FOSUN 复星

復星國際有限公司

FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00656)

聚焦發展 行穩致遠

FOCUSED STRATEGY TO EMPOWER THE SUSTAINABLE GROWTH

ANNUAL REPORT 2022

Profit Attributable to Owners of the Parent

RMB

538.7 million

Focused Strategy to Empower the Sustainable Growth

In 2022, in the face of many challenges in the external environment, Fosun firmly promoted the strategy of focusing on its core businesses, made clear the positioning of "a global innovation-driven consumer group" and the mission of "serving one billion families worldwide". Focusing on the consumption needs of families, Fosun has firmly implemented a focused strategy and continued to deepen its industry operations. As a result, all business segments have demonstrated resilience, driving the sustainable growth of the Group's revenue. At the beginning of 2023, Fosun's business segments have showed a strong upward trend. For example, the tourism and offline commercial businesses, which were most affected in 2022, ushered in a strong rebound in the first two months of 2023. Among them, the single-month business volume of Atlantis Sanya and Club Med both hit record highs.

Fosun is committed to focusing on its core businesses. Since June 2022, it has stepped up its efforts in the divestment of non-strategic and non-core assets. The amount of divested assets by contract value exceeded RMB40.0 billion, bringing a cash inflow of nearly RMB30.0 billion. In January 2023, Fosun entered into a syndicated loan agreement for an amount up to RMB12 billion with domestic banks, which was the largest private corporate loan led by five major state-owned banks in cooperation with policy banks and joint-stock banks since the announcement of "encouraging and supporting the development of the private economy and private enterprises" at the Central Economic Working Conference held in December 2022. Fosun's capital flow has been further strengthened, thereby providing solid support for its strategic focus strategy.

Fosun's strategy of "streamlining the organization" aims to focus resources on advantageous industries, such as global operations, technology and innovation, and enhancing the product competitiveness of "oriental lifestyle aesthetics" so as to build momentum for future development and accelerate the sound development of the Group. In recent years, with the continuous improvement and upgrading of strategies of global operations and technology innovation-led development, Fosun has established business presence in various fields in more than 35 countries and regions around the world. Rooted in China, Fosun has been developing globally. It is one of the few domestic companies that is equipped with global operations and investment capabilities, and has accumulated profound technology and innovation capabilities. Since 2022, Fosun's globalization strategy has entered the third stage of "global organization + local operations" to foster cross-regional, cross-cultural, and cross-organizational operation capabilities of Fosun's global business ecosystem, thus providing new impetus for the improvement and expansion of Fosun's industry operations.

Fosun's robust technology innovation capabilities are also an important core engine that drives the multiplier growth of the Company. Last year, the Group's R&D investment reached RMB10.4 billion, representing a year-on-year increase of 17%. As of the end of the Reporting Period, it has a total of 1,771 patents for invention, which will continue to be transformed into productivity with the support of Fosun's global operations and continuous innovation capability. In terms of creativity and innovation, Fosun has initiated the concept of "oriental lifestyle aesthetics", which involves integrating aesthetic systems throughout the entire ecosystem. The aim is to achieve the true integration of Eastern and Western cultures, and to innovate through tradition. In 2022, the Yuyuan consortium won the rights to a plot of the Yuyuan Fuyou Road, which will connect Yuyuan Tourist Mart and the Bund Finance Center to form the Grand Yuyuan, a large cultural and commercial complex of more than 1 million square meters. This development will serve as a concrete demonstration of "oriental lifestyle aesthetics", building a world-class design capital for Shanghai. Moreover, it is expected to provide stronger momentum for urban development and Fosun's businesses in sectors such as consumer and tourism in the long run.

While growing its business operations, Fosun upholds its original aspiration of "Contribution to Society" and continues to participate in public welfare programs such as fighting against the COVID-19 pandemic, assisting the fight against malaria in Africa, running the Rural Doctors Program, fostering education, culture and entrepreneurship. As a participant in the United Nations Global Compact (UNGC), Fosun has been actively engaging its member companies in the implementation of ESG strategies. On the environmental front, Fosun has made a commitment to the society to "achieve carbon emission peak by 2028 and carbon neutrality by 2050", and is making steady progress towards these targets. Leveraging its remarkable performance in environmental, social, and corporate governance (ESG), as of the end of the Reporting Period, Fosun International received an MSCI ESG rating of AA and it is the only conglomerate in Greater China with an MSCI ESG rating of AA.

The three-year pandemic has changed people's life, but Fosun always believes that people's aspirations for a happier and brighter life remain unchanged regardless of the external situation. Fosun, which just celebrated the 30th year of its establishment, will continue to strengthen innovation, deepen global operations, and refine more good products and services so as to achieve sustainable development for the Group and create happier lives for families worldwide.

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FOCUSED STRATEGY TO EMPOWER THE SUSTAINABLE GROWTH

Financial Summary

In RMB million	For the year ended 31 December 2022	2021 (restated*)
Revenue	**175,393.4**	161,291.2
Health	**48,001.3**	43,979.8
Happiness	**70,739.5**	66,898.3
Wealth	**47,722.4**	43,699.4
Insurance	**32,427.8**	32,149.3
Asset Management	**15,294.6**	11,550.1
Intelligent Manufacturing	**10,355.6**	7,736.9
Eliminations	**(1,425.4)**	(1,023.2)
Profit attributable to owners of the parent	**538.7**	10,084.5
Health	**1,348.7**	2,029.0
Happiness	**1,561.4**	(599.3)
Wealth	**(3,509.8)**	5,160.1
Insurance	**(1,599.0)**	1,461.3
Asset Management	**(1,910.8)**	3,698.8
Intelligent Manufacturing	**1,201.9**	3,577.6
Eliminations	**(63.5)**	(82.9)
Earnings per share – basic *(in RMB)*	**0.06**	1.21
Earnings per share – diluted *(in RMB)*	**0.06**	1.21
Dividend per share *(in HKD)*	**0.014**	0.30

* Comparative figures have been restated upon the change in accounting policy in respect of configuration or customization costs in a cloud computing arrangement during the Reporting Period. For details, please refer to note 2.2 to the consolidated financial statements.

GUO GUANGCHANG
Chairman
Fosun International Limited

In 2022, in the face of many challenges in the external environment, Fosun firmly promoted the strategy of focusing on its core businesses, made clear the positioning of "a global innovation-driven consumer group" and the mission of "serving one billion families worldwide". Focusing on the consumption needs of families, our businesses have grown steadily. The three-year pandemic has changed people's life, but we always believe that people's aspirations for a happier and brighter life remain unchanged regardless of the external situation. Fosun, which just celebrated the 30th year of its establishment, will continue to strengthen innovation, deepen global operations, and refine more good products and services. With our endeavors, we hope to create happier lives for families worldwide.

Dear shareholders,

2023 is a year full of opportunities and hopes. Fosun is standing at a new starting point after it celebrated its 30th anniversary in 2022. Starting in a single-storey house near Fudan University, Fosun has now developed into a global consumer group with businesses covering more than 35[1] countries and regions. The past thirty years have been a journey full of challenges, tears, and laughter, and all Fosun employees should take pride in their accomplishments. What makes me most proud is that all Fosuners have remained true to their original aspiration and have worked hard together over the past 30 years, striving to fulfil Fosun's original mission of "Contribution to Society".

In 2022, all employees of the Company united and actively responded to the impact of the pandemic and many uncertainties in the macro environment, and stayed committed to pursuing steady and sustainable growth, successfully achieving our development goals. The Company always adheres to the "profound industry operations + industrial investment" strategy and remains committed to the two core growth drivers of technology innovation and global operations. As a global innovation-driven consumer group, during the Reporting Period, the Group's operating revenue amounted to RMB175.39 billion, representing a year-on-year increase of 8.7%.

Undoubtedly, 2022 was a year full of challenges and difficulties. During the Reporting Period, profit attributable to owners of the parent was RMB0.54 billion, representing a year-on-year decrease of 94.7%. In 2022, the pandemic has impacted economic activities and people's lives for more than half a year, while the geopolitical landscape has exacerbated global inflation and aggravated the capital market turmoil. However, every crisis presents an opportunity. In 2022, Fosun made clear the current strategic direction of "streamlining the organization" by divesting some non-core assets and further focusing on core businesses in the household consumption sector, which has created space and built momentum for future business rebound and rapid development. In January 2023, Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, and Bank of Communications acted as the joint lead banks, along with China Minsheng Bank, the Export-Import Bank of China, and Shanghai Pudong Development Bank as participating banks, jointly formed a syndicate to provide Fosun High Technology a loan up to RMB12 billion in total, emphasizing their optimism about Fosun's development and growth in 2023 and beyond. In the first two months of 2023, we were pleased to see a strong rebound in our cultural tourism and offline commercial businesses that were heavily impacted in 2022, with both Atlantis Sanya and Club Med achieving record-high monthly sales. Once again, I would like to express my gratitude to all shareholders for your ongoing support to Fosun. Fosuners will continue to work diligently to achieve better results in return for your trust in us.

1 It refers to enterprises with revenue exceeding RMB100 million in such year.

Focus on core businesses at a new starting point

As Fosun celebrated its 30th anniversary in 2022, we would like to express our gratitude to all those who have supported and helped us along the way, especially our shareholders at every stage. Your love and support have been instrumental in our growth and success. This year, the Company decided to further "streamline the organization", focusing on businesses in the household consumption sector and devoting the limited resources to industries with growth potential.

In recent years, with the continuous improvement and upgrading of the strategies of global operations and technology innovation-led development, Fosun has established business presence in various fields in more than 35 countries and regions around the world. Following the initial expansion from 0 to 1, in recent years we have been striving to take deep our industry operations to new strategic heights, or the expansion from 1 to N, fully strengthening the advantages in our existing businesses and seizing the opportunities of the current era to accelerate development.

We aim to establish more industry-leading enterprises around the advantageous industries of Fosun. In recent years, the pandemic has impacted the travel and lifestyles of families both domestically and abroad and the fluctuating economic situation has also caused many families to be more cautious in their consumption choices. I have also heard people in China and overseas wondering whether there has been a consumption downgrade. In my opinion, changes in economic and social development and the birth of emerging technologies will definitely have an impact on consumers' choices, and consumption sentiment usually depends on the individual's confidence in income, economic growth and the consumption environment. However, I believe that people's aspirations for a better life and the fundamentals of China's long-term sound economic growth will remain unchanged. Therefore, we remain committed to our vision of bringing healthier, happier, and wealthier lives to families worldwide.

In the first two months ended 28 February 2023, the average occupancy rate by room of Atlantis Sanya reached 96.0%; Club Med resorts in Lijiang, Guilin, Anji and Thousand Island Lake also achieved ultra-high occupancy rates of over 90%; the 52-day Yuyuan Garden Lantern Festival attracted a record-breaking number of over 4 million visitors and envoys from all over the world to admire the lanterns. The rapid recovery of the tourism and consumption sectors is a manifestation of the vigorous vitality of the Chinese economy. Seeing children having fun in resorts in Lijiang, Yabuli, and Thousand Island Lake made us more determined to achieve our goal of creating happier lives for families worldwide.

In order to achieve this goal, we must continue to develop around the existing advantageous industries, focus on core businesses, and put more emphasis on the integration and synergy of the vertical business ecosystem. In 2022, we successfully executed systematic divestment of businesses such as the iron and steel asset, accumulating resources for further concentration on core businesses. It is necessary to emphasize here that Fosun's exit from these assets was not due to any issues with their quality. On the contrary, under Fosun's cultivation and operation, significant progress has been made in the performance and sustainable development of these companies. However, I often ask myself and my team whether what we do truly create strategic values for Fosun and how Fosun's ecosystem can empower what we do. To further concentrate our business, Fosun must resolutely dispose non-core assets and step up investment in forward-looking and leading fields in the future.

A global organization with in-depth global operations

Rooted in China, Fosun has been developing globally. It is one of the few domestic companies that is equipped with global operations and investment capabilities, and has accumulated profound technology and innovation capabilities. The globalization journey of Fosun started in 2007 when Fosun International was listed in Hong Kong. After nearly 16 years, Fosun has continued to deepen and expand the coverage of its globalization strategy. As at the end of the Reporting Period, the Group had 43 overseas brand enterprises. Since 2022, Fosun's globalization strategy has entered the third stage of "global organization + local operations" to foster cross-regional, cross-cultural, and cross-organizational operation capabilities of Fosun's global business ecosystem, thereby providing new impetus for the improvement and expansion of Fosun's industry operations.

Benefiting from Fosun's in-depth global operations, all industries of Fosun further strengthened their global operations in 2022, with overseas revenue reaching RMB77.36 billion, accounting for 44.1% of its total revenue and representing a year-on-year increase of 14.3%. Compared to the previous model of "mutual empowerment between China and the world" that aimed to complement each other's strengths, Fosun's Globalization 3.0 strategy takes a holistic approach to the world. Through deepening its global business presence and building a diverse talent pool, Fosun aims to use the most suitable resources to deeply cultivate key areas, accumulate industrial knowledge, attract the highest quality funds, partners, technologies, and talents to create the most competitive products and services. The strategy also aims to achieve mutual empowerment and multiplying growth within the ecosystem.

Cross-national and cross-cultural empowerment makes Fosun's globalization capabilities even more precious. Since investing in Lanvin, a French couture house, five years ago, Lanvin has maintained robust growth, and its operating parent company, Lanvin Group, has also become one of the fastest growing companies in the luxury goods industry in Asia. On 15 December 2022, Lanvin Group was listed on the New York Stock Exchange under the ticker symbol LANV, marking the first company that Fosun holds controlling stake to be listed in the US. By leveraging Fosun's ecosystem and operational management capabilities and preserving the historical heritage and aesthetic foundation of the oldest fashion brand in France, we can help the brand achieve a new rebirth building on its past success and bring beautiful elements with a blend of Chinese and Western influences to global consumers.

Fosun supports all businesses, including overseas businesses, to step out of their comfort zones and actively branch out into new areas. In the Wealth segment, Fosun Insurance Portugal has maintained sustainable growth for many years, made a breakthrough in 2022 by actively expanding the overseas markets mainly in Spanish and Portuguese-speaking regions. And as a result, its overseas business revenue grew by 49.6% year-on-year. As one of China's most globally oriented pharmaceutical companies, Fosun Pharma expanded its presence in Africa last year, sowing the seeds of love and hope to those who need it most. The launch of its Ivory Coast facility in Abidjan, the economic capital city of West African country Côte d'Ivoire, marks a significant milestone in Fosun Pharma's efforts to achieve local pharmaceutical manufacturing and supply in Africa.

Technology innovation and oriental lifestyle aesthetics

From the very beginning, Fosun has always attached great importance to technology innovation. Through continuous accumulation and Research and Development ("**R&D**") investment in the past 30 years, it has built profound technology innovation capabilities and deeply embedded the culture of innovation. Despite many challenges in its operations last year, Fosun remained committed to increasing its investment in scientific and technological development. During the Reporting Period, Fosun's R&D investment[2] reached RMB10.4 billion, representing a year-on-year increase of 17%. As at the end of the Reporting Period, it has a total of 1,771 patents for invention, which will continue to be transformed into productivity with the support of Fosun's global operations and continuous innovation capability.

2 It includes scientific research investment (expensed and capitalized), but excludes digitalization expenses.

After years of accumulating technology innovation, Fosun has finally entered a period of fruitful harvest in 2022: Shanghai Henlius's the world's first anti-PD-1 mAb for the first-line treatment of small cell lung cancer, Han Si Zhuang (serplulimab injection) was approved for marketing; Fosun Kite's first CAR-T cell therapy approved for marketing in Chinese Mainland, Yi Kai Da (ejilunsai injection), has benefited nearly 300 patients since its launch, and has been included in the urban customized commercial health insurance in more than 70 provinces and municipalities; Fusionride Technology (Shanghai) Co., Ltd. launched a fusion sensing solution centered on high-performance 4D millimeter-wave radar.

Of course, we are aware of the great risks of innovation. Therefore, we must persist in long-term and multi-dimensional investment. With the continuous improvement of its core businesses, Fosun will strive to improve its technology innovation capabilities in the future and build stronger technical barriers, laying a solid foundation for the Company's future development.

In terms of creativity and innovation, Fosun has initiated the concept of "oriental lifestyle aesthetics", which involves integrating aesthetic systems throughout the entire ecosystem. The aim is to achieve the true integration of Eastern and Western cultures, and to innovate through tradition. In 2022, Yuyuan won the rights to a plot of the Yuyuan Fuyou Road, and they will connect Yuyuan Garden and the Bund Finance Center to form the Grand Yuyuan, a large cultural and commercial complex of more than 1 million square meters. This development will serve as a concrete demonstration of "oriental lifestyle aesthetics". In addition, Yuyuan's first fully self-incubated skin care product, "YOGAN" (愈感) was launched to create products that cater to the skin and aesthetics of Chinese consumers. In the future, Fosun will continue to focus on supplementing and strengthening emerging industries such as fashion and creative industries, combine the aesthetic qualities of the East and the West to design more blockbuster products such as the rabbit lanterns of the Yuyuan Garden Lantern Show and organize creative events like the Yuyuan Garden Lantern Festival. Fosun will also cooperate with more internal and external partners to meet the lifestyle and aesthetic needs of global family customers.

