	**89,560,188**	**–**	**145,023,742**
Deposits from customers	**–**	**–**	**70,262**	**70,262**
Due to related companies and the holding company	**–**	**–**	**3,830,512**	**3,830,512**
Due to banks and other financial institutions	**–**	**–**	**944,322**	**944,322**
Financial liabilities included in other long term payables	**–**	**1,924,111**	**559,769**	**2,483,880**
	55,463,554	**91,484,299**	**5,404,865**	**152,352,718**

AS AT 31 DECEMBER 2019

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	56,417,800	70,226,434	–	126,644,234
Deposits from customers	–	–	141,728	141,728
Financial liabilities included in other long term payables	–	1,733,099	670,204	2,403,303
	56,417,800	71,959,533	811,932	129,189,265

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, finance lease receivables, amounts due from/to related companies, debt investments at amortised cost and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, trade and notes payables and deposits from customers, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. At 31 December 2020, approximately 74% (2019: 59%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax RMB'000
2020	**75**	**(430,873)**
	(75)	**430,873**
2019	75	(603,032)
	(75)	603,032

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar, Hong Kong dollar and EUR exchange rates, with all other variables held constant, of the Group's profit before tax due to differences arising on settlement or translation of monetary assets and liabilities and the Group's equity excluding the impact of retained earnings due to the changes of exchange fluctuation reserve of certain overseas subsidiaries of which the functional currencies are currencies other than RMB.

	Increase/(decrease) in foreign currency rate %	Increase/(decrease) in profit before tax RMB'000
2020		
If RMB weakens against the United States dollar	**5**	**(16,081)**
If RMB strengthens against the United States dollar	**(5)**	**16,081**
If RMB weakens against the Hong Kong dollar	**5**	**122,632**
If RMB strengthens against the Hong Kong dollar	**(5)**	**(122,632)**
If RMB weakens against EUR	**5**	**(747,296)**
If RMB strengthens against EUR	**(5)**	**747,296**
2019		
If RMB weakens against the United States dollar	5	152,548
If RMB strengthens against the United States dollar	(5)	(152,548)
If RMB weakens against the Hong Kong dollar	5	91,651
If RMB strengthens against the Hong Kong dollar	(5)	(91,651)
If RMB weakens against EUR	5	(432,674)
If RMB strengthens against EUR	(5)	432,674

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

MAXIMUM EXPOSURE AND YEAR-END STAGING

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are net carrying amounts for financial assets.

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk *(Continued)*

MAXIMUM EXPOSURE AND YEAR-END STAGING *(Continued)*

AS AT 31 DECEMBER 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Debt investments at fair value through other comprehensive income	88,084,452	943,241	114,620	–	89,142,313
Debt investments at amortised cost	34,785,415	27,475	–	–	34,812,890
Trade and notes receivables*	–	–	–	9,016,852	9,016,852
Financial assets included in prepayments, other receivables and other assets					
– Normal**	15,413,378	–	–	–	15,413,378
Term deposits					
– Not yet past due	1,121,996	–	–	–	1,121,996
Cash and bank balances					
– Not yet past due	105,717,947	–	–	–	105,717,947
Due from related companies					
– Not yet past due	12,906,572	–	–	–	12,906,572
Finance lease receivables	1,572,183	–	24,289	–	1,596,472
Loans and advances to customers	4,271,881	64,626	60,650	–	4,397,157
Placements with and loans to banks and other financial institutions	40,162	–	–	–	40,162
Policyholder account assets in respect of unit-linked contracts at amortised cost	381,986	–	–	–	381,986
	264,295,972	1,035,342	199,559	9,016,852	274,547,725

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk *(Continued)*

MAXIMUM EXPOSURE AND YEAR-END STAGING *(Continued)*

AS AT 31 DECEMBER 2019

	12-month ECLs	Lifetime ECLs			
				Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Debt investments at fair value through other comprehensive income	88,086,066	294,173	62,091	–	88,442,330
Debt investments at amortised cost	33,578,380	–	–	–	33,578,380
Trade and notes receivables*	–	–	–	7,694,125	7,694,125
Financial assets included in prepayments, other receivables and other assets					
– Normal**	13,738,644	–	–	–	13,738,644
Term deposits					
– Not yet past due	1,253,305	–	–	–	1,253,305
Cash and bank balances					
– Not yet past due	93,647,199	–	–	–	93,647,199
Due from related companies					
– Not yet past due	14,600,196	–	–	–	14,600,196
Finance lease receivables	2,199,374	–	18,669	–	2,218,043
Loans and advances to customers	4,555,123	59,394	7,741	–	4,622,258
Placements with and loans to banks and other financial institutions	312,589	–	–	–	312,589
Policyholder account assets in respect of unit-linked contracts at amortised cost	88,640	–	–	–	88,640
	252,059,516	353,567	88,501	7,694,125	260,195,709