Both business and economy have cycles, and innovation is our core capability to win out. In between the ups and downs of the cycle, we must step up investment in innovation. Looking ahead in 2023, we will continue to increase investment in innovation, and focus on the quantity and quality of investment in technology innovation when assessing subsidiaries so as to ensure that innovation is driving growth continuously and efficiently.

Delivering solid and resilient financial performance

In 2022, Fosun encountered some setbacks and challenges. Fosun has also been affected to a certain extent by the impact of the domestic pandemic, the US dollar interest rate hikes, geopolitical tensions, and sharp fluctuations in the capital market. Against the backdrop of many unfavorable factors, as a global enterprise rooted in China, the Group emphasized sustainable growth, actively responded to the situation at the financial and business levels, consolidated the foundation of its businesses, strengthened the stability of liquidity, and optimized the debt structure.

The focus of the financial work in 2022 was to continuously reduce the liability scale, strengthen liquidity management, optimize the debt structure, and improve the management of assets and liabilities, which have yielded many fruitful results. During the Reporting Period, the Group delivered solid financial performance. As at 31 December 2022, the ratio of total debt to total capital was 53.2%, which was generally stable. Cash and bank balances and time deposits reached RMB100.56 billion, ensuring sufficient liquidity. At the same time, the Company actively connected with financing channels and project funding partners, which greatly increased the proportion of light assets in new projects. In 2023, we believe that the financing cost of private enterprises will be further reduced, and financing channels will be further expanded, providing liquidity support for the Company's business development.

At the business level, the Group implemented the strategic mindset of "focusing on core businesses" and stepped up its efforts in the divestment of non-core enterprises and assets, thus realizing more divestment than investment in 2022. The amount by contract value exceeded RMB40.0 billion, bringing a cash inflow of nearly RMB30.0 billion at holding company level to further consolidate the foundation of funds.

In the future, Fosun will continue to prioritize "sustainable growth", take reducing interest-bearing debt of the Group and improving credit ratings as one of its core financial strategies, resolutely accelerate the divestment of non-strategic and non-core assets, and speed up cash inflow. At the same time, it will continue to increase efforts in external financing and refinancing, broaden financing channels, and strengthen strategic cooperation with its funding partners. In 2022, Fosun renewed strategic cooperation agreements with several domestic and foreign banks. As the external environment is gradually picking up, I believe that Fosun has survived the most difficult time. In the future, we will continue to achieve sustainable growth, consolidate business and financial strengths to win out over the business cycle and realize multiplying growth.

A digitalized enterprise adhering to a people-oriented approach

In recent years, Fosun has continuously explored digital empowerment in industry operations, and continuously released the multiplying effect of the business ecosystem under the diversified business presence. During the Reporting Period, the Group's digitalization process has achieved rapid breakthroughs for many consecutive years. In 2022, it recorded 50.80 million new registered members, representing a year-on-year increase of 27%; it has 133 good products[3] worthing RMB100 million for each, representing an increase of 20%. The total value created by the Group's ecosystem exceeded RMB6.9 billion (before intercompany eliminations)[4]. This year, the Group has upgraded and established a Digital Intelligence Committee, actively embracing intelligent technologies, integrating, and upgrading the digital achievements of all enterprises, and formulate more forward-looking plans to enhance the efficiency and agility of Fosun's business ecosystem.

With the improvement of AI computing power, artificial intelligence will become increasingly smart, and the agility and intelligence of online interaction will be greatly enhanced. In the revolution led by OpenAI, we must fulfil our own responsibilities and fully embrace changes. On the one hand, we must input more real-world operating data to the data platform, so that it has sufficient data to conduct classified analysis; on the other hand, we must also change the role of organization and individuals. More basic work can be done by progressive technologies. For everyone in the Company, we must adapt well to our new roles, shift to the role of a questioner and thinker, and make good use of intelligent tools.

However, talents have always been the most valuable assets of Fosun. Over the years, Fosun has continued to build a multi-level and multi-dimensional partner system. Fosun's Global Partners are all partners of Fosun. All of them are self-driven and self-motivated on Fosun's platform. We are also pleased to see that more overseas partners have joined the team of Global Partners in 2022. As an enterprise with global operations, Fosun continues to attract professional and intelligent talents with great visions from all over the world. We also welcome young talents to join Fosun, and we are building a pyramid-shaped talent structure and talent pool. We will continue to evolve the organizational mechanism, build talent echelons, implement digital and intelligent budget planning to achieve global empowerment and maximize synergy from ecosystem procurements.

Developing business for good with the original aspiration of "Contribution to Society"

For the past three years of the pandemic, Fosun has adhered to its social responsibilities and the pursuit of developing business for good. This year and these three years, Fosuners have worked diligently together to realize the original aspiration of "Contribution to Society" established 30 years ago. I am the proudest of the spirit of love of Fosuners looking back at the past road we've been through. We have met the urgent needs of society and cared for society. Fosun has always insisted on developing business for good and on sustainable development, giving full play to its own industrial advantages, and actively giving back to the society through various public welfare programs such as fighting against the pandemic, providing earthquake relief, running the Rural Doctors Program, and fostering education, culture, and entrepreneurship. Fosun's actions have also been recognized by onshore and offshore ESG rating agencies. During the Reporting Period, it received the following recognitions: Fosun's MSCI ESG rating was AA, and Fosun was the only conglomerate in Greater China with an MSCI ESG rating of AA; it received a rating of A in the Hang Seng Sustainability Index and has been selected as a constituent stock of the Hang Seng ESG 50 Index for two consecutive years and a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index for three consecutive years; it was selected as one of the constituents of FTSE4Good Index Series for the first time; its S&P CSA ESG score has risen significantly, overperformed 91% of its peers around the world.

These recognitions are the summary of our achievements and our motivation. We hope that we can be more pragmatic and leverage our good products and services, global operations, and innovation capabilities to save more lives, create happiness and foster development.

Three years ago, when Fosun cooperated with BioNTech, a German biotechnology company to jointly develop Comirnaty (mRNA COVID-19 vaccine), our thought was very simple. Despite the uncertain mRNA technology at that time, we hoped to assist our country and provide one more possibility for its 1.4 billion people. Since its launch to the end of February 2023, more than 31 million doses had been administered in Hong Kong, Macau and Taiwan region.

3 It refers to products with sales amount exceeding RMB100 million in such year.

4 It refers to the revenue contribution (before intercompany eliminations) directly or indirectly created by companies within the Fosun ecosystem for other companies within the ecosystem, including but not limited to cross-selling, product co-creation, membership contribution, membership sales transformation, and sales collaboration within the ecosystem, joint industrial investment, financing cooperation empowerment, industrial resource coordination, etc..

Over the past three years, we have closely followed the development of COVID-19 medication, believing that the demand for such products will be the most urgent after the optimization of epidemic prevention and control measures. In 2022, Fosun partnered with Henan Genuine Biotech Limited to jointly develop Azvudine tablets, the oral medication for COVID-19. Azvudine tablets were then included in the National Health Commission's Diagnosis and Treatment Protocol for COVID-19 and covered by the national medical insurance scheme.

In 2022, Fosun has also implemented a pilot program of public welfare leave, encouraging employees to spend half a day every year to participate in volunteer work. During the Reporting Period, Fosun's employees at home and abroad have spent a total of 45,787 hours in public welfare activities.

Over the past 30 years, Fosun has been upholding its original aspiration of "Contribution to Society", striving to strengthen the enterprise's development, create more employment opportunities, create value for society, fulfil corporate social responsibilities, and take good care of stakeholders including employees, the environment, and the community.

Through the three-year test of the pandemic, Fosun has refined a more mature and agile organizational structure, has established a clearer vision of the ecosystem and development direction, and has insisted on its strategy of pursuing sustainable growth. In 2023, the Chinese central government has repeatedly emphasized the need to work unswervingly both to consolidate and develop the public sector and to encourage, support and guide development of the non-public sector. With the rapid rebound of the economy after the pandemic, the Group will also seize the opportunity, implement a focused strategy to empower the sustainable growth, and create more high-quality products and services around the consumption needs of global families. With our endeavors, we hope that families around the world can enjoy brighter and happier lives, and that more people can live till the age of 121 with health, happiness, and wealth.

Sincerely appreciation to our shareholders, our customers and friends who support and help Fosun. We will continue our endeavors to create greater value for shareholders!

Guo Guangchang
29 March 2023

Throughout its three decades of development, the Group has remained true to its original aspiration of "Contribution to Society". In response to the macroeconomic situation and opportunities arisen from industries and with the vision of "change first to bring changes", the Group has grown together with the Chinese and global economies into a global innovation-driven consumer group that focuses on the development of business segments such as Health, Happiness and Wealth. The Group has accumulated profound experience and built up capabilities in the fields of global operations, technology and innovation, business ecosystem and FES management system, building core businesses that could bring stable, synergistic and sustainable growth. The Group presses ahead with the "profound industry operations + industrial investment" strategy to continuously accelerate its strategic focus, consolidate its asset base, and provide high-quality products and services to families around the world while enhancing its global competitiveness.

FIRMLY IMPLEMENTING FOCUSED STRATEGY TO BUILD A SOLID FOUNDATION FOR DEVELOPMENT

In 2022, despite the increasingly volatile macro-environment in China and overseas as well as the continued disruptions to the economy caused by the US dollar interest rate hike cycle, geopolitical tensions and other factors, the Group firmly focused on its strategies, continuing to consolidate and adjust its profound industry operations and footprints as well as enhancing its capability to withstand risks. During the Reporting Period, the Group's total revenue grew steadily to RMB175.39 billion, representing a year-on-year increase of 8.7%. The Group's four business segments achieved growth in revenue. Affected by the recurrent outbreak of COVID-19 pandemic in China, the Group's industrial operation profit[5] reached RMB7.10 billion during the Reporting Period, representing a year-on-year decrease of 32.9%. The Group's profit attributable to owners of the parent during the Reporting Period amounted to RMB0.54 billion (2021: RMB10.08 billion),which was mainly attributable to the recurrent outbreak of COVID-19 pandemic in 2022 and the turmoil and downturn of the international capital markets, resulting in high business costs and an increase in floating losses in secondary capital market investment, which affected the Group's overall industry operations and industrial investment to varying degrees. Looking forward to 2023, with the adjustment of epidemic prevention and control policies in China, the Company will continue to focus on the strategic positioning of a global innovation-driven consumer group. The management is confident that the Group's businesses will fully return to normal and enter the next stage of growth.

5 It includes the profit contribution of industrial operation subsidiaries of the Group and associates and joint ventures accounted by equity method.

EXPAND DIVERSIFIED FINANCING CHANNELS, INCREASING EFFORTS IN THE DISPOSAL OF NON-CORE ASSETS

In terms of cash and liability management, the Group has been adhering to active cash and liability management in a prudent manner. While actively exploring diversified financing channels, the Group put greater efforts in asset disposal in response to uncertainties in external environment. During the Reporting Period, Fosun High Technology (a subsidiary of the Company) issued new bonds in the public market and resold its existing bonds with a total value of RMB10.2 billion, including corporate bonds, super & short-term commercial papers (SCP), Free Trade Zone USD bonds and others. During the Reporting Period, Fosun High Technology successfully issued USD0.15 billion Shanghai Free Trade Zone USD bonds and RMB2 billion Hainan Mining exchangeable bonds, with three years tenor for both issues, effectively lengthening the bond duration and expanding the investor base. In addition, the Group successfully raised approximately RMB1.66 billion through RMB syndicated loans from foreign banks. The Company obtained new offshore syndicated loans of approximately USD0.875 billion. The syndicated loan represents the Company's success fund-raising through offshore syndicated loans for six consecutive years, which fully reflects the continuous recognition of the Group's credit worthiness by both Chinese and foreign banks. In January 2023, the Group entered into a syndicated loan agreement for an amount of RMB12 billion with eight domestic banks, which was the largest private corporate syndicated loan led by five major state-owned banks in cooperation with policy banks and joint-stock banks since the announcement of "encouraging and supporting the development of the private economy and private enterprises" at the Central Economic Working Conference held in December 2022. Moreover, the Group successfully issued RMB1 billion super & short-term commercial papers (SCP) in January 2023, increasing liquidity support for the full recovery of operation of the Group.

The Group has initiated the disposal of non-strategic non-core assets in 2020. Since June 2022, in face of the dramatic fluctuation in external capital market, the Group put greater efforts in asset divestment. The amount by contract value exceeded RMB40.0 billion, bringing a cash inflow of nearly RMB30.0 billion at holding company level, thus securing sufficient liquidity position. Major disposals included secondary market equity interest in Tsingtao Brewery, secondary market equity interest in Zhongshan Public Utilities and certain equity interest of Yong'an P&C Insurance, etc.. Meanwhile, the Group actively managed maturing debts in advance and improved its debt maturity profile. Several overseas outstanding bonds of the Company were redeemed in advance, thus strengthening the confidence of investors in the bond market.

As at the end of the Reporting Period, the Group's total debt to total capital ratio was 53.2%, which was 3.6 percentage points lower than that as of 30 June 2022; its cash and bank balances and term deposits reached RMB100.56 billion. The average cost of debt was 4.7% during the Reporting Period, reflecting the Group's stable and healthy financial position.

PURSUING GROWTH WITH CORE COMPETENCIES, MAINTAINING RESILIENCE AND FOSTERING CAPABILITIES TO DRIVE FUTURE DEVELOPMENT

Deploying diversified business presences to build up profound global operation capability. As a global enterprise rooted in China, the Group thoroughly develops the Chinese market and at the same time has been building up its core capabilities on global operations, investment and financing based on its business presences in over 35 countries and regions around the world. It links up its various businesses and resources in different countries and regions, actively expands the geographical markets of the Group's member companies and facilitates the rapid development of such member companies' business outside their home countries. As at the end of the Reporting Period, the Group's overseas revenue accounted for 44.1% of total revenue, which grew by 14.3% year-on-year. Mutual empowerment revenue[6] for domestic and overseas operations amounted to RMB6.5 billion in aggregate. During the Reporting Period, the Group established the European Finance Sharing Center, aiming to achieve cost reduction and efficiency enhancement in middle and back office operation of the Group's subsidiaries in Europe. Benefiting from the Group's global business presence and capability of generating synergy within the ecosystem of its businesses, the Group's various businesses further strengthened their global businesses during the Reporting Period.

During the Reporting Period, the Group continued to promote the vaccination and coverage of Comirnaty (mRNA COVID-19 vaccine) in Hong Kong, Macau and Taiwan region. As at 31 March 2023, Comirnaty BNT162b2 (i.e. mRNA COVID-19 vaccine BNT162b2) and Comirnaty Bivalent Vaccine (i.e. mRNA COVID-19 Original/Omicron

6 It refers to the revenue generated from the introduction of overseas technology, product and service to the Chinese market and the export of Chinese technology and product to overseas markets.

BA.4/BA.5-adapted bivalent vaccine) have been officially registered as drugs/products in Hong Kong and approved as regular imported vaccines in Macau, fully covering the public and private markets. During the Reporting Period, over 15 million doses of Comirnaty (mRNA COVID-19 vaccine) were sold in Hong Kong, Macau and Taiwan region. Since its launch to the end of February 2023, more than 31 million doses had been administered in Hong Kong, Macau and Taiwan region. Following the rollout of self-paid vaccination service of Comirnaty BNT162b2 original vaccine in Macau in 2022, the self-paid vaccination service for Comirnaty Bivalent Vaccine has been rolled out in Hong Kong and Macau in the first quarter of 2023, providing more vaccine options for people in need and helping to build a health protection barrier. Gland Pharma intended to strategically expand its presence in CDMO (contract development and manufacturing organization) in Europe through the acquisition of Cenexi (a French pharmaceutical company), thereby strengthening the capability of Gland Pharma in terms of the development, production and supply of complex preparation and biological product, as well as expanding its customer base.

During the Reporting Period, the business volume of operation of Club Med increased by approximately 108.4% compared to the same period in 2021, recovering to around 99.1% of the same period in 2019. The capacity of Club Med increased by 62.3% compared to the same period in 2021, recovering to 91.9% of the same period in 2019. At the end of 2022, Club Med opened a new resort Kiroro Peak in Japan. The phase I of Club Med Kiroro Peak commenced operation in the winter season at the end of 2022, serving tourists around the world with a brand-new image. In December 2022, Lanvin Group was successfully listed on the NYSE, creating a global luxury fashion group.