* For trade and notes receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 39 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and other borrowings 39% (2019: 37%) of the Group's debts would mature in less than one year as at 31 December 2020 based on the carrying value of borrowings reflected in the financial statements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2020

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	89,339,137	141,776,477	23,999,230	255,114,844
Trade and notes payables	2,322,628	15,973,876	–	–	18,296,504
Due to related companies and the holding company	2,856,221	–	3,923,453	–	6,779,674
Financial liabilities included in accrued liabilities and other payables (excluding lease liabilities)	22,506,178	2,562,294	–	–	25,068,472
Other long term payables (excluding lease liabilities)	–	–	2,497,993	–	2,497,993
Lease liabilities	–	2,110,586	7,532,672	7,291,097	16,934,355
Derivative financial instruments	1,102,900	967,690	347,841	274,726	2,693,157
Financial liabilities for unit-linked contracts	129,720	–	4,071,609	–	4,201,329
Investment contract liabilities	1,914,527	10,074,778	39,815,936	11,040,459	62,845,700
Financial liabilities at fair value through profit or loss	–	2,134,246	2,000	–	2,136,246
Deposits from customers	47,651,581	307,523	71,257	–	48,030,361
Accounts payable to brokerage clients	1,184,878	–	–	–	1,184,878
Placements from banks and other financial institutions	212,595	–	–	–	212,595
Due to banks and other financial institutions	1,781,901	210,103	944,141	–	2,936,145
Assets sold under agreements to repurchase	–	3,120,034	–	–	3,120,034
Insurance and reinsurance creditors	2,639,646	7,620,222	132,103	–	10,391,971
	84,302,775	134,420,489	201,115,482	42,605,512	462,444,258

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

2019

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	82,738,138	133,371,447	9,898,406	226,007,991
Trade and notes payables	4,090,379	12,628,087	–	–	16,718,466
Due to related companies and the holding company	6,399,608	–	–	–	6,399,608
Financial liabilities included in accrued liabilities and other payables (excluding lease liabilities)	20,124,047	2,961,120	–	–	23,085,167
Other long term payables (excluding lease liabilities)	–	–	5,012,261	–	5,012,261
Lease liabilities	–	2,327,549	7,623,025	7,169,518	17,120,092
Derivative financial instruments	1,425,644	82,875	475,943	–	1,984,462
Financial liabilities for unit-linked contracts	133,031	–	951,156	–	1,084,187
Investment contract liabilities	1,675,817	5,945,415	47,031,032	13,972,923	68,625,187
Financial liabilities at fair value through profit or loss	–	2,245,801	–	–	2,245,801
Deposits from customers	40,754,908	283,135	145,254	–	41,183,297
Accounts payable to brokerage clients	156,513	–	–	–	156,513
Placements from banks and other financial institutions	17,501	–	–	–	17,501
Due to banks and other financial institutions	1,546,404	447,658	–	–	1,994,062
Insurance and reinsurance creditors	2,383,289	5,834,185	146,361	–	8,363,835
	78,707,141	115,493,963	194,756,479	31,040,847	419,998,430

In addition, the guarantees provided by the Group will be called in the case of default in payments by the guaranteed companies as set out in note 64.

Price risk

Price risk is the risk that the fair values of equity and debt investments decrease or increase as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to price risk arising from individual investments classified as financial assets at fair value through profit or loss (note 24), equity investments designated at fair value through other comprehensive income (note 23), debt investments at fair value through other comprehensive income (note 25) and associates measured at fair value through profit or loss (note 22) as at 31 December 2020. The Group's listed investments that are listed on stock exchanges in Hong Kong, Shenzhen, Shanghai, New York, Singapore, and other countries in Europe, Oceania, North America, Latin America, Africa and Asia are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the financial investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the equity investments designated at fair value through other comprehensive income, and debt investments at fair value through other comprehensive income, the impact is deemed to be on the other comprehensive income. No account is given for factors such as impairment which might impact the statement of profit or loss, and no account is given for the impact on other life insurance contract liabilities (profit sharing provision).