Accelerating diversified business interaction to highlight ecosystem value. Adhering to the FC2M ecosystem strategy and diversified business ecosystem, the Group gradually achieved ecosystem value creation, and continued to enhance the multiplier effect within Fosun's ecosystem. As at the end of the Reporting Period, the Group's ecosystem created a total value[7] of over RMB6.9 billion (before intercompany eliminations). The Group has implemented several in-depth cross-sector and cross-region high value ecosystem synergy projects. During the Reporting Period, ecosystem synergy had been deepened in the Health Segment, achieving ecosystem sales of over RMB2.4 billion; Pramerica Fosun Life Insurance and Fosun Care conducted in-depth cooperation regarding the preparation for pension for customers using insurance plans and the provision of senior care services under the support of community, thus providing comprehensive senior care solution for customers. During the Reporting Period, total premium received under the cooperation between both parties amounted to approximately RMB1.6 billion. As at the end of the Reporting Period, the Group has 50.80 million new registered members[8], representing an increase of 27% year-on-year. The two top C-end platforms (namely Fosun Health and Fosun Alliance) continued to facilitate the rapid and quality growth of members of the Group. In particular, 9.24 million new members were registered with Fosun Health during the Reporting Period, and the total number of registered members accumulated to 22.58 million. As at the end of the Reporting Period, Fosun Alliance has accumulated 6.4 million registered members, with transaction conversion rate[9] under accurate recommendation increased by 26% year-on-year.

Looking forward, the Group will continue to enhance the construction of its ecosystem and realize business value, such as FC2M industry operation related fields (marketing, membership, product/service and other aspects) and external strategic partners, thus forming a multi-dimensional and multi-level ecosystem platform featuring inclusivity, co-innovation and sharing. Meanwhile, adhering to globalization vision, Fosun will establish a global ecosystem communication and empowerment platform by consolidating the resources of global ecosystem operations and global partners, linking the business demands of domestic and overseas operations, and sharing experience and exporting tools in relation to domestic ecosystem.

Leading the industry in technology and innovation and creating long-term value. The Group has always valued the power of technology and innovation. It has built up profound technology and innovation capabilities through the continuous accumulation of experience at its businesses and investment in R&D, and has continued to invest heavily in technology and innovation capabilities. The Group has been increasing its investments in technology and innovation over the past few years. During the Reporting Period, the Group invested approximately RMB10.4 billion[10] in total to foster its technology and innovation capabilities.

7 It refers to the revenue contribution (before intercompany eliminations) directly or indirectly created by companies within the Fosun ecosystem for other companies within the ecosystem, including but not limited to cross-selling, product co-creation, membership contribution, membership sales transformation, and sales collaboration within the ecosystem, joint industrial investment, financing cooperation empowerment, industrial resource coordination, etc..

8 It refers to those who have agreed to the official membership terms of the brand and granted privacy in any channel, and actively retained personal information including mobile phone numbers, to meet the needs of identifiable, reachable and traceable consumers.

9 It refers to order conversion rate, facilitating order placement by sending marketing materials to users, as calculated by "number of users placing orders/ number of users reached".

10 It includes scientific research investment (expensed and capitalized), but excludes digitalization expenses.

During the Reporting Period, Han Si Zhuang (serplulimab injection), the first innovative monoclonal antibody self-developed by Shanghai Henlius, was officially approved for commercialization in March 2022, becoming the first batch of PD-1 inhibitors for the "pan-tumor" treatment of microsatellite instability-high solid tumor (MSI-H) in China. At present, it can be used for the treatment of MSI-H and squamous non-small cell lung cancer. It has benefitted over 8,200 patients since its launch in March 2022. In January 2023, the new drug application for the first-line treatment of small cell lung cancer in extensive stage (ES-SCLC) and esophageal squamous cell carcinoma (ESCC) of Han Si Zhuang in combination of chemotherapy has been accepted by National Medical Products Administration, expecting to become the first anti-PD-1 antibody for the first-line treatment of SCLC in the world to fill the clinical gap of PD-1 inhibitor for the first-line treatment of small cell lung cancer in the coming five years. Shede Spirits has established three major professional research platforms, namely microbial molecular biological laboratory, Lujiu (露酒) experimental platform and spirit flavor research platform. Fosun Jinmei Global Technology Innovation Center (復星津美全球科創中心), which is under the cosmetic segment of Yuyuan, has completed the R&D and commercialization of 26 new products since the launch of its operation, with 170 reserved R&D products.

As at the end of the Reporting Period, the Group had a total of 1,771 patents for inventions. These patents will be continuously transformed into the Group's productivity with the support of the Group's global business presence and continuous innovation capabilities.

Building the FES system to create core values. FES is a business system for the efficient management of enterprises. Such system has been evolving through practice and is aimed at building the core competitiveness of a long-standing enterprise and cultivating talents with Fosun's values of entrepreneurship. FES can help enterprises foster a continuous improvement corporate culture that encourages them to take up the challenge of meeting high expectations and actively expose and resolve problems in the business process.

During the Reporting Period, starting from scratch, the establishment of Fosun's FES management system has completed, with certification and implementation of 43 FES tools completed. A total of 517 experts were trained and certified. The certification project, as driven by expert-certified mechanism, can help nurture experts and create value. During the Reporting Period, there were 1,262 improvement projects, including 628 completed projects. There were 102 best practical cases of refined FES, which have been swiftly shared and replicated between enterprises of the Group to facilitate enterprise improvement progress.

FES system has achieved significant results in promotion and in-depth application within different operations of Fosun. During the Reporting Period, through the complete introduction of FES, the sale of new orders of FFT Production Systems (Shanghai) Co., Ltd. (愛孚迪(上海)製造系統工程有限公司), a subsidiary of Easun Technology, achieved a year-on-year increase of over 80% and achieving high-growth goal. By optimizing the standardized procedures for opening business, Songhelou (松鶴樓) under Yuyuan reduced the preparation time for opening business from 73 days to 62 days. With the use of FES tools, the customer satisfaction of Lijiang Albion increased from 4.21 to 4.63 (Ctrip), and Thomas Cook Platform NPS (net promoter score) increased from 52% to 70% and repurchase rate increased from 17% to 31%.

In 2023, Fosun's FES management system aims to achieve breakthrough (from 1 to 10) for domestic operations, and trial improvement (from 0 to 1) for overseas operations. Corporate improvement campaigns will be fully launched from the top-down, thus enhancing the creativity and awareness on making improving of employees, strengthening the capability for participation in management and self-improvement of all employees, enhancing corporate FES management level, and helping enterprises achieve sustainable and healthy multiplier growth.

Striving for excellence, its ESG performance received global recognition. The Group has been always adhering to the values of "Self-improvement, Teamwork, Performance and Contribution to Society", and the aspiration of developing business for good with a customer-oriented focus. As a participant in the United Nations Global Compact ("**UNGC**"), after 30 years of operations, the Group fully supports the 10 principles of UNGC in the areas including human rights, labor, environment and anti-corruption, relentlessly integrating such principles into Fosun's ESG strategies, and actively engaging our member companies in the implementation of ESG strategies.

In order to further enhance the ESG management system, the Company has set up an ESG Committee under the Board. It has also set up an ESG Executive Committee at management and decision-making level, as well as an ESG Management Committee and an ESG Working Group at the execution level, thereby fully implemented ESG strategies and relevant actions of the Company. To ensure smooth and continuous implementation of various ESG initiatives, Fosun has established a long-term top-down ESG improvement mechanism, and included ESG management performance as an evaluation factor in the executive Directors' performance assessment and remuneration assessment.

In the course of continuous development, Fosun has leveraged its increasingly sophisticated global business ecosystem to respond to global demands and improve people's livelihood and social welfare through fighting against the pandemic, assisting in fighting against malaria in Africa, running the Rural Doctors Program, and fostering education, culture and entrepreneurship. Moreover, the Group also made a commitment to the society in 2021 – "to achieve emission peak by 2028 and carbon neutrality by 2050", and contributes to the 1.5°C target of Paris Agreement by developing effective climate change mitigation and adaptation strategies. In order to achieve Fosun's carbon peaking and carbon neutrality goal, Fosun has set up a Carbon Neutrality Committee and Working Group, actively promoting the continuous implementation of carbon neutrality management across the Group. The Group has also initiated the preparation of the TCFD (Climate-Related Financial Disclosures) report and conducted climate related risk assessment to demonstrate to the international community Fosun's commitment to climate action and to call on all parties to work together to promote carbon neutrality.

The Group has widely received recognition from professional institutions around the world for its excellence in ESG. As at the end of the Reporting Period, the Company had an MSCI ESG rating of AA, and it was the only conglomerate in Greater China with an MSCI ESG rating of AA. It received a rating of A in the Hang Seng Sustainability Index. The Company has been selected as one of the constituents of the Hang Seng ESG 50 Index (Top 50 Mid-Large Cap) for two consecutive years. It has been included in Hang Seng Corporate Sustainability Benchmark Index for three consecutive years, and such index consists of Hong Kong-listed companies that perform well with respect to corporate sustainability (Top 20% best performer in sustainable development). In addition, the Company's FTSE ESG rating continued to rise, and was selected as one of the constituents of FTSE4Good Index Series for the first time in 2022. The S&P Corporate Sustainability Assessment (CSA) rating of the Company has also risen significantly, higher than 91% of its peers around the world.

HEALTH SEGMENT

The Health segment of the Group focuses on the ecosystem of pharmaceutical business (Fosun Pharma, Shanghai Henlius and Gland Pharma), devices and diagnosis business (Sisram Med) and the business of healthcare services and products (Fosun Health), and adheres to the "4 IN" strategy (Innovation, Internationalization, Integration, Intelligentization) to continuously improve its product competitiveness and brand value. In recent years, with the evolution of social development and population aging, innovative drug R&D, innovative medical devices and medical diagnostics are opening up development opportunities, and the demand for quality medical products and services has increased significantly. At the same time, with the deepening of China's medical and health system reform, new policies such as centralized drug procurement speed up the process of reducing deficit in medical insurance funding, thus bringing a revolutionary challenge to the industry. The Group will continue to upgrade its innovation, integration and internationalization capabilities. Meanwhile, it will build a medical-grade, one-stop Fosun health ecosystem for all scenarios on the C-end, as well as a matrix of diverse, distinctive and innovative products on the M-end.

Fosun Pharma is a global pharmaceutical and healthcare group rooted in China that is driven by innovation. Its direct operations include pharmaceutical manufacturing, medical devices, medical diagnosis and healthcare services, and expands its presence in pharmaceutical distribution and retail business through its investment in Sinopharm. Putting patients first and orienting itself towards clinical needs, Fosun Pharma enriches its innovative product pipeline by adopting a model of diverse and multi-level cooperation which encompasses independent R&D, product development through cooperation, introduction of products under franchise and in-depth incubation. Fosun Pharma has built and developed technology platforms for small molecule innovative drugs, antibody drugs and cell therapy for key diseases and areas such as tumor and immune modulation, metabolism and alimentary system, and central nervous system. It also actively explores cutting-edge technologies and fields such as RNA, antibody-drug conjugate (ADC), gene therapy and targeted protein degradation to enhance innovation capabilities. Under the strategic guidance of "4 IN", Fosun Pharma is striving to become a first-class enterprise in the global pharmaceutical and healthcare market. In addition, relying on the open-style R&D ecosystem, a forward-looking international business presence, a systematic commercialization team and years of domestic industry experience and global channel network, Fosun Pharma has become the preferred domestic partner of world-renowned multinational pharmaceutical companies. Fosun Pharma's industry-leading two-way licensing capability helps maximize the value of self-developed products and partnered innovative products, and accelerate the R&D and transformation of innovative technologies and products. With accumulation of experience over the years at its operations in China, Fosun Pharma has become a trusted domestic partner of Intuitive Surgical, Kite Pharma, Amgen, Organon and various other world-leading companies to jointly promote innovative products that benefit more Chinese patients. Fosun Pharma will continue to seek more opportunities to cooperate with world-leading pharmaceutical enterprises in improving product accessibility and affordability to satisfy the unmet clinical needs of patients worldwide.

Shanghai Henlius is a global innovative biopharmaceutical company dedicated to providing affordable, high-quality biomedicines to patients worldwide, with products covering oncology, autoimmune diseases, ophthalmic diseases and other areas. Since its establishment in 2010, Shanghai Henlius has built an integrated biopharmaceutical platform with efficient and innovative core capabilities across the entire value chain of the industry that encompasses R&D, manufacturing and commercial operations, and established comprehensive and efficient global innovation centers.

Its production facility in Xuhui, Shanghai has also received GMP certification in China and the European Union. Shanghai Henlius is stepping up innovation and transformation, and continues to build up a reserve of differentiated innovative products in the pipeline, thereby enhancing its global product development capabilities, to evolve from a biotech model to a biopharma model that is more scaled up and competitive in the market.

Sisram Med is a global consumer wellness group, providing a diversified product portfolio with its unique consumer wellness ecosystem and creating a customer-centric brand. Its businesses include energy-based medical aesthetic device, injectables, aesthetics and digital dentistry, personal care, etc.. Sisram Med, a holding subsidiary of Fosun Pharma, was listed in Hong Kong in September 2017, and is the first Israeli company listed on the Main Board of the Hong Kong Stock Exchange.

Gland Pharma is one of the largest and fastest growing generic injectables-focused companies in India. Its main products include cardiac (Enoxaparin Sodium), hematological system (Heparin Sodium), anti-infective (Vancomycin, Caspofungin, Daptomycin, Micafungin), central nervous system (Dexmedetomidine, Rocuronium Bromide), and other injections. Over the years, Gland Pharma has grown from a contract manufacturer of small molecule liquid parenteral products to one of the reliable companies specializing in generic injectables in India, with a global presence in more than 60 countries. Gland Pharma held eight manufacturing sites in India. Gland Pharma is continuing to invest in R&D and manufacturing capabilities, strengthen vertical integration, expand API production capacity to reduce dependence on outsourced APIs, and accelerate growth through mergers and acquisitions to branch out into new businesses, including complex technology product platforms (e.g. long-acting/suspension products) and complex API production technologies (e.g. fermentation technologies). Looking forward, Gland Pharma will adhere to the international research and development strategy and continue to strengthen the promotion of products in the Chinese market.

Building a medical-grade, one-stop health business ecosystem for all scenarios, Fosun Health is committed to becoming a leader in active health management for families. Fosun Health focuses on medical centers and regional medical unit services, specialized medical treatment and health management, providing users with online and offline integrated and accessible diagnosis and treatment solutions as well as health management services such as consultation and purchase of medicines, health science popularization, physical examination and testing, offline diagnosis and treatment and patient management through the online "Fosun Health" APP, mini programs, and offline medical institutions in China's five economic belts, namely the Greater Bay Area, the Yangtze River Delta, the Jing-Jin-Ji (Beijing-Tianjin-Hebei), Central China and Chengdu-Chongqing.

HAPPINESS SEGMENT

The Group targets the consumption needs of family customers in the happiness aspect. Through the twin-driver strategy of "profound industry operations + industrial investment", the Group builds a globalized happiness ecosystem covering the whole value chain of the industry. Centering on brand consumption and tourism and leisure, the Group actively organizes teams of people, creates goods and arranges venues to meet customer needs directly. The platforms for brand consumption business include Yuyuan, Lanvin Group and Fosun Sports, which engage in businesses such as jewelry and fashion, liquor and spirits, C-end platforms, fashion brands, food, catering, beauty and health, sports, cultural business and pet care. Meanwhile, FTG is the platform for the tourism and leisure business, engaging in businesses such as the operation of tourism destinations, resort and hotels, services and solutions in tourism and leisure settings.

Yuyuan is one of the earliest witnesses, participants and builders of China's capital market. After the completion of major asset reorganization in 2018, Yuyuan became the flagship platform of Fosun's Happiness segment. Leveraging the Group's global platform and resource empowerment system, Yuyuan is gradually focusing its strategic vision on family customers, and continues to develop the "1+1+1" strategy (i.e. running "family happiness consumption industry + urban industry landmarks + online and offline membership and service platforms"). At present, Yuyuan takes the promotion of "oriental lifestyle aesthetics" as its top priority, adheres to the strategy of developing business with the twin-driver of "industry operations and industrial investment", and owns 17 Chinese time-honored brands and a number of leading brands, including Songhelou (松鶴樓), Laomiao (老廟黃金), AHAVA, etc.. Yuyuan will continue to accelerate the process of building up its global business presence, popularize the concepts of "oriental lifestyle aesthetics", and aspires to develop itself into a world-class group in the family happiness and consumption industry.

As an important part of "happiness consumption", "a bottle of good liquor" is also a catalyst for the maturation of the Group's ecosystem of businesses catering to the needs of families worldwide. Since the Group invested in the spirits business, it has continued to drive its strategic business development and build up its ecosystem of resources, boosting consistently sales in key markets across China.

Shede Spirits, a platform-based enterprise of the Group's liquor and spirits businesses, is principally engaged in the design, manufacture and sales of liquor and spirits products, with "Shede" (舍得) and "Tuopai" (沱牌) as its core brands and cultivated brands such as "Tianzihu" (天子呼), "Tunzhihu" (吞之乎) and "Shebude" (舍不得). In recent years, Shede Spirits has pressed ahead with the "aged spirits strategy", the "multi-brand matrix strategy", the "brand rejuvenation strategy" and the "internationalization strategy", focusing on improving brand awareness and actively increasing market share. Shede Spirits' mission is to "brew a beautiful life for families worldwide and spread the beauty of Chinese liquor and spirits", and its vision is to "become an innovation-driven world-class liquor and spirits enterprise that leads in culture and maintains ecosystem sustainability".

FTG is a global leader in family leisure and tourism and is an integral part of the Happiness segment. FTG covers three major business areas: resorts and hotels, tourism destinations, and services and solutions in various tourism and leisure settings. The resorts and hotels business consist of Club Med, a French-based all-inclusive leisure and vacation experience resort, Casa Cook, a lifestyle hotel, Cook's Club, a new-generation trendy resort, and other brands. During the Reporting Period, with FTG's continuous development both locally and globally, FTG opened Changbaishan resort, Marbella resort, Thousand Island Lake resort, Club Med Joyview Yanqing (Phase II), Tignes resort and Club Med Kiroro Peak. Its tourism destinations include Atlantis Sanya, a one-stop destination for entertainment, leisure and integrated travel and vacation, FOLIDAY Town, a comprehensive leisure and vacation destination, and other projects. With the acquisition of Thomas Cook, one of the world's oldest travel brands, and the re-establishment of the Thomas Cook digital platforms in China and the United Kingdom, FTG's services and solutions in various tourism and leisure settings segments are now directly connected to its customers.

Lanvin Group is a global luxury fashion group, managing iconic brands worldwide including historic French couture houses Lanvin, Austrian luxury skin wear brand Wolford, Italian luxury shoemaker Sergio Rossi, American luxury womenswear brand St. John and high-end Italian menswear maker Caruso. Harnessing the innovative concept and the power of its unique strategic alliance of industry-leading partners in the luxury fashion sector, Lanvin Group strives to expand the global footprint of its portfolio brands and achieve sustainable growth through strategic investment and extensive operational know-how, combined with an intimate understanding and unparalleled access to the fastest-growing luxury fashion markets in the world.

WEALTH SEGMENT

The Group's Wealth segment mainly consists of financial services with insurance as the core business. On the basis of achieving synergy between insurance and industrial asset allocation, it leverages the Group's profound industry operations capability and global investment capability to build an ecosystem of its global asset management businesses, helping the Group's Health, Happiness and Intelligent Manufacturing segments to achieve industrial enhancement.

The Wealth segment is divided into two major sub-segments, namely insurance and asset management. The insurance business includes overseas and domestic insurance businesses, with major member companies including Fosun Insurance Portugal, Peak Reinsurance, Pramerica Fosun Life Insurance and Fosun United Health Insurance. The asset management business covers asset management (investment) and asset management (property). Asset management (investment) includes Fosun Capital, Fosun RZ Capital, HAL and BCP. The asset management (property) business covers comprehensive real estate projects in China, Asia Pacific, Europe and the Americas, including such asset types as residential properties, office buildings, commercial properties, hotels, infrastructure and logistics facilities, etc..

Fosun Insurance Portugal is a leading participant in the Portuguese insurance market and a global insurance operator, covering the sale of products in all key lines of business and benefiting from the largest and most diversified insurance sales network in Portugal, including numerous 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. Its international business covers 11 countries, with products distributed in the four continents of Europe, Asia, Africa and the Americas.

Authorized by the Insurance Authority of Hong Kong under the *Insurance Ordinance (Cap. 41)*, Peak Reinsurance is a global reinsurer that offers comprehensive and extensive products and services encompassing both property & casualty (P&C) and life & health (L&H) reinsurance. Peak Reinsurance strives to provide clients around the globe with innovative and tailored reinsurance, risk management and capital management solutions.

Pramerica Fosun Life Insurance is a joint venture established by 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% equity interest in the joint venture. The businesses of Pramerica Fosun Life Insurance include life insurance, accident insurance, and reinsurance business of the above-mentioned businesses.

Established in 2007, Fosun Capital is an equity investment and management company wholly owned by the Group. It is a leading private equity investment institution in the industry with focuses on four major areas: new materials and intelligent manufacturing, digital economy and broad consumption, healthcare, and new-generation information technology. In the past 16 years since its establishment, Fosun Capital has launched and managed a number of assets, including fund of funds, private equity investment funds, industry investment funds with listed companies as investees and other types of equity investment funds.

Fosun RZ Capital is a global venture capital platform of the Group focusing on new technology, new energy and new fields in overseas markets, which is also one of the investment institutions with the richest industrial resources in China. Concentrating on investment in high-growth, high-tech companies in major economic growth regions worldwide for a long time, Fosun RZ Capital has developed an influential ecosystem for innovation at globalized industries.

HAL is a leading private bank in Germany with a business focus on managing, preserving, serving and trading clients' assets. HAL adopts a diversified and asset-light business model for running four core businesses, namely Asset Service, Private and Corporate Banking, Investment Banking and Asset Management.

BCP is a Portuguese bank that puts people and institutions first, providing comprehensive financial services for both individuals and businesses in markets where it operates. It mainly provides commercial banking products and services for individuals and businesses, and also provides complementary services such as investment banking and private banking services. BCP not only is the largest private bank in Portugal but also has been strengthening its position in emerging markets in Europe and Africa, especially in Poland, Mozambique and Angola, which have close historical connections with Portugal. BCP also owns a leading digital bank called "ActivoBank".

INTELLIGENT MANUFACTURING SEGMENT

On 14 March 2023, Fosun High Technology, Fosun Industrial Investment and Fosun Industrial Development (each a subsidiary of the Company, as sellers) entered into the equity transfer agreement with Shagang Group and Shagang Investment (as purchasers) to dispose of 60% equity interest in Nanjing Nangang. On the signing date of such equity transfer agreement, Nanjing Iron & Steel Group is a shareholder of Nanjing Nangang holding 40% equity interest in Nanjing Nangang. As a result of Nanjing Iron & Steel Group's exercise of the right of first refusal, on 2 April 2023, the sellers entered into a new equity transfer agreement with Nanjing Iron & Steel Group to disposal of 60% equity interest in Nanjing Nangang. As of the signing date of such new equity agreement, Nanjing Nangang held 59.10% equity interest in Nanjing Iron & Steel. As at the date of this report, the abovementioned transaction has not been completed. For further details, please refer to the announcements of the Company dated 14 March 2023 and 2 April 2023. Looking forward, the Group's Intelligent Manufacturing segment will mainly focus on mineral oil and gas resources and intelligent manufacturing, and actively expand relevant industries with high added value of technology, such as fields of new materials and smart mobility. The Group's mineral oil and gas resources business, represented by Hainan Mining, continues to maintain rapid growth under the cycle of continuous global commodity boom. At the same time, with the vigorous development of intelligent manufacturing services represented by Easun Technology, other companies under the Group's Intelligent Manufacturing segment are expected to benefit of the growth of rapid development of the industry.

Nanjing Iron & Steel adheres to the leadership of technology innovation, through years of continuous investment in the development of high-end medium and thick plates and long-material special steel products, laying the foundation in new energy, oil and gas equipment, ship and offshore engineering platform, auto parts, engineering machinery, bridges and other fields, and fully welcomes the industrial upgrading of Chinese manufacturing industry. By improving the capacity of global resource allocation, it will accelerate the construction of 6.5 million tonnes of new coke materials in Indonesia, graft global resources, improve the layout of industrial chains, and meet the development opportunities of countries along the "Belt and Road". At the same time, Nanjing Iron & Steel adheres to the "intelligent transformation and digital transformation", and accelerates the integration of advanced technology and advanced manufacturing of the industrial Internet with the twin driver of "data governance + industrial internet platform", and drives the transformation of traditional industries with advanced digital technology. In addition, Nanjing Iron & Steel actively invests in carbon reduction and emission reduction to prepare for carbon peak and carbon neutrality in the steel industry. It increases ESG investment, completes the acquisition of Besino Environment, and continuously improves ESG standards.

Hainan Mining focuses on the exploration of mine resources, and has become a leading enterprise in domestic iron ore and oil and gas upstream business possessing technology and management advantages following years of operation. Shilu iron field under Hainan Mining has been once named as the "richest iron mine in Asia", while ROC, a subsidiary of Hainan Mining, has recorded excellent results in its cooperation with state-owned oil company. Over the years, Hainan Mining has continued to reduce costs and enhance efficiency through lean management, increased its core competitiveness through scientific research and innovation, and grasped market opportunities arising from cycle fluctuation, thus realizing continuous growth in its major operations. Since 2021, Hainan Mining has actively promoted industry transformation and upgrade, and focused on the new energy upstream industry, which is in line with national development strategic plans and can achieve long-term growth, and the clean energy industry with natural gas as major energy source. The 20,000 tonnes lithium hydroxide project (phase I) invested by Hainan Mining in Yangpu Economic Development Zone has officially begun construction. Hainan Mining is actively facilitating the acquisition and development of the Bougouni lithium mine in Mali, Africa. Striving to achieve sustainable and high-quality development, through the twin-driver strategy of "industry operations + industrial investment", Hainan Mining will continue to strengthen the three main tracks of "iron ore + oil and gas + new energy", and actively grasp opportunities in Hainan Free Trade Port, aiming to become an "industrial investment and development group based from strategic resources with international presence".

Wansheng focuses on the R&D, production and sales of functional fine chemicals. It thoroughly develops the phosphorus-based flame-retardant business, and is a leader of the world's phosphorus-based flame-retardant industry. Considering the foundation of its existing businesses, the resources of Fosun's ecosystem of businesses, and the development trend of the chemical industry, together with its own current business volume and its plan for development, Wansheng classifies its future development into three categories of business segments, namely "core businesses" such as the polymer additives business, which will keep consolidating its foundation and growing stronger and larger; "developing businesses" such as the amines and daily chemical raw materials businesses which are gradually optimizing their product portfolio, expanding market shares, and striving to become leading functional daily chemical raw materials-producing enterprises in China; and "strategically important businesses" which include the new energy materials business, electronic chemicals business and biotechnology business, and will continue to promote technological innovation, step up investment in R&D, build up their business presence with foresight and seek development opportunities based on existing advantages and resources in their ecosystem of businesses. In the future, Wansheng will endeavor to become "the world's leading enterprise of functional new materials" which will drive its own development with a low-carbon-emission approach and innovation.

TARGET FOR 2023

The year of 2022 marked the 30th anniversary of the founding of the Group. After years of development and accumulation of experience, the Group has completed the business layout for core operations such as medical, consumption, tourism and financial services, covering over 35 countries and regions. It has built strong business fundamentals and great potential for further development. Looking forward, the Group will give full play to its capabilities in the fields of global operations, technology and innovation, ecosystem of business and FES, adhere to the development strategy based on the twin drivers of "profound industry operations + industrial investment", fulfill its social responsibility with its original aspiration of "Contribution to Society", and work hard and step forward with determination so as to achieve steady and sustainable development.

BUSINESS REVIEW

During the Reporting Period, the revenue of the Group amounted to RMB175,393.4 million, representing an increase of RMB14,102.2 million, or 8.7%, compared to the same period of 2021. On the segment level, during the Reporting Period, the revenue of Health, Happiness, Wealth and Intelligent Manufacturing segments reached RMB48,001.3 million, RMB70,739.5 million, RMB47,722.4 million and RMB10,355.6 million, respectively, representing a year-on-year increase of 9.1%, 5.7%, 9.2% and 33.8%, respectively. From the perspective of product lines, during the Reporting Period, revenue of pharmaceutical, devices and diagnosis, and healthcare services and products subsectors of the Health segment represents 64%, 14% and 22% of the total Health segment revenue of the Group, respectively; revenue of brand consumer and tourism and leisure of the Happiness segment represents 80% and 20% of the total Happiness segment revenue of the Group, respectively; revenue of insurance, asset management (property), asset management (investment) of the Wealth segment represents 68%, 22% and 10% of the total Wealth segment revenue of the Group, respectively; revenue of resources and environment, technology and intelligent manufacturing of the Intelligent Manufacturing segment represents 46% and 54% of the total Intelligent Manufacturing segment revenue of the Group, respectively.

REVENUE BY SEGMENT OF THE GROUP

Unit: RMB million

Segment	For the year ended 31 December 2022	Proportion	For the year ended 31 December 2021	Proportion	Change over the same period of last year
Health	**48,001.3**	**27.1%**	43,979.8	27.1%	9.1%
Happiness	**70,739.5**	**40.0%**	66,898.3	41.2%	5.7%
Wealth	**47,722.4**	**27.0%**	43,699.4	26.9%	9.2%
Insurance	**32,427.8**	**18.3%**	32,149.3	19.8%	0.9%
Asset Management	**15,294.6**	**8.7%**	11,550.1	7.1%	32.4%
Intelligent Manufacturing	**10,355.6**	**5.9%**	7,736.9	4.8%	33.8%
Eliminations	**(1,425.4)**		(1,023.2)		
Total	**175,393.4**	**100.0%**	161,291.2	100.0%	8.7%

PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT BY SEGMENT OF THE GROUP

As at the end of the Reporting Period, equity attributable to owners of the parent of the Group amounted to RMB121,520.9 million, while such indicator was RMB130,995.0 million in the end of 2021. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB538.7 million, while such indicator was RMB10,084.5 million in the same period of 2021.

Unit: RMB million

Segment	For the year ended 31 December 2022	Proportion	For the year ended 31 December 2021 (Restated)	Proportion	Change over the same period of last year
Health	**1,348.7**	**224.0%**	2,029.0	20.0%	(33.5%)
Happiness	**1,561.4**	**259.3%**	(599.3)	(5.9%)	360.5%
Wealth	**(3,509.8)**	**(582.9%)**	5,160.1	50.7%	(168.0%)
Insurance	**(1,599.0)**	**(265.5%)**	1,461.3	14.4%	(209.4%)
Asset Management	**(1,910.8)**	**(317.4%)**	3,698.8	36.4%	(151.7%)
Intelligent Manufacturing	**1,201.9**	**199.6%**	3,577.6	35.2%	(66.4%)
Eliminations	**(63.5)**		(82.9)		
Total	**538.7**	**100.0%**	10,084.5	100.0%	(94.7%)

ASSET ALLOCATION OF THE GROUP

As at the end of the Reporting Period, total assets of the Group amounted to RMB823,146.1 million, representing an increase of 2.1% compared to the end of 2021.

Unit: RMB million

Segment	As at 31 December 2022	Proportion	As at 31 December 2021 (Restated)	Proportion	Change over the end of 2021
Health	**120,454.2**	**14.5%**	107,246.0	13.1%	12.3%
Happiness	**200,118.0**	**24.0%**	194,480.7	23.8%	2.9%
Wealth	**465,434.2**	**55.8%**	467,826.4	57.3%	(0.5%)
Insurance	**196,321.1**	**23.6%**	208,579.8	25.6%	(5.9%)
Asset Management	**269,113.1**	**32.2%**	259,246.6	31.7%	3.8%
Intelligent Manufacturing	**47,424.5**	**5.7%**	47,755.8	5.8%	(0.7%)
Eliminations	**(10,284.8)**		(11,031.3)		
Total	**823,146.1**	**100.0%**	806,277.6	100.0%	2.1%

CORPORATE STRUCTURE OF MAIN BUSINESS[1] (AS OF 31 DECEMBER 2022)

Health[2]

Pharmaceutical
- Fosun Pharma 600196.SH 02196.HK 36.04%
- Shanghai Henlius 02696.HK
- Gland Pharma (India) GLAND
- Sinopharm 01099.HK

Devices & Diagnosis
- Sisram Med (Israel) 01696.HK

Healthcare Services & Products
- Fosun Health
- Luz Saúde[5] (Portugal) 99.86%
- Shanghai Zhuli[6] (Fosun Care) 90.91%
- Sanyuan Foods[7] 600429.SH 18.19%
- BabyTree[8] 01761.HK 29.90%

Happiness[3]

Brand Consumer
- Yuyuan 600655.SH 61.79%
- Jinhui Liquor[9] 603919.SH 25%
- Shede Spirits[10] 600702.SH 30.22%
- Fosun Sports 92.01%
- Baihe Jiayuan 72.36%
- Bohe Health[11] 29.85%
- Lanvin Group LANV.NYSE 64.94%
- St Hubert[12] (France) 98.12%

Tourism & Leisure
- FTG 01992.HK 78.02%
- Club Med (France)
- Atlantis Sanya
- Thomas Cook Lifestyle Platform

Wealth

Insurance
- Fosun Insurance Portugal (Portugal) 84.9892%
- Peak Reinsurance 86.71%
- Pramerica Fosun Life Insurance 50%
- Yong'an P&C Insurance 14.69%
- Fosun United Health Insurance 20%

Asset Management (Investment)
- HAL (Germany) 99.69%
- Guide (Brazil) 74.47%
- Fosun Wealth 100%
- Fosun Capital 100%
- Shanghai Insight[13] (Fosun RZ Capital) 100%
- BCP (Portugal) BCP.LS 29.95%
- Cainiao 3.56%

Asset Management (Property)
- 28 Liberty (US) 100%
- BFC[14] 100%
- IDERA (Japan) 98%
- PAREF (France) PAR.PA 59.87%

Intelligent Manufacturing[4]

Resources & Environment
- Nanjing Iron & Steel[15] 600282.SH 59.08%
- Besino Environment
- Hainan Mining 601969.SH 45.87%
- ROC (Australia)

Technology & Intelligent Manufacturing
- Easun Technology[16] 83.70%
- Gangbao 834429.OC
- Wansheng 603010.SH
- JEVE[17] 49.95%

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 2022. 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.