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000*
2020				
Investments listed in:				
Hong Kong				
– Equity investments designated at fair value through other comprehensive income	48,335	5	–	2,417
		(5)	–	(2,417)
– Debt investments at fair value through other comprehensive income	7,309,127	5	–	365,456
		(5)	–	(365,456)
– Financial assets at fair value through profit or loss	6,365,595	5	284,143	34,137
		(5)	(284,143)	(34,137)
– Associates measured at fair value through profit or loss	570,919	5	28,546	–
		(5)	(28,546)	–
Shenzhen				
– Financial assets at fair value through profit or loss	1,072,900	5	50,055	3,590
		(5)	(50,055)	(3,590)
– Associates measured at fair value through profit or loss	179,977	5	8,999	–
		(5)	(8,999)	–
Shanghai				
– Financial assets at fair value through profit or loss	1,852,671	5	91,442	1,192
		(5)	(91,442)	(1,192)
– Debt investments at fair value through other comprehensive income	539,646	5	–	26,982
		(5)	–	(26,982)
United States				
– Debt investments at fair value through other comprehensive income	10,962,140	5	–	548,107
		(5)	–	(548,107)
– Financial assets at fair value through profit or loss	5,601,695	5	199,236	80,849
		(5)	(199,236)	(80,849)
Europe				
– Equity investments designated at fair value through other comprehensive income	515,726	5	–	25,786
		(5)	–	(25,786)
– Debt investments at fair value through other comprehensive income	52,758,509	5	–	2,637,925
		(5)	–	(2,637,925)
– Financial assets at fair value through profit or loss	11,882,700	5	41,853	552,282
		(5)	(41,853)	(552,282)

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000*
2020 *(Continued)*				
Investments listed in: *(Continued)*				
Oceania				
– Financial assets at fair value through profit or loss	7,232	5	362	–
		(5)	(362)	–
– Debt investments at fair value through other comprehensive income	258,034	5	–	12,902
		(5)	–	(12,902)
North America				
– Financial assets at fair value through profit or loss	4,562	5	–	228
		(5)	–	(228)
– Debt investments at fair value through other comprehensive income	504,614	5	–	25,231
		(5)	–	(25,231)
Latin America				
– Financial assets at fair value through profit or loss	460,335	5	3,941	19,076
		(5)	(3,941)	(19,076)
– Debt investments at fair value through other comprehensive income	6,943,398	5	–	347,170
		(5)	–	(347,170)
Asia				
– Equity investments designated at fair value through other comprehensive income	48,628	5	–	2,431
		(5)	–	(2,431)
– Financial assets at fair value through profit or loss	373,573	5	8,419	10,260
		(5)	(8,419)	(10,260)
– Debt investments at fair value through other comprehensive income	3,153,176	5	–	157,659
		(5)	–	(157,659)
Africa				
– Financial assets at fair value through profit or loss	28,793	5	–	1,440
		(5)	–	(1,440)

* Excluding retained profits

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

	(decrease) Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ Increase/ in profit before tax RMB'000	(decrease) in equity RMB'000*
2019				
Investments listed in:				
Hong Kong				
– Equity investments designated at fair value through other comprehensive income	64,551	5	–	3,228
		(5)	–	(3,228)
– Debt investments at fair value through other comprehensive income	7,458,278	5	–	372,914
		(5)	–	(372,914)
– Financial assets at fair value through profit or loss	7,012,245	5	350,612	–
		(5)	(350,612)	–
– Associates measured at fair value through profit or loss	670,093	5	33,505	–
		(5)	(33,505)	–
Shenzhen				
– Financial assets at fair value through profit or loss	2,629,197	5	131,460	–
		(5)	(131,460)	–
– Debt investments at fair value through other comprehensive income	13,080	5	–	654
		(5)	–	(654)
Shanghai				
– Financial assets at fair value through profit or loss	2,522,020	5	126,101	–
		(5)	(126,101)	–
– Debt investments at fair value through other comprehensive income	312,318	5	–	15,616
		(5)	–	(15,616)
United States				
– Equity investments designated at fair value through other comprehensive income	1,554	5	–	78
		(5)	–	(78)
– Debt investments at fair value through other comprehensive income	12,013,469	5	–	600,673
		(5)	–	(600,673)
– Financial assets at fair value through profit or loss	7,326,966	5	366,348	–
		(5)	(366,348)	–
Europe				
– Debt investments at fair value through other comprehensive income	54,340,372	5	–	2,717,019
		(5)	–	(2,717,019)
– Financial assets at fair value through profit or loss	8,481,935	5	424,097	–
		(5)	(424,097)	–