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. Fidelidade held 99.86% equity interest in Luz Saúde. Therefore, the Group held 84.87% effective equity interest in Luz Saúde.

6. Shanghai Zhuli operates "Fosun Care" brand. The Group through its wholly-owned and non-wholly-owned subsidiaries held 87.35% and 3.55% equity interest, respectively, in Shanghai Zhuli. The Group held 39.99% effective equity interest in such non-wholly-owned subsidiary. Therefore, the Group held 88.78% effective equity interest in Shanghai Zhuli.

7. The Group through its wholly-owned subsidiary and a consolidated fund under management of the Group held 14.45% and 3.73% equity interest, respectively, in Sanyuan Foods. The Group held 37.20% effective equity interest in such fund. Therefore, the Group held 15.84% effective equity interest in Sanyuan Foods.

8. The Company and its wholly-owned subsidiary held 29.77% equity interest in BabyTree, and Fidelidade held 0.14% equity interest therein. Therefore, the effective equity interest held by the Group in BabyTree was 29.88%.

9. Yuyuan held 25% equity interest in Jinhui Liquor; therefore, the Group held 15.45% effective equity interest in Jinhui Liquor.

10. Yuyuan held 70% equity interest in its joint venture, Sichuan Tuopai Shede Group Co., Ltd., which held 30.22% equity interest in Shede Spirits.

11. The Group through its two subsidiaries held 28.97% equity interest in Bohe Health, and Yuyuan through its wholly-owned subsidiary held 0.88% equity interest in Bohe Health. Therefore, the Group held 28.66% effective equity interest in Bohe Health.

12. The Group through its 51%-owned subsidiary held 98.12% equity interest in St Hubert SAS. Therefore, the Group held 50.04% effective equity interest in St Hubert SAS.

13. Shanghai Insight Investment Management Limited exclusively uses "Fosun RZ Capital" brand.

14. In March 2022, the Group acquired 50% equity interest in BFC. As at the end of the Reporting Period, the Group held 100% equity interest in BFC.

15. The Group held 59.08% equity interest in Nanjing Iron & Steel through Nanjing Nangang, a joint venture of the Group. Certain subsidiaries of the Group entered into an equity transfer agreement to disposal of 60% equity interest in Nanjing Nangang. As at the date of this report, the transaction has not been completed. For further details, please refer to the announcements of the Company dated 19 October 2022, 14 March 2023 and 2 April 2023.

16. The Group held 59.07% equity interest in Easun Technology through its wholly-owned subsidiaries and consolidated funds under its management. Therefore, the Group held 48.42% effective equity interest in Easun Technology. In addition, the non-consolidated entities in which the Group participated in the investment held 24.63% equity interest in Easun Technology.

17. The Group through its wholly-owned subsidiary and a consolidated fund under management of the Group held 16.30% and 2.12% equity interest, respectively, in JEVE. The Group held 22.14% effective equity interest in such fund. Therefore, the Group held 16.77% effective equity interest in JEVE. In addition, the non-consolidated entities in which the Group participated in the investment held 31.53% 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 2022	For the year ended 31 December 2021	Change over the same period of last year
Revenue	**48,001.3**	43,979.8	9.1%
Profit attributable to owners of the parent	**1,348.7**	2,029.0	(33.5%)

During the Reporting Period, the revenue of Health segment amounted to RMB48,001.3 million, representing a year-on-year increase of 9.1%. Profit attributable to owners of the parent of Health segment amounted to RMB1,348.7 million, representing a year-on-year decrease of 33.5%. The increase in revenue of the Health segment was mainly attributable to the product sales growth of Fosun Pharma. The decrease in profit of the Health segment during the Reporting Period was mainly attributable to price decrease of financial assets such as BNTX shares as compared with the end of 2021.

Fosun Pharma

As at the end of the Reporting Period, the Group held approximately 36.04% equity interest in Fosun Pharma.

During the Reporting Period, Fosun Pharma continued to promote the development and launch of innovative products and enhance global operation/commercialization capabilities. It further sorted its internal business and promoted the improvement of operational efficiency, and continued to optimize its digital technologies and means, focusing on building a digital business middle-end platform, management middle-end platform and data middle-end platform.

During the Reporting Period, Fosun Pharma realized a revenue of RMB43,811 million, representing a year-on-year increase of 12.73%. Net profit after deducting extraordinary gain or loss attributable to shareholders of the listed company amounted to RMB3,879 million, representing a year-on-year increase of 18.37%. Net cash flow from operating activities amounted to RMB4,218 million, representing a year-on-year increase of 7.1%. During the Reporting Period, the recorded extraordinary loss amounted to RMB142 million, representing a year-on-year decrease of RMB1,593 million, which was mainly due to the changes in fair value of financial assets, such as the BNTX shares, held by Fosun Pharma, among which, the net impact of fair value change and the share disposal of BNTX shares during the year amounting to a loss of approximately RMB1 billion. Due to the year-on-year decrease in extraordinary gain or loss, Fosun Pharma's net profit attributable to shareholders of the listed company amounted to RMB3,737 million during the Reporting Period, representing a year-on-year decrease of 20.98%. During the Reporting Period, Fosun Pharma continued to increase its R&D expenditures, which amounted to RMB5,885 million for the year, representing a year-on-year increase of 18.22%, among which the R&D expenses amounted to RMB4,302 million, representing a year-on-year increase of RMB465 million or 12.12%.

During the Reporting Period, the pharmaceutical manufacturing segment of Fosun Pharma generated revenue of RMB30,693 million, representing a year-on-year increase of 6.68%, of which: 1) new products and sub-new products maintained rapid growth, representing a year-on-year increase of over 20%; the revenue of new products and sub-new products accounted for more than 30% of the revenue of the pharmaceutical manufacturing segment, mainly due to the revenue contribution from newly launched products, Han Si Zhuang and Jie Bei An (Azvudine tablets), and the growth contribution of the sub-new products, Han Qu You (trastuzumab injection) and Su Ke Xin; 2) the year-on-year decrease of 6% in revenue of Gland Pharma (based on the financial statements of Gland Pharma in its reporting currency) was due to factors including the suspension of production for upgrading two insulin production lines, and the capacity of production and the capacity to undertake orders being affected by the supply shortage of injection packaging materials; 3) the sales volume of Comirnaty (mRNA COVID-19 vaccine) decreased year-on-year by 30%. Due to the increase in the proportion of revenue from new products and sub-new products and the optimization of product structure, the gross profit margin of the pharmaceutical manufacturing segment increased year-on-year, and the sales expense ratio decreased year-on-year, the segment results amounted to RMB3,795 million, representing a year-on-year increase of 28.04%. The segment profit amounted to RMB3,419 million, representing a year-on-year increase of 30% (excluding the gain or loss from the sales of BNTX shares held).

During the Reporting Period, the R&D expenditures in the pharmaceutical manufacturing segment of Fosun Pharma amounted to RMB5,097 million, representing a year-on-year increase of 13.62%. Total R&D expenditures in the pharmaceutical manufacturing segment accounted for 16.54% of the revenue from the pharmaceutical manufacturing segment. In particular, R&D expenses amounted to RMB3,552 million, accounting for 11.53% of the revenue from the pharmaceutical manufacturing segment.

As at 31 March 2023, a number of Fosun Pharma's innovative products/indications have been approved for launch: Han Si Zhuang (serplulimab injection), the first self developed biopharmaceutical innovative drug of Fosun Pharma, has been successively approved for three indications, i.e. microsatellite instability-high (MSI-H) solid tumors, squamous nonsmall cell lung cancer (sqNSCLC) and extensive-stage small cell lung cancer (ES-SCLC). Comirnaty BNT162b2 and Comirnaty Bivalent Vaccine have been officially registered in Hong Kong and approved as a regular imported vaccine in Macau, while the related dosage forms for children and infants have been granted emergency use authorization (EUA) for the government vaccination programs in Hong Kong and Macau, respectively. The innovative indication Rheumatoid Arthritis (RA) of Han Li Kang (rituximab injection) has been approved for launch and included in the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Drugs Catalogue (2022) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2022 年)》) (the "National Medical Insurance Drug Catalogue"). The Azvudine tablets jointly developed by Fosun Pharma and Genuine Biotech obtained the emergency conditional approval from the NMPA in July 2022 for use in treatment of adult patients suffering moderate COVID-19. Keverprazan Hydrochloride tablets (trade name: Bei Wen (倍穩)), the first potassium ion competitive acid blocker (P-CAB) independently developed in China, jointly developed by Fosun Pharma and Carephar, and exclusively commercialized by Fosun Pharma, was approved for launch in Chinese Mainland in February 2023 for the treatment of duodenal ulcer (DU) and reflux esophagitis (RE). Han Qu You (trastuzumab injection), independently developed by Fosun Pharma and licensed to Cipla, has been approved for launch in Australia, and its approved indications cover all approved indications of the branded drug in that country.

During the Reporting Period, six self-developed innovative drugs (indications), four license-in innovative drugs (indications) and 27 generic drugs (indications) of Fosun Pharma were approved for launch in Chinese Mainland/Hong Kong/U.S. seven innovative drugs (indications) and 30 generic drugs (indications) had applied for launch (NDA) in Chinese Mainland. 22 innovative drugs (indications) were approved for clinical trials (IND) in Chinese Mainland.

The Group implemented its internationalization strategy in multiple dimensions including innovative R&D, license-in projects, production and operation as well as commercialization. The Group had cultivated a global BD team for deployment in frontier areas through R&D cooperation and license-in projects, while drug clinical and registration teams in the U.S., Africa, Europe and India continued to strengthen overseas drug registration and application capabilities. The Group also accelerated the international quality system certification of domestic production lines, and deepened its international marketing capabilities so as to further expand the international market. During the Reporting Period, Fosun Pharma and Amgen's subsidiary entered into license agreements regarding the exclusive commercialization of its 2 innovative drugs, namely Otezla (apemilast tablets) and Parsabiv (etelcalcetide), in Chinese Mainland (excluding Hong Kong, Macau and Taiwan region, China). Fosun Pharma reached collaborations on a number of overseas innovative products such as the immune inhibitor Grafalon (anti-human T lymphocyte rabbit immunoglobulin injection) and a bifunctional HER2-sialidase fusion protein. Shanghai Henlius, a subsidiary, successively granted various product licenses to Organon, Eurofarma, Abbott, Getz Pharma and other companies, in order to cover incremental markets with the help of leading international partners. In addition, Gland Pharma, a subsidiary, proposed to acquire Cenexi, a European CDMO company, with a maximum total amount payable of up to EUR210 million, so as to strategically establish its CDMO business presence in the European market and build up local manufacturing capabilities in Europe.

During the Reporting Period, Fosun Pharma recorded revenue of RMB6,933 million from the medical devices and medical diagnosis segment, representing a year-on-year increase of 16.97%. Segment results amounted to RMB521 million after eliminating the effects from the transfer of the equity interest in Yaneng Biotech during 2021 and others, which increased by 11.87% on the same basis, and segment profit amounted to RMB771 million, which increased by 2.33% on the same basis. The growth in medical devices and medical diagnosis segment was mainly attributable to: 1) the strong business growth of Sisram Med in major markets, such as North America and Europe benefitted from launch of new products and expansion of channels; and 2) revenue contribution from newly launched products such as COVID-19 antigen test kits.

During the Reporting Period, the revenue from healthcare services segment amounted to RMB6,076 million, representing a year-on-year increase of 47.65%. Excluding the effect of the factors such as the newly acquired Guangzhou Xinshi Hospital during the Reporting Period, the segment revenue achieved an increase of 33.56% on the same basis. The revenue growth was mainly benefited from the growth of the online business and the revenue recovery of the hospitals. Due to the relatively large investment in the online business, the periodic decrease in diagnosis and treatment volume of hospitals and the initial loss of newly opened hospitals and other factors, segment results during the Reporting Period amounted to a loss of RMB622 million, representing a year-on-year decrease of RMB255 million. Segment loss amounted to RMB792 million, representing a year-on-year decrease of RMB359 million.

Shanghai Henlius

As at the end of the Reporting Period, the Group held 59.31% equity interest in Shanghai Henlius.

Shanghai Henlius has strong global product commercialization capability. In order to achieve continuous growth in sales scale of products, Shanghai Henlius has an experienced commercialization team covering five major segments, namely market promotion, channel management, pricing and market access, domestic sales and strategic planning. With a solid new drug pipeline and a rapid clinical advancement strategy, as of the end of the Reporting Period, five products (18 indications) under Shanghai Henlius were successfully launched in China, one of which was launched in countries/regions such as Europe and Australia. Independently developed by Shanghai Henlius, the novel PD-1 inhibitor Han Si Zhuang (serplulimab injectable) was approved by the National Medical Products Administration (NMPA) in March 2022. As at the end of the Reporting Period, the new drug application (NDA) for the fourth indication (esophageal squamous cell carcinoma (ESCC)) has been accepted in China (excluding Hong Kong, Macau and Taiwan region). The marketing authorization application (MAA) for Han Si Zhuang (serplulimab injectable) for the indication of extensive-stage small cell lung cancer in adult patients was approved by the European Medicines Agency. The biologic license application (BLA) for the Han Qu You was approved in the U.S. Meanwhile, Shanghai Henlius also established global cooperation with several internationally renowned partners for Han Li Kang (rituximab injection), Han Qu You, Han Da Yuan (adalimumab injection), Han Bei Tai (bevacizumab injection), HLX11 (recombinant anti-HER2 domain II humanized monoclonal antibody injection) and HLX14 (recombinant anti-RANKL human monoclonal antibody injection), obtaining remarkable achievements in internationalization for self-developed products. During the Reporting Period, core products continued to expand its sales, and Shanghai Henlius recorded an operating income of approximately RMB3,214.73 million#, representing a year-on-year increase of 91.1%. (#unaudited information)

As at the end of the Reporting Period, Shanghai Henlius with a total commercial production capacity of 48,000L has fully supported the commercialization needs of domestic and overseas approved marketing products. During the Reporting Period, the Songjiang First Plant, in which the drug substance west line and east line (with a total production capacity of 24,000L), drug product line and packaging line for the production of Han Qu You, has passed the drug GMP compliance inspection and it has a quality management system that meets the requirements of China's GMP regulations. In May 2022, Han Qu You for production site change, production process optimization and production scale expansion of drug product etc. was approved by the NMPA. The Songjiang First Plant was approved to commence commercial production of Han Qu You under the optimized new production process in Chinese Mainland. Besides, during the Reporting Period, the Songjiang First Plant has passed certification by Qualified Person (QP) from EU, indicating that the Songjiang First Plant and its supporting quality management system meet the requirements of EU's GMP regulations. As at the end of the Reporting Period, Shanghai Henlius' production capacity of 96,000L was under construction, and it is expected to reach a total production capacity of 144,000L in 2026, with an aim to gradually improve and enhance large-scale commercial production capacity based on a sound quality management system, so that it can expand capacity and improve economic cost-effectiveness while maintaining high quality standards.

Gland Pharma

Established in 1978, Gland Pharma is one of the largest and fastest growing generic injectables manufacturing companies in India. In 2003, its flagship sterile injection plant in Hyderabad, India, with multiple delivery formats and production capabilities, received its first approval from the U.S. Food and Drug Administration (FDA). Gland Pharma has a consistent compliance record and its manufacturing facilities have been approved by regulatory authorities of various countries around the world, including FDA (US), MHRA (UK), TGA (Australia), ANVISA (Brazil), AGES (Austria) and BGV (Germany).

Gland Pharma has a presence in the U.S., Canadian, European, Australian and Indian markets. In addition to these markets, Gland Pharma has also strategically increased its business presence in the "Rest of the World" ("**ROW**") markets to further strengthen its global position. During the Reporting Period, core markets which include the U.S., Europe, Canada, Australia and New Zealand have contributed 72% of the revenue. ROW markets and domestic market of India have contributed 18% and 10% of the revenue respectively. Gland Pharma is also building foundation to enter Chinese markets in collaboration with Fosun Pharma.