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000*
2019 *(Continued)*				
Investments listed in: *(Continued)*				
Oceania				
– Financial assets at fair value through profit or loss	4,383	5	219	–
		(5)	(219)	–
– Debt investments at fair value through other comprehensive income	118,342	5	–	5,917
		(5)	–	(5,917)
North America				
– Financial assets at fair value through profit or loss	31,711	5	1,586	–
		(5)	(1,586)	–
– Debt investments at fair value through other comprehensive income	781,386	5	–	39,069
		(5)	–	(39,069)
Latin America				
– Financial assets at fair value through profit or loss	340,596	5	17,030	–
		(5)	(17,030)	–
– Debt investments at fair value through other comprehensive income	6,890,946	5	–	344,547
		(5)	–	(344,547)
Asia				
– Financial assets at fair value through profit or loss	181,210	5	9,061	–
		(5)	(9,061)	–
– Debt investments at fair value through other comprehensive income	2,028,294	5	–	101,415
		(5)	–	(101,415)
Africa				
– Financial assets at fair value through profit or loss	1,099	5	55	–
		(5)	(55)	–
– Debt investments at fair value through other comprehensive income	113,070	5	–	5,654
		(5)	–	(5,654)

* Excluding retained profits

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a total debt to total capital ratio, which is total debt divided by total equity plus total debt. Total debt includes interest-bearing bank and other borrowings. Total equity includes equity attributable to owners of the parent and non-controlling interests. The total debt to total capital ratios as at the end of the reporting periods were as follows:

	2020 RMB'000	2019 RMB'000
Interest-bearing bank and other borrowings	229,802,424	208,287,057
Total debt	229,802,424	208,287,057
Total equity	193,086,627	180,924,216
Total equity and total debt	422,889,051	389,211,273
Total debt to total capital ratio	54%	54%

70. EVENTS AFTER THE REPORTING PERIOD

1. On 31 December 2020, the Group's indirect subsidiary, Shanghai Yuyuan Tourist Mart (Group) Co., Ltd auctioned 70% stake of Sichuan Tuopai Shede Group Co., Ltd, held by Skyocean Holding Co., Ltd. at a price of RMB4.53 billion. As of 30 March 2021, the Group indirectly holds a 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd.

2. On 27 January 2021, Fortune Star (BVI) Limited, an indirect subsidiary of the company, issued six-year senior notes with a par value of USD500 million and an interest rate of 5.05% per annum.

71. COMPARATIVE AMOUNTS

As stated in note 5, the comparative segment information has been restated to reflect the change of the reporting segments of the Group.

72. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	36,596,178	39,300,172
Investments in associates	188,531	20,700
Deferred tax assets	40,323	46,712
Right-of-use assets	66,762	13,434
Debt investments at amortised cost	262,706	227,542
Property, plant and equipment	1,132	–
Total non-current assets	37,155,632	39,608,560
CURRENT ASSETS		
Cash and bank balances	9,819,340	6,878,640
Financial assets at fair value through profit or loss	5,188,149	4,672,835
Derivative financial instruments	–	102,442
Prepayments, other receivables and other assets	334,802	254,283
Due from subsidiaries	74,939,830	69,368,515
Trade and notes receivables	10	11
Debt investments at amortised cost	294,325	373,398
Due from related companies	–	4
Total current assets	90,576,456	81,650,128
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	10,183,673	12,899,323
Derivative financial instruments	33,029	157,296
Accrued liabilities and other payables	232,325	120,974
Due to the holding company	659,378	3,059,343
Due to subsidiaries	49,599,957	40,746,024
Total current liabilities	60,708,362	56,982,960
NET CURRENT ASSETS	29,868,094	24,667,168
TOTAL ASSETS LESS CURRENT LIABILITIES	67,023,726	64,275,728
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	19,177,548	13,423,671
Due to the holding company	3,000,000	–
Other long-term payables	39,390	–
Total non-current liabilities	22,216,938	13,423,671
Net assets	44,806,788	50,852,057
EQUITY		
Share capital	36,785,936	36,714,828
Treasury shares (note)	(163,600)	(130,259)
Other reserves (note)	8,184,452	14,267,488
Total equity	44,806,788	50,852,057

Guo Guangchang
Director

Gong Ping
Director

72. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(Continued)

Note:

A summary of the Company's reserves is as follows:

	Treasury shares RMB'000	Other reserves RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2019	(139,226)	280,419	796,571	114,369	4,371,975	5,424,108
Final 2018 and interim 2019 dividend	–	–	–	–	(3,759,121)	(3,759,121)
Repurchase of shares	–	–	–	–	(139,831)	(139,831)
Equity-settled share-based payments	8,967	158,005	–	–	–	166,972
Total comprehensive income for the year	–	–	1,076,214	–	11,368,887	12,445,101
At 31 December 2019 and 1 January 2020	(130,259)	438,424	1,872,785	114,369	11,841,910	14,137,229
Final 2019 dividend	–	–	–	–	(2,042,029)	(2,042,029)
Repurchase of shares	(20,423)	–	–	–	(1,041,984)	(1,062,407)
Equity-settled share-based payments	(12,918)	144,700	–	–	–	131,782
Total comprehensive income for the year	–	–	(2,906,828)	–	(236,895)	(3,143,723)
At 31 December 2020	(163,600)	583,124	(1,034,043)	114,369	8,521,002	8,020,852

73. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2021.

EXECUTIVE DIRECTORS

Guo Guangchang *(Chairman)*
Wang Qunbin *(Co-Chairman)*
Chen Qiyu *(Co-Chief Executive Officer)*
Xu Xiaoliang *(Co-Chief Executive Officer)*
Qin Xuetang
Gong Ping

NON-EXECUTIVE DIRECTORS

Chen Shucui
Zhuang Yuemin
Yu Qingfei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman
Zhang Huaqiao
David T. Zhang
Lee Kai-Fu
Tsang King Suen Katherine

AUDIT COMMITTEE

Zhang Shengman *(Chairman)*
Zhang Huaqiao
David T. Zhang
Lee Kai-Fu
Tsang King Suen Katherine

REMUNERATION COMMITTEE

Zhang Huaqiao *(Chairman)*
Zhang Shengman
David T. Zhang
Lee Kai-Fu
Tsang King Suen Katherine

NOMINATION COMMITTEE

David T. Zhang *(Chairman)*
Zhang Shengman
Zhang Huaqiao
Lee Kai-Fu
Tsang King Suen Katherine

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Lee Kai-Fu *(Chairman)*
Qin Xuetang
Zhang Shengman
Zhang Huaqiao
David T. Zhang
Tsang King Suen Katherine

COMPANY SECRETARY

Sze Mei Ming

AUTHORIZED REPRESENTATIVES

Qin Xuetang
Sze Mei Ming

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

China Development Bank
Industrial and Commercial Bank of China
Bank of China
Shanghai Pudong Development Bank
China Merchants Bank
Ping An Bank
Ming Sheng Bank
China Construction Bank
China Citic Bank
Bank of Shanghai
The Export-Import Bank of China
Hongkong and Shanghai Banking Corporation Limited
Bank of East Asia
Standard Chartered Bank
Natixis Bank
Citi Bank

REGISTERED OFFICE

Room 808, ICBC Tower
3 Garden Road
Central
Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

00656

WEBSITE

http://www.fosun.com

Glossary

FORMULA

Capital employed	=	equity attributable to owners of the parent + total debt
EBITDA	=	profit for the year + tax + net interest expenditures + depreciation and amortisation
Interest coverage	=	EBITDA/net interest expenditures
Net debt	=	total debt – cash and bank balances and term deposits
Net interest expenditures	=	Interest expenses, net + interest on discounted bills
Total debt	=	current and non-current interest-bearing bank and other borrowings
Total debt to total capital ratio	=	total debts/(shareholder's equity + total debt)