Gland Pharma's main products include: cardiac (Enoxaparin Sodium), hematological system (Heparin Sodium), anti-infective (Vancomycin, Caspofungin, Daptomycin, Micafungin), central nervous system (Dexmedetomidine, Rocuronium Bromide), and other injections.

Fosun Pharma acquired approximately 74% equity interest in Gland Pharma in October 2017. Fosun Pharma has business relationships in China and Africa and the acquisition provides Gland Pharma with access to these two core growth markets for injectables. In November 2020, Gland Pharma was successfully listed in India with the largest initial public offering (IPO) of INR64.795 billion in the Indian healthcare industry. As at the end of the Reporting Period, Fosun Pharma held 57.86% equity interest in Gland Pharma.

Over the years, Gland Pharma has grown up from a contract manufacturer of small volume liquid parenteral products to a reliable generic injectables manufacturing company in India with a global footprint across over 60 countries. Gland Pharma has a track record of supporting the requirements of global pharmaceutical companies for a wide range of injectables through B2B model. Its B2B model covers intellectual property led, technology transfer and contract manufacturing models. In addition, in the Indian market, Gland Pharma also adopts B2C model through which its products mainly targeted at end consumers such as hospitals, nursing homes and government agencies. The unique and significant advantages of Gland Pharma in the entire pharmaceutical value chain have helped it to achieve exponential growth. Gland Pharma is now exploring to foray into complex injectables and Biologic/Biosimilar CDMO (Contract Development Manufacture Organization) business after delivering excellence over the past four years in small molecule generics injectables.

With its eight production facilities in India, comprising four operational formulations facilities with a total of 28 production lines and four API facilities, Gland Pharma continues to strengthen its manufacturing capabilities. The formulation manufacturing facilities consist of two multiples sterile injectables facilities, one dedicated Penems facility and one oncology facility. During the Reporting Period, Gland Pharma adhered to the international R&D strategy, launched a number of approved generic drugs, and continued the strategy to introduce these products into the Chinese market. During the Reporting Period, Gland Pharma's revenue was INR39,425 million, representing a year-on-year decrease of 5.8%. This is primarily due to continued challenges in non-availability of APIs and primary packing materials which caused delay in production during the Reporting Period, apart from higher base of previous year due to COVID-19 related sales in last year. (Note: Based on Gland Pharma's financial statements in its presentation currency).

Gland Pharma through its subsidiary entered into a share purchase agreement to acquire 100% equity interest in Cenexi. Founded in 2004, Cenexi, along with its subsidiaries, is engaged primarily in the business of Contract Development & Manufacturing Operations (CDMO) of pharmaceutical products with large expertise in sterile liquid and lyophilized fill-finished drug, including capabilities on oncology and complex products. It has presence across four manufacturing sites in Europe which include three sites in France and one site in Belgium. Gland Pharma has a strategic focus on expanding its CDMO offerings in the European market and build a manufacturing presence in the market. The acquisition provides Gland Pharma access to niche technologies like needleless injectors, ophthalmic gels, and hormones, and will help expand Gland Pharma's global presence and further solidify its identity as an injectable focused CDMO company. The closing of the transaction is subject to, among others, customary closing conditions and receipt of the necessary regulatory approvals. As at 31 March 2023, the abovementioned translation has not been completed.

Going forward, Gland Pharma will continue to invest in R&D and production capabilities, strengthen vertical integration and expand API production capacity to reduce dependence on APIs purchased externally. Meanwhile, Gland Pharma will accelerate its growth through mergers and acquisitions, focusing on complex technology and product platforms (e.g. long-acting/suspension products), complex API raw material production technologies (e.g. fermentation technology), etc..

Sisram Med

Sisram Med, as a global group company developing its wellness business, is deeply rooted in the medical aesthetics industry for over two decades, specializing in the R&D and application of the technologies related to natural energy sources, providing customers with solutions for the treatment of medical aesthetics and related medical clinical indications.

Sisram Med continued to increase and expand the diversity of their products and treatments portfolio, covering a number of wellness businesses, such as hair removal, skin rejuvenation, acne and acne scars, body & face contouring, pigmentation & skin resurfacing, fat grafting, dermal facial fillers, skin tissue remodeling injectables, personal care and aesthetic dentistry.

As at the end of the Reporting Period, the Group held 71.03% equity interest in Sisram Med.

During the Reporting Period, Sisram Med achieved total revenue of USD354.5 million, representing an increase of 20.5% when compared to 2021. The overall increase was primarily attributable to the continuous expansion of existing distribution network alongside successful introduction of Alma Ted™, LMNT One™ and new B2C activity; revenue from medical aesthetics product line was USD306.9 million, representing a year-on-year increase of 18.7%; revenue from dental business line amounted to USD18.6 million, representing a year-on-year increase of 34.4%; revenue from injectable line amounted to USD9.2 million, representing a year-on-year increase of 43.9%; revenue from service and others amounted to USD19.8 million, representing a year-on-year increase of 27.4%; revenues from consumables amounted to USD6.2 million, representing a year-on-year increase of 22%.

During the Reporting Period, North America, APAC and Europe were Sisram Med's most important geographic segments by revenue contribution. Sisram Med has a wide distribution network across more than 90 countries/regions worldwide, including direct operation in ten direct offices. The revenue derived from North America increased by 28.2% to USD143.7 million in 2022 from USD112.0 million in 2021.

During the Reporting Period, Sisram Med's profit increased by 23.2% to USD40.1 million, the net cash flows from operating activities were USD22.0 million, and R&D cost was USD18.0 million.

For the energy-based aesthetics equipment business, Sisram Med insisted on iterative updates to achieve steady growth of the traditional flagship series and further expand the new series product lines. In March 2022, Sisram Med announced the launch of Alma TED™ for the U.S. market to further optimize its product portfolio. Alma TED™ is an ultrasound-based system that offers a non-invasive and non-traumatic therapy to address the growing hair loss concerns in the market. Alma TED™ was introduced in the Canada market in August 2022. In the same month, Sisram Med also announced the launch of Alma Hybrid in Canada. This is the first laser device to include an ablative 10,600 nm (CO2) laser and a non-ablative 1,570 nm laser for skin resurfacing that can be used independently, or as a tailored treatment solution by combining both wavelengths. This device is currently introduced in the Europe, US and Canada markets.

For the injectables business, in January 2022, Sisram Med agreed to contribute RMB2.6 million for the investment in Tianjin Xingsiyi Bio-technology Co., Ltd., which will be set up to engage in the R&D, technical services and supply of silk fibroin-sodium hyaluronate composite gel and facial implant thread-products. In 2022, Sisram Med entered sublicense-related agreements with Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. to obtain the exclusive right to import and commercialize Daxxify, a long-lasting botulinum toxin, in mainland China, Hong Kong and Macau. Revance Therapeutics, Inc. ("**Revance**"), the head licensor, has successfully obtained the BLA for the aesthetic indications of the Licensed Product from FDA (U.S. Food and Drug Administration) in September 2022.

For the home-use personal care business, in March 2022, Sisram Med launched LMNT, a new personal care brand, to tap into the home-use personal care market, which is designed to achieve skin rejuvenation through multiple dimensions such as giving an instant glow and promoting collagen production in the comfort of consumers' homes. LMNT uses a unique combination of channels to reach consumers roundly from multiple angles.

For the dental business, in March 2022, Sisram Med announced its investment of RMB35 million into Fuzhou Rick Brown Bio-technology Company Limited ("**Fuzhou Rick Brown**"). Fuzhou Rick Brown is an innovative bio-glass developer and manufacturer which adopts the digitally-aided aesthetic design, creates restoration products and unique non-invasive veneers.

During the Reporting Period, Sisram Med also expanded its channels. Sisram Med has established new direct offices in the United Kingdom in June 2022 and in Dubai in February 2023 to support the strong growth in demands for Sisram Med's products and services in the European continent and the United Arab Emirates. With the successful launch of the new direct business channels, Sisram Med expects to further enhance its direct sales globally.

Fosun Health

With "striving to become a health management technology group worthy of worldwide family trust" as its vision and "making families healthier and life better" as its mission, Fosun Health provides users with one-stop healthcare services based on medical-grade trust and closed-loop solutions throughout the treatment course, and gradually constructs a proactive health management model (FHMO) that integrates medicine and healthcare.

In the wake of the COVID-19 pandemic, online consultations and online drug purchases have become a new trend in medical care for residents. Fosun Health is committed to exploring an integrated online and offline service model to promote the digital transformation of medical services.

As at the end of the Reporting Period, Fosun Health obtained a total of ten internet hospital licenses. Some of its key member hospitals have launched the dual SaaS platform of digital cloud HIS and internet hospitals. Through digital infrastructure, Fosun Health integrated the online and offline, in-hospital and out-of-hospital scenarios to provide services such as medical centers and regional medical institution alliances, specialty care and insurance empowerment based on its specialized medical capabilities.

In terms of medical centers and regional medical institution alliance services, through continuous promotion of the integration of online and offline medical institutions, the expansion of primary medical services, the establishment of high-level medical disciplines and the facilitation of the integrated operation, Fosun Health cultivated regional healthcare model to form a regional healthcare services network surrounding key regions such as the Greater Bay Area and the Yangtze River Delta, and actively explored the international market expansion. During the Reporting Period, Fosun Health took self-operated flagship hospitals as the starting point to collaborate with regional medical institutions to integrate prevention, diagnosis, treatment and rehabilitation services, and to provide professional services including testing and diagnosis, in-patient treatment, follow-up consultation and drug purchase, whole-course management of specialized diseases and home rehabilitation guidance to meet the diversified medical needs of the users. Meanwhile, Fosun Health continued to improve the level of discipline and established key specialty committees. A number of hospitals controlled by Fosun Health have set up key specialties at a municipal level and provincial level in their regions, and projects in respect of certain disciplines have complete application for program under the National Natural Science Foundation of China. In addition, Fosun Health continued to strengthen its integrated operation, established a standardized system in respect of quality and safety, discipline construction, institutional management and healthcare services, and constantly improved the efficiency of asset management and quality control compliance. Costs have been significantly reduced through the centralized procurement of drugs and devices. As at the end of the Reporting Period, the hospitals controlled by Fosun Health had a total of 6,333 authorized beds.

In terms of specialized medical care, focusing on the field of key specialized diseases and the needs of patients, Fosun Health cultivated digital and intelligent capabilities for specialized disciplines, and established a system for doctor resources and a distinctive supply chain, thus gradually achieving management of disease throughout the treatment course. Fosun Health constructed a digital specialty center around key specialized diseases and efficiently integrated healthcare ecosystem resources. As at the end of the Reporting Period, Fosun Health has formed digital business cooperation with thousands of hospitals, and nearly 60,000 certified doctors in aggregate were registered on the platform for such cooperation. Breakthroughs in innovative models have been achieved in specialized disease areas including oncology and chronic kidney diseases, forming a closed loop connecting online and offline services both inside and outside the hospital. In addition, based on the development of the COVID-19 pandemic in China and the policy call, Fosun Health has established a COVID-19 prevention and treatment medical service platform and an appointment platform for Comirnaty Bivalent Vaccine to provide one-stop specialized medical services and increase brand awareness. At the same time, Fosun Health made steady progress in discipline development. By integrating the specialty resources of its hospitals and based on the empowerment by the digital platform, Fosun Health has established 12 major specialty alliances, including obstetrics and gynecology, cardiology, rehabilitation and orthopedics, to promote the horizontal connection between the specialties of member hospitals. Through the establishment of doctor groups, the team of leading experts in various specialties has been introduced to improve the level of discipline, and to empower internal and external discipline construction. During the Reporting Period, top specialists in urology and neurosurgery were introduced, and the doctor group model was put into operation in medical institutions controlled by Fosun Health.

Looking forward to 2023, leveraging its existing digital platform and medical resources, Fosun Health will continue to deepen its business deployment in the fields of medical centers and medical institution alliance services, specialized medical services and insurance empowerment, facilitate the integration of online and offline services, improve its specialized capabilities and life-cycle management system based on the course of disease, and accelerate the implementation of the proactive health management model (FHMO) that integrates medicine and healthcare. To this end, Fosun Health will continue to strengthen its core capabilities, including consolidating its system for doctor resources, improving its distinctive supply chain, enhancing its driving ability of scientific and technological innovation, improving its platform operation efficiency and ensuring proper operation of its quality control and compliance system.

Fosun Care (Shanghai Zhuli)

Fosun Care is a brand covering multi-level health and senior care services formed by the Group around the vision of "creating happier lives for families worldwide" and promoting innovation and service upgrading in the healthcare industry. Shanghai Zhuli, established in 2014, operates the brand "Fosun Care" and carries out its principal business through several investees, such as Shanghai Starcastle Senior Living Investment Management Co., Ltd. As at the end of the Reporting Period, the Group held 90.91% equity interest in Shanghai Zhuli. There are four major brands under Fosun Care, namely "Starcastle", "Xingjian", "Feng-Lin" and "Xingxiang", covering senior care, integrated medical care, rehabilitation and nursing, community health, nursing, digital and intelligent platforms.

Since its establishment in 2012, Fosun Care has maintained a refined operation mode of high standard, high quality and high efficiency as always. It has listed in the top 10 of the "Excellent Index•Excellent Performance in the Operation of Senior Care Institutions" authoritative ranking issued by Guardian Index Research Institute for two consecutive years, demonstrating the comprehensive strength of Fosun Care. As at the end of the Reporting Period, Fosun Care invested in and operated senior care and nursing institutions in Beijing, Shanghai, Ningbo, Suzhou, Tianjin and other cities, with a total of nearly 11,000 beds held. During the Reporting Period, revenue of Fosun Care amounted to RMB137.41 million, representing a year-on-year increase of 10.78%.

In terms of ecosystem synergy within the Group, Fosun Care worked closely with insurance companies. The innovative marketing and collaboration of the "large-sum annuity insurance + senior community residency rights" insurance product in cooperation with Pramerica Fosun Life Insurance helped boost large-sum insurance sales, forming synergy between the insurance and health and wellness industries. During the Reporting Period, Fosun Care cooperated with Pramerica Fosun Life Insurance to acquire more than 1,600 relevant insurance policies in total.

In the future, focusing on "medical care, wellness, healthcare and enjoyment (醫、養、康、享)" as its core businesses, regarding its own asset management and operation capabilities as the cornerstone, and leveraging its "FEB+3C[11]" refined operation system, Fosun Care will build a digital and intelligent 3C system for health and wellness communities, achieve a full-scenario digital platform. At the same time, Fosun Care will push forward the launch of industry funds, contrive the "1+1>2" ecological aggregation effect of "insurance + senior care", and aim at becoming the benchmark in China's senior care industry.

11 FEB refers to the acronym of FTE (lean management) + Eden (ideas) + Buddy (resident partners), which represents the soft power of Fosun Care's refined operation. 3C refers to the acronym for CareBox (full-cycle health management system), CareHome (smart home) and CareRobot (digital intelligent operation management terminal), which demonstrates the hard power of Fosun Care.

Happiness

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

Unit: RMB million

	For the year ended 31 December 2022	For the year ended 31 December 2021 (Restated)	Change over the same period of last year
Revenue	70,739.5	66,898.3	5.7%
Profit/(loss) attributable to owners of the parent	1,561.4	(599.3)	360.5%

During the Reporting Period, revenue of the Happiness segment amounted to RMB70,739.5 million, representing a year-on-year increase of 5.7%, which was mainly attributable to the strong revenue growth of FTG. During the Reporting Period, the profit attributable to owners of the parent was RMB1,561.4 million, representing an increase of 360.5% from the loss attributable to owners of the parent of RMB599.3 million for the same period in 2021, mainly due to the continuing recovery of FTG's overseas business.

Yuyuan

As at the end of the Reporting Period, the Group held approximately 61.79% equity interest in Yuyuan.

The businesses of Yuyuan mainly compose of jewelry and fashion, cultural business, cultural catering, food and beverage, beauty and health, Chinese fashion watches, cultural creativity, complex real estate, commercial management, etc.. With the support of the global platform and resource empowerment system of the Group, Yuyuan has its strategic vision targeted at family customers while continuously following the "1+1+1" development strategy of "family happiness consumption industry + urban industry landmarks + online and offline membership and service platforms".

During the Reporting Period, Yuyuan's revenue for the year amounted to RMB50.12 billion, representing a year-on-year decrease of 3.6%, of which the sales revenue from the consumption industry increased against the trend, reaching RMB38.63 billion, representing a year-on-year increase of 16.7%. Since the strategic transformation in 2018, the income structure of Yuyuan has been continuously optimized, and the proportion of consumption industry income has risen to 77.1% during the Reporting Period.

While rapidly developing in the consumption industry, Yuyuan has also continuously improved the level of corporate ESG governance. In June 2022, MSCI announced the latest ESG rating results of Yuyuan, the MSCI ESG rating of Yuyuan has been upgraded from BB to BBB, which is MSCI's recognition of its ESG management performance, as well as an affirmation of its long-term investment value.