ABBREVIATIONS

AmeriTrust	AmeriTrust Group, Inc. (formerly known as Meadowbrook Insurance Group, Inc.)
Articles of Association	the current articles of association of the Company with the latest amendments made on 17 June 2008
BabyTree	BabyTree Group, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01761
Baihe Jiayuan	Baihe Jiayuan Network Group Co., Ltd (百合佳緣網絡集團股份有限公司)
BCP	Banco Comercial Português, S.A., a company whose shares are listed on the Euronext Lisbon with stock code BCP
Besino Environment	Besino Environment Ltd. (柏中環境科技(上海)有限公司)
the Board	the board of Directors
Bohe Health	Bohe Health Technology Co., Ltd. (上海薄荷健康科技股份有限公司)
Cainiao	Cainiao Network Technology Co., Ltd. (菜鳥網絡科技有限公司)
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 (佛山市禪城區中心醫院有限公司)
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
FFG	Fosun Fashion Group (Cayman) Limited
FFT	FFT GmbH & Co. KGaA
Fidelidade	Fidelidade – Companhia de Seguros, S.A.
Fidelidade Assistência	Fidelidade Assistência – Companhia de Seguros, S.A. (formerly known as Cares – Companhia de Seguros, S.A.)
Fosun Capital	Shanghai Fosun Capital Investment Management Co., Ltd. (上海復星創富投資管理股份有限公司)
Fosun Hani Securities	Fosun Hani Securities Limited
Fosun Holdings	Fosun Holdings Limited
Fosun Insurance Portugal	Fidelidade and the SPV (special purpose vehicle) which holds the equity interest in Fidelidade directly
Fosun International Holdings	Fosun International Holdings Ltd.

Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), 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 Co., Ltd. (復星聯合健康保險股份有限公司)
FTG	Fosun Tourism Group, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01992
Gangbao	JM Digital Steel Inc. (江蘇金貿鋼寶電子商務股份有限公司), a company whose shares are listed on the NEEQ with stock code 834429
Gland Pharma	Gland Pharma Limited, a company whose shares are listed on the National Stock Exchange of India Limited and BSE Limited with stock code GLAND
the Group or Fosun	the Company and its subsidiaries
Guide	Guide Investimentos S.A. Corretora de Valores
H&A	Hauck & Aufhäuser Privatbankiers AG (formerly known as Hauck & Aufhäuser Privatbankiers KGaA)
Hainan Mining	Hainan Mining Co., Ltd. (海南礦業股份有限公司), a company whose 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.
INR	Indian Rupee, the official currency of India
JEVE	Tianjin EV Energies Co., Ltd. (天津市捷威動力工業有限公司)
Jinhui Liquor	Jinhui Liquor Co., Ltd. (金徽酒股份有限公司), a company whose shares are listed on the SSE with stock code 603919
JPY	Japanese yen, the official currency of Japan
La Positiva	La Positiva Seguros y Reaseguros S.A.
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)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Multicare	Multicare – Seguros de Saúde, S.A.
Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd. (南京鋼鐵股份有限公司), a company whose shares are listed on the SSE with stock code 600282
Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd. (南京南鋼鋼鐵聯合有限公司)
NEEQ	National Equities Exchange and Quotations
PAREF	Paris Realty Fund SA, a company whose shares are listed on the Euronext Paris with stock code PAR
Peak Reinsurance	Peak Reinsurance Company Limited
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd. (復星保德信人壽保險有限公司)
PRC or China	the People's Republic of China
Reporting Period	the year ended 31 December 2020

RMB	Renminbi, the official currency of the PRC
ROC	Roc Oil Company Pty Limited
Sanyuan Foods	Beijing Sanyuan Foods Co., Ltd. (北京三元食品股份有限公司), a company whose shares are listed on the SSE with stock code 600429
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanghai Henlius	Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange with stock code 02696
Shanghai Zhuli	Shanghai Zhuli Investment Co., Ltd. (上海助立投資有限公司)
Share(s)	the share(s) of the Company
Sinopharm	Sinopharm Group Co., Ltd. (國藥控股股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01099
Sisram Med	Sisram Medical Ltd, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01696
SSE	the Shanghai Stock Exchange
USD	United States dollars, the official currency of the United States
Wolves	Wolverhampton Wanderers Football Club
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited (永安財產保險股份有限公司)
Yuyuan	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司), a company whose shares are listed on the SSE with stock code 600655

FOSUN 复星