During the Reporting Period, the main business performance of Yuyuan is as follows:

– Yuyuan's jewellery and fashion business achieved revenue of RMB33.07 billion, representing a year-on-year increase of 20.5%. The jewellery and fashion network expanded significantly against the trend, with a net increase of 611 stores to 4,592 stores. At the same time, the product structure was further optimized. The sales of "Guyun Gold" (古韻金), the high-margin series products produced using ancient craftsmanship, reached RMB5.0 billion. Products including the newly launched "Youque" (有鵲) and "Xiao Xiang Hulu" (小象呼祿) IP series of Laomiao (老廟) also became best-sellers with sales exceeding RMB100 million.

– In terms of its catering business, Yuyuan gave full play to the resource advantages of Chinese time-honored brand. The chain development strategy of Songhelou Suzhou-style noodle shops was further implemented. In 2018, Yuyuan acquired the time-honored brand "Songhelou" (松鶴樓). In 2019, Yuyuan successfully built a single-store model of Songhelou Suzhou-style noodle shop. In 2020, its piloted chain development of the noodle shop. As at the end of the Reporting Period, 167 Songhelou noodle shops were located in China, a substantial increase of more than 80 shops as compared with that of the end of 2021.

– In terms of real estate with composite functions, Yuyuan was selected and won the rights to a plot of Fuyou Road, together with the existing Yuyuan Tourist Mart, the Bund Finance Center and the to-be-commenced Yuyuan Phase II project construction, etc., forming the "Grand Yuyuan". Yuyuan plans to build it into a global fashion culture zone showcasing the charm of oriental lifestyle aesthetics, as well as a new landmark in Shanghai.

Shede Spirits

In January 2021, Yuyuan acquired 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd. (四川沱牌舍得集團有限公司) ("**Shede Group**"), the controlling shareholder of Shede Spirits, by way of participating in a judicial auction and execution of a judicial ruling, pursuant to which Yuyuan indirectly held Shede Spirits. As at the end of the Reporting Period, Yuyuan held 30.22% equity interest in Shede Spirits through Shede Group.

Since the Group's investment in Shede Spirits, the strategic planning and ecological construction of Shede Spirits have been continuously empowered. Shede Spirits continued to implement the classic liquor strategy, and the quality of classic liquor was further recognized. The quality of distributors has further improved. As at the end of the Reporting Period, Shede Spirits had a total of 2,158 distributors. With increasing number of loyal consumers, Shede Spirits has continued to expand new channels, and the whole channel sales capacity continued to improve. Shede Spirits has continued to strengthen its brand building, and its brand influence continued to be enhanced.

During the Reporting Period, Shede Spirits adhered to the overall marketing strategy of "maintaining stable prices, controlling inventories and promoting sales". Through the implementation of consumer experience projects such as old taverns, classic liquor banquets and Tuopai premium liquor-tasting for free, the company recorded steady growth in traditional markets, while the sales in emerging markets such as Chongqing and southern China grew rapidly. Under the leadership of the management and the efforts of the operation teams, Shede Spirits managed to achieve excellent results in both production and operation. During the Reporting Period, Shede Spirits recorded revenue of RMB6,055.53 million, representing a year-on-year increase of 21.86%, and net profit attributable to shareholders of the listed company recorded RMB1,685.44 million, representing a year-on-year increase of 35.31%. In particular, the revenue of liquor and spirits reached RMB5,656.46 million, representing a year-on-year increase of 23.58%. In terms of liquor and spirits category, the revenue of mid-end and high-end liquor and spirits products amounted to RMB4,876.76 million, representing a year-on-year increase of 25.88%.

Looking forward to 2023, with the offline consumption scenarios fully recovered, and private banquet consumption boomed, the full implementation of various national fiscal stimulus will robust the demand for high-end liquor and spirits on business and social occasions. The liquor and spirits market will demonstrate a noticeable trend of "high-end, vintage, centralized, unpackaged and rejuvenated". Shede Spirits will continue to enhance its brand building, optimize the organization management system, focus on strategic products and key cities, vigorously explore quality distributors, strengthen market infrastructure, enhance consumer cultivation, and establish itself as a top brand in classic liquor. Shede Spirits will adhere to implement the intelligent upgrading of production system, continue to improve the ecological industry chain, actively expand production capacity, strengthen the classic liquor reserve and enhance the quality of classic liquor.

FTG

As at the end of the Reporting Period, the Group held approximately 78.02% equity interest in FTG.

Throughout FTG's mission, "Vacation brings a better life", the company seeks to lead the leisure lifestyle and create a world's leading leisure tourism ecosystem for families. FTG's primary business includes: (i) resorts and hotels, including Club Med, Club Med Joyview, etc; (ii) tourism destinations, including Atlantis Sanya, Taicang Foliday Town, Lijiang Foliday Town, and Albion; and (iii) services and solutions in various tourism and leisure settings. FTG's revenue increased by 48.8%, from RMB9,261.5 million for the year ended 31 December 2021 to RMB13,777.7 million for the year ended 31 December 2022. Loss attributable to equity holders was RMB544.9 million for the year ended 31 December 2022, compared with loss attributable to equity holders of RMB2,718.6 million (restated) for the year ended 31 December 2021. As of 31 December 2022, FTG had cash and bank balances of approximately RMB3.0 billion.

Club Med, headquartered in France and founded in 1950, is a world-renowned family centric all-inclusive leisure and vacation service provider. As at the end of 2022, FTG had sales and marketing operations in more than 40 countries and regions across six continents and operated 66 resorts.

In 2022, the business volume[12] of Club Med amounted to RMB12,011.4 million, representing an increase of 108.4% compared to that of 2021, and recovered to 99.1% of that of 2019. In 2022, the capacity of Club Med increased by 62.3% as compared to that of 2021 and recovered to 91.9% of that of the same period of 2019. In 2022, the global average occupancy rate by bed of Club Med reached about 60.9%, increasing by 5.6 percentage points compared to 2021 and showed a decrease of 3.5 percentage points compared with the same period of 2019; while the average daily bed rate[13] was RMB1,468.2, at constant exchange rate, representing an increase of about 15.0% and 20.4% as compared with the same period of 2021 and 2019. The adjusted EBITDA of Club Med increased to RMB2,187.6 million for 2022, compared to adjusted EBITDA of negative RMB136.0 million for 2021 (restated).

From the beginning of 2023 to the end of 2025, FTG plans to open 17 new resorts or spaces. By 2025, together with new opening and renovation, partially offset by closure of obsolete resorts, the company anticipates an increase of annual capacity of 20.0% or more compared to that of 2022. During 2022, the company opened Changbaishan resort in January, Marbella resort in May, Thousand Islands Lake resort in June, Yanqing Lijing Club Med Joyview (Phrase II) in July, and New Tignes, Val d'Isère EC and Kiroro Peak (Phrase I) in December.

Atlantis Sanya is located on the Haitang Bay National Coast of Sanya in Hainan Province, China, and it was officially opened in April 2018. During the Reporting Period, the Business Volume of its operating business decreased to RMB877.2 million in 2022, decreased by 39.7% compared with that of 2021. Of which, room revenue and other operating revenue decreased by 39.4% and 40.1%, respectively compared with that of 2021. The average daily rate by room increased by 0.9% compared with that of 2021, and the average occupancy rate was 43.0%, down by 28.5 percentage points.

In 2022, Atlantis Sanya's business showed strong resilience when the pandemic was under control despite the impact of domestic pandemic. Benefiting from its outstanding product competitiveness and the release of suppressed demand for leisure vacations, the operation of Atlantis Sanya maintained a dynamic growth momentum and recorded a business volume of RMB362.1 million and RMB215.1 million respectively during the two-month period ended 28 February 2022 and within July 2022.

12 It refers to the aggregate sales of FTG's resort service, tourism destination operation and other tourism-related services and solutions, regardless of whether the resort is owned, leased or managed.

13 The business volume divided by the total number of beds sold.

FTG also has its self-developed brand "FOLIDAY Town" (復遊城), where it opened its tourism destination businesses in Lijiang city, Yunnan Province and Taicang city, Jiangsu Province. Lijiang FOLIDAY Town covers land parcels of approximately 695,000 square meters in Baisha town in Lijiang city. In the second half of 2021, Club Med Lijiang resort, Albion Holiday Apartment of Lijiang FOLIDAY Town, and lake camp have been put into operation. In 2022, the operation of Lijiang Foliday Town had achieved business volume of RMB88.9 million.

Taicang FOLIDAY Town covers land parcels of approximately 483,000 square meters in Taicang city, Jiangsu Province in East China. Among which the capping of the main structure of the indoor ski domain of "Alps Snow Live" (阿爾卑斯雪世界) completed in January 2022, and the installation of snow-making equipment was completed in June 2022. The themed commercial street "Alps Time" and Club Med Joyview Taicang resort have entered the full construction phase in June 2021. The Alps Snow Live, Club Med Joyview Taicang resort, and Alps Time Phase I will commence their businesses in the second half of 2023.

FTG operates its online travel agency service for quality vacations and leisure between China and the UK by Thomas Cook. In 2022, the number of monthly active application users of "Thomas Cook Lifestyle Platform" ("**TC China**") was 558,000, and the number of paying users reached 75,000. TC China achieved a business volume of approximately RMB325.3 million, representing a year-on-year decrease of 9.1% as compared with that of 2021, which was mainly due to the impact of the pandemic in China. Travel restrictions were removed across Europe in 2022, the business of Thomas Cook UK has seen significant growth with its business volume rising 236.5%, compared to 2021, to RMB1,199.8 million.

Lanvin Group

Lanvin Group (formerly known as Fosun Fashion Group), a global luxury fashion group, was found in 2018. From 2018 to 2021, Lanvin Group acquired controlling equity interests in Lanvin, one of the oldest operating French couture houses, established in 1889; Austrian luxury skinwear specialist Wolford; Italian luxury shoemaker Sergio Rossi; iconic American womenswear brand St. John; and high-end Italian menswear maker Caruso. These five classic brands have over 390 years of combined history. Lanvin Group's brands are known worldwide and the Group has a far-reaching global presence in more than 80 countries with nearly 1,200 points of sales, nearly 300 retail stores and approximately 3,500 employees.

The brand portfolio of Lanvin Group produces a wide range of luxury product categories and distributes through a combination of DTC (Direct-to-Consumer) and wholesale channels across various regions. These aspects not only provide Lanvin Group with significant growth opportunities, but also ensures its stability and resilience throughout market cycles. The brands of Lanvin Group have six professional production facilities in Europe and North America covering the manufacture of footwear, skinwear, knitwear, menswear and fashion jewelry, which is the basis for its brands to maintain their unparalleled product know-how and continuous innovation and research and development capabilities.

Since 2019, Lanvin Group has built a platform based on strong strategic alliances with industry-leading enterprises. These strategic alliances are comprised of multibillion-dollar companies with complementary skillsets and expertise along the luxury fashion value chain spectrum. These companies are committed to cooperating with Lanvin Group in key sectors such as product development, market expansion, brand marketing and e-commerce, empowering the brands and promoting sustainable growth. These strategic partners have become shareholders of Lanvin Group through prior capital rounds and/or through participation in private investments in public equity. This strategic platform will continue to play an integral role in Lanvin Group's global expansion.

In October 2021, Lanvin Group officially changed its name from Fosun Fashion Group to Lanvin Group, and unveiled its new brand identity. This new brand image not only showed Lanvin Group's insistence on maintaining its classic heritage, but also fully demonstrated the Lanvin Group's clear vision to build a global portfolio of iconic luxury fashion brands.

In December 2022, Lanvin Group became listed on NYSE under the ticker of "LANV", which marked an important milestone of Lanvin Group's development and a key step in its strategy of building a symbolic portfolio of luxury fashion brands. The proceeds raised from the listing transaction will be used to accelerate the organic growth of Lanvin Group's brand platform and to fund strategic acquisitions that enrich its luxury fashion portfolio.

The brands of Lanvin Group have undergone successful transformations over the past few years, which has also enabled Lanvin Group to gradually establish a leading position. Lanvin Group is dedicated to continuous model innovation, increasing digital capabilities, omni-channel activation, new market development, localized marketing, and the utilization of the Group's unique advantages and high-quality resources in the Asia-Pacific market. Lanvin Group is committed to helping brands optimize product structure and explore new categories with great growth potential, such as leather goods and accessories.

During the Reporting Period, Lanvin Group achieved a revenue of EUR425 million[#], a year-on-year increase of 38%. During the Reporting Period, all brands under Lanvin Group achieved growth, among which the flagship brand Lanvin grew by 67%. ([#]Unaudited information)

Benefiting from the success of its global development strategy, Lanvin Group achieved strong growth of 44% in EMEA and 36% in North America during the Reporting Period. In Greater China, despite the large-scale impact of the pandemic, Lanvin Group still achieved an increase of 13% compared with 2021. In particular, the flagship brand Lanvin achieved significant growth of 111% and 79% in EMEA and North America, respectively.

Lanvin Group's wholesale channel achieved substantial growth of 42% during the Reporting Period. Notably, the flagship brand Lanvin grew by 145%, confirming the increasing recognition and demand of the brand among global wholesale customers and fashion buyers. The DTC channels comprised of retail, e-commerce and outlet, also achieved strong growth of 35% driven by improved sales in existing stores and the successful implementation of the global digital strategy at the Group and brand levels, including the North America shared digital platform in cooperation with Shopify which was successfully established in the second half of 2022.

Lanvin Group expects to continue its growth momentum in 2023. While it is aware of the macroeconomic challenges of the current global marketplace, Lanvin Group continues to drive forward to achieve healthy growth and take advantage of the recovery in the Asia-Pacific region. At the same time, Lanvin Group will continue to take proactive measures to improve profitability, focusing on enhancing the attractiveness of its brands through product category expansion (especially accessories), brand building and marketing. Additionally, Lanvin Group continues to pursue high-quality investment opportunities, prudently strengthen its existing brand matrix and ecosystem, and will make full use of the expertise and resources of its strategic alliance platform to further penetrate the world's fastest-growing fashion luxury market as well as support the long-term development of its business on a global scale.

Wealth

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

INSURANCE

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

Unit: RMB million

	For the year ended 31 December 2022	For the year ended 31 December 2021	Change over the same period of last year
Revenue	**32,427.8**	32,149.3	0.9%
(Loss)/profit attributable to owners of the parent	**(1,599.0)**	1,461.3	(209.4%)

During the Reporting Period, the loss attributable to shareholders of the parent company in the insurance sector was RMB1,599.0 million, a decrease of 209.4% compared to the profit attributable to shareholders of the parent company of RMB1,461.3 million from the same period of 2021. The fluctuations in the capital market caused declines in the prices of investment assets held by insurance companies and the Group. In addition, losses from natural disasters also affected the profits of Peak Reinsurance. However, the aggregate net profit attributable to shareholders of the parent company of core insurance companies remained profitable during the Reporting Period.

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

In 2014, the Group acquired controlling stakes in Fidelidade, Multicare and Fidelidade Assistência. As at the end of the Reporting Period, the Group owns 84.9892% equity interest in Fidelidade. As a leading participant in the Portuguese insurance market, the platform facilitates business development of the Group in European, African, Asian and Latin American countries.

Fosun Insurance Portugal[14] is a global insurance operator with a product offering which includes all key lines of business and benefits 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. Its international business includes 11 countries, with products distributed in Europe, Asia, Africa and the Americas.

During the Reporting Period, Fosun Insurance Portugal presented a stable commercial performance. Benefiting from the substantial growth in international business, total GWP (gross written premiums) grew 4.2% to EUR5,118.1 million, while Portuguese operations (-7.8%) declined. The Portuguese Non-Life business delivered a solid performance (+8.7%), while the Portuguese Life business registered a reduction (-19.6%). Overall, Fidelidade outperformed its local competitors in the Portuguese market, raising its total market share to 29.6%, a 0.5 percentage points increase compared to the previous year.

The Portuguese Non-Life business expansion reflects solid performances on new business as well as renewals. The Portuguese Life business top line reduction was mainly caused by a decline of the Life Financial GWP, a consequence of the financial market volatility during the Reporting Period. However, the long-term strategy of reshaping life business towards non-guaranteed products continued making successful inroads. The market share in unit-linked products increased 8.3 percentage points to 35.3%.

14 Fosun Insurance Portugal and Peak Reinsurance are managed by Fosun Financial Holdings Limited ("**Fosun Financial Holdings**"), which is headquartered in Hong Kong and, in addition to the two insurers, also controls a number of important financial platforms including Fosun Wealth. As an important part of Fosun's global financial segment, Fosun Financial Holdings will continue to strengthen its investment and management of domestic and overseas financial businesses. The Group will build Fosun Financial Holdings into a leading global financial holding enterprise. In this process, Fosun Financial Holdings will pay more attention to the global financial market trend, adhering to the business philosophy of "Stability, Integrity, and Innovation", and is committed to improving corporate value and creating more value for investors.

During the Reporting Period, overseas GWP grew 49.6% to EUR1,540.2 million and accounted for 30.1% of total Fidelidade's premiums. Main drivers behind this increase were the robust organic expansion in the markets where Fosun Insurance Portugal already established, and the consolidation of Seguradora Internacional de Moçambique in Mozambique and The Prosperity Company in Liechtenstein. Excluding these two companies, the international business would have grown 22.2%.

Despite an overall complex macroeconomic context, net income reached EUR220.5 million during the Reporting Period, 18.4% lower than that in 2021. The result remained resilient. The insurance business underwriting result was EUR125.5 million during the Reporting Period, a growth rate of 6.6% over 2021. The investment result was EUR158.1 million, a 52.2% reduction compared to the previous year. Global macroeconomic uncertainties negatively impacted asset performance in the financial markets. However, Fosun Insurance Portugal's investment policy guidelines together with its Risk Appetite Framework have been instrumental in managing this turbulence and taking the opportunity to improve credit quality of the portfolio and capture some yield pick-up.

In November 2022, Fitch Ratings affirmed Fidelidade Insurer Financial Strength Rating at "A" and Long-Term Issuer Default Rating at "A-". Fitch's assessment highlighted Fidelidade's strong company profile and robust capitalization and leverage.

During the Reporting Period, Fosun Insurance Portugal concluded two strategic transactions involving its subsidiaries.

First, it successfully closed the tender offer for 42.9% equity interest in its Peruvian subsidiary La Positiva. With the completion of the tender offer, Fosun Insurance Portugal's equity interest in the Peruvian insurer increases to 93.9%. La Positiva has demonstrated a strong competitive position in local market and delivered a consistent performance over the last years. The acquisition of the additional stake will allow the Group to explore a wider array of opportunities to further optimize the business of La Positiva.

Second, Fidelidade bought back 49% equity interest in Luz Saúde five years after having sold that stake to the Company. The sale of these shares had been part of the then capital optimization effort and international expansion deployment. After this transaction, Fidelidade holds 99.86% equity interest in Luz Saúde. The acquisition highlights the relevance of the recurrent synergies within the Group, especially those related to the health and workers' protection insurance businesses.

During the Reporting Period, Fosun Insurance Portugal received several awards, which highlighted their significant brand strength and competitive position. They include "Escolha do Consumidor" (most reputable insurer and health insurer), "Escolha dos Profissionais" (insurance brand), "Superbrands" (top-of-mind insurance and health insurance brands in Portugal), "Escolha de Excellentia" (best brand) and "Trusted Brands" (most reputable insurer and health insurer).

During the Reporting Period, based on a holistic approach, Fosun Insurance Portugal fine-tuned its strategic ESG vision: prepare the future, contribute for society resilience and positively impact all stakeholders of the company.

This vision is anchored in three main objectives: to have a relevant role in the social dimension, with a significant impact on society; to play proactive part in the ecological transition; and to be responsible and exemplary economic agent.

The vision and objectives enable Fosun Insurance Portugal to integrate the top-level ESG priorities into its activities, thus guiding its ESG efforts and securing the appropriate support to company's activities. For example, they facilitate further development of initiatives such as Fidelidade Comunidade (promoting sustainability) and WeCare (support and care for people throughout their lives). In addition, the vision and objectives provide a governance framework that promotes the launching of new socially responsible products and programs such as PPR 40+ ESG (savings plans with good environmental practices) or Vitality Plan (rewarding clients' healthy habits).

Going forward, Fosun Insurance Portugal will continue strengthening its leadership in the Portuguese market through the execution of a commercial strategy based on a value proposition that combines a strong product lineup, innovation efforts centered in the use of technology and automation, and client-oriented distribution channels. In addition, Fosun Insurance Portugal will further consolidate its position as a key retirement and savings market player, reshaping the life business while improving capital efficiency.

On the international business front, Fosun Insurance Portugal will continue seeking opportunities overseas to lever existing operations and share best practices across geographies, while benefiting from external markets' contribution to diversification and growth.

Peak Reinsurance

Peak Reinsurance is a Hong Kong-based global reinsurer jointly 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 at the end of the Reporting Period, the Group held 86.71% equity interest in Peak Reinsurance through Peak Reinsurance Holdings.

Authorized by the Insurance Authority of Hong Kong under the Insurance Ordinance (Cap. 41), Peak Reinsurance is committed to meeting the reinsurance needs in Asia and other areas around the globe, providing reinsurance services and supporting the development needs of communities and emerging middle class. Peak Reinsurance has now grown into a global reinsurer that offers a wide range of products and services encompassing both property & casualty (P&C) and life & health (L&H) reinsurance. As the same time, Peak Reinsurance strives to provide clients around the globe with innovative and tailored reinsurance, risk management and capital management solutions.

During the Reporting Period, the global reinsurance market was hit by multiple heavy losses from natural catastrophes. Furthermore, monetary tightened policy by major global central banks to combat rising inflation resulted in large asset price fluctuations and tangible unrealized investment losses. On the other hand, the gradual lifting of pandemic restrictions led to further normalization of business conditions and demand for insurance. Against this backdrop, Peak Reinsurance remains steadfast in supporting societies, businesses and individuals. During the Reporting Period, Peak Reinsurance has provided services to close to 600 insurance clients and its business network has spread across more than 58 markets worldwide. Its diverse team is composed of around 150 professionals, bringing unique expertise and insights into risk management and making a positive impact on the global insurance industry. In the latest available global ranking of reinsurers issued by S&P Global Ratings, Peak Reinsurance ranked the 27th in terms of net premiums written, unchanged from the previous year. In the latest global ranking of reinsurers issued by AM Best, Peak Reinsurance ranked the 30th in terms of unaffiliated gross premium written in 2021, also unchanged from the previous year.

As at the end of the Reporting Period, Peak Reinsurance reported the gross written premium (GWP) of USD2,294.5 million (FY2021: USD2,144.7 million) and net loss of USD79.8 million. Demand for reinsurance covers remained strong during the Reporting Period due in part to rising catastrophe losses, including the devastating Hurricane Ian that hit the U.S. Florida in late September 2022. These same losses have kept a lid on the supply of available reinsurance capacity, a condition further exacerbated by tightening monetary conditions over the last year. Furthermore, the increasing frequency and severity of so-called "secondary perils" also contributed to higher claims from natural disasters.

Meanwhile, stringent risk management and prudent investment has helped Peak Reinsurance to weather the volatile financial market during the Reporting Period in a relatively good shape. The sharp rise in global interest rates throughout the year has inevitably resulted in unrealized losses in the fixed-income portfolio. Yet, higher interest rates are expected to benefit investment yields going forward. At the end of the Reporting Period, Peak Reinsurance recorded investable and net assets at USD2.95 billion and USD1.2 billion, respectively. As at the end of the Reporting Period, Peak Reinsurance maintained A – rated by AM Best, reflecting its balance sheet strength, increasingly diversified product portfolio and geographic mix, and solid capitalization relative to risk underwritten.

In June 2022, Peak Reinsurance launched its inaugural catastrophe bond ("**cat bond**") in Hong Kong, which was, at the time, the territory's second cat bond, the biggest ever in size and the first Rule 144A issuance, through a special purpose insurer, Black Kite Re Limited. The insurance was met with strong market interest and raised USD150 million, doubling the initial announced transaction size. The issuance helps Peak Reinsurance secure multi-year risk protection against typhoon risk in Japan, which constitutes one of the company's largest probable maximum loss (PML) scenarios. It also demonstrates Peak Reinsurance's strong capability to bring financial innovations to the market, structure complex transactions efficiently, and deliver novel solutions to tackle risk and capital market challenges.

With its outstanding performance, Peak Reinsurance won the "Asian Reinsurance of the Year Award" at the Insurance Asia Awards (IAA) organized by the Asia Insurance Group for the seventh consecutive year. In addition, Peak Reinsurance also won three categories of Insurance Asia News Awards for Excellence's "Property and Casualty Reinsurer of the Year Award", "Reinsurance Transaction of the Year", and "CFO of the Year" as well as Insurance Business Asia's Top Insurance Employers 2022.

Peak Reinsurance is driving the modernization of reinsurance to support emerging middle-class communities by meeting reinsurance needs in Asia and beyond. During the Reporting Period, Peak Reinsurance published its inaugural survey on the emerging Asian middle-class to provide insurers a better understanding of the preference and attitudes of middle-class Asians. In November 2022, Peak Reinsurance relocated to the WKCDA Tower in the West Kowloon Cultural District of Hong Kong, providing its infrastructure and space for its next phase of development.

As Peak Reinsurance completed its first ten years of operation, it is looking forward to the next decade with the same dedication and commitment to building resilience in societies and helping close protection gaps.

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.

Based on the business philosophy of both shareholders, with "Guardian of your uniquely defined future" as its mission, Pramerica Fosun Life Insurance adheres to the principle of "Long-term Value Operation", thus forming a four-pronged path of "Focusing on the Agent Team Building, Focusing on the Regular-Premium Business, Focusing on the Technology and Focusing on Ecosystem".

Pramerica Fosun Life Insurance offers life insurance, accident insurance, and reinsurance business of the abovementioned businesses.

During the Reporting Period, Pramerica Fosun Life Insurance recorded premium income of RMB2,449.2 million, representing a year-on-year decrease of 24.16%, mainly due to the active reduction of its single-premium bancassurance business by the company. Net loss amounted to RMB693 million, representing a further loss of RMB576 million year-on-year, mainly due to the lower-than-expected investment income of the company as a result of the fluctuation in the capital market during the Reporting Period; the total investment yield was 2.76% and the comprehensive investment yield was 3.00%.

During the Reporting Period, Pramerica Fosun Life Insurance has insisted on building a team of professional life insurance agents. The team's productivity was in the forefront of the industry. Team retention rate increased by 11 percentage points compared with 2021. The prototype of an elite agent team with high productivity, high income and high retention has been established. At the same time, Pramerica Fosun Life Insurance actively links the Group's internal and external high-quality and scarce resources, deepens strategic cooperation with Group's healthcare sector, and vigorously promotes the senior community business with high average premiums. During the Reporting Period, Pramerica Fosun Life Insurance accumulated 1,620 orders for senior community, representing a year-on-year increase of 239.62%; and received total initial regular premium of RMB459.5 million, representing a year-on-year increase of 113.33%.

In 2023, Pramerica Fosun Life Insurance will continue to adhere to the business philosophy of long-term value increase, thoroughly implement the strategic path of "Focusing on the Agent Team Building, Focusing on Regular-premium Business, Focusing on the Technology, and Focusing on Ecosystem", and promote the development of long-term high-value business. In terms of team building, Pramerica Fosun Life Insurance will stick to high standards of talent selection and strict assessment standards, while enhancing the team's morale on striving for best performance. By enhancing newcomers' abilities for promotion and recruiting more junior salesperson, Pramerica Fosun Life Insurance will improve the "Golden Sales Units" team structure and facilitate the high-quality transformation of the agent team. In terms of business development, Pramerica Fosun Life Insurance will adopt a development policy focusing on both business value and business scale, further reduce the scale of the low-value single-premium dividend business, and vigorously promote the growth of regular-premium business. In terms of institutional operation, Pramerica Fosun Life Insurance will strengthen its review on the operation of departments at different levels, actively implement structural integration and resource optimization, and promote high quality development under the guidance of cost reduction and efficiency enhancement.

Fosun United Health Insurance

Established in January 2017, Fosun United Health Insurance is the sixth professional health insurance company in China jointly sponsored by the Group and 5 other companies. Its business areas cover Beijing, Shanghai, Jiangsu, Guangdong, Sichuan and Chongqing. As at the end of the Reporting Period, the Group held 20% equity interest in Fosun United Health Insurance.

Fosun United Health Insurance always focuses on the track of health insurance, and has developed special heath protection products catering to the healthcare needs of Chinese families and enterprises. Since its establishment, Fosun United Health Insurance has provided more than 160 special insurance products and health management services to Chinese families and corporate customers, including 18 products with new sales volume of more than RMB10 million during the Reporting Period, thus constructed a relatively comprehensive health insurance product and service system.

Fosun United Health Insurance pursues the exploration of a distinctive, professional and ecological business model for health insurance, and is committed to building an O2O comprehensive managed health service platform which integrates online and offline ecosystems. During the Reporting Period, facing the impacts such as the spread of the COVID-19 pandemic and the slowdown in the growth of the domestic life insurance market, Fosun United Health Insurance made good use of its ecosystem, customer operation, innovation impetus, technological innovation and digital intelligence, and managed to achieve growth in the insurance business: specifically, it recorded revenue of RMB3,879 million, representing a year-on-year increase of 4%. The number of newly registered members of the official client application "Kang You Wei (康有唯)" exceeded 326,000, with the number of new insurance customers exceeding 295,000, serving over 6.65 million customers in aggregate.

In 2023, regarding "protecting the healthy life of hundreds of millions of Chinese families" as its mission, Fosun United Health Insurance will develop a membership operation system centering on family customers, treat senior care, rehabilitation, and maternal and child businesses as top priority, and explore the creation of an "insurance + service" model that integrates medical care and disease prevention by offering insurance coverage for illnesses and good medical care, thereby establishing a comparative advantage in the segmented market competition. Insisting on accelerating development, enhancing value and making breakthroughs through transformation, Fosun United Health Insurance aims at rapid growth in insurance revenue, further optimization of business structure and steady improvement in profitability, so as to create greater value for shareholders and customers.

ASSET MANAGEMENT

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

Unit: RMB million

	For the year ended 31 December 2022	For the year ended 31 December 2021	Change over the same period of last year
Revenue	**15,294.6**	11,550.1	32.4%
(Loss)/profit attributable to owners of the parent	**(1,910.8)**	3,698.8	(151.7%)

During the Reporting Period, the revenue of the Asset Management segment increased by 32.4% year-on-year, which was mainly due to the revenue increase of Asset Management (Property) business. The loss attributable to owners of the parent of RMB1,910.8 million represents a 151.7% year-on-year decrease from the profit attributable to owners of the parent of RMB3,698.8 million for the same period in 2021 was mainly attributable to the rising interest rates and tighter liquidity had led to an increasing volatility in the capital markets, resulting in a significant market price declines in the financial assets held by the Group.

Fosun Capital

Fosun Capital provides high-quality equity investment and management services to investors such as well-known family funds, pensions, insurance companies, listed companies, large investment institutions and high net wealth individuals domestically and internationally. As at the end of the Reporting Period, the Group held 100% equity interest in Fosun Capital.

As at the end of the Reporting Period, Fosun Capital had invested in over 100 companies, and successfully exited from investments in nearly 50 companies through domestic or overseas listings, equity transfer and other ways. Fosun Capital had accumulated the total of 19 funds under management, with an asset size under management of nearly RMB20 billion.

As at 31 March 2023, 12 of Fosun Capital's investment companies submitted for IPO, two of which were approved by the listing review committee of the Shenzhen Stock Exchange, one of which was successfully listed on the Hong Kong Stock Exchange and one of which was successfully listed on the BSE Limited and the NYSE. Fosun Capital was awarded such as "Top 6 private equity investment institutions in China attracting the most attention from LPs in 2022" by Touzhong.com and "Top 11 Chinese private equity investment institutions in 2022" by China Bridge (融資中國). In the future, relying on its excellent investment capabilities, high-quality post-investment services and the Group's strong global industry integration capabilities, Fosun Capital will be able to empower its portfolio companies in terms of business resources and industrial depth and help the companies realize long-term value creation and sustainable development.

Fosun RZ Capital (Shanghai Insight Investment Management Limited)

The vision of Fosun RZ Capital is to become a globally leading industry investment institution, with the aim of generating excellent investment returns and long-term strategic value for the Group. As at the end of the Reporting Period, the Group held 100% equity interest in Fosun RZ Capital.

Fosun RZ Capital has long focused on investment in mid and 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 several locations globally. It not only invests in cutting-edge technological innovation in Israel, etc., but also spans into high-growth emerging markets such as China and India, creating an influential global industry-wide innovation ecosystem. As at the end of the Reporting Period, Fosun RZ Capital had more than 50 employees in five offices around the world. Fosun RZ Capital's global core team has an average of more than ten years' investment experience.

During the Reporting Period, Fosun RZ Capital completed the filing of the third phase of the RMB fund for science and technology innovation and began its investment. The size of the fund was RMB2 billion, and the total management size of Fosun RZ Capital was nearly RMB10 billion. Fosun RZ Capital was awarded "Top 100 China 2021 Best Venture Capital Institutions" by Touzhong.com, and "Top 100 Chinese Venture Capital Institutions in 2022" 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 investment opportunities. Fosun RZ Capital will evolve together with global outstanding enterprises and maintain empowering the development of the four major business segments of the Group.

Hauck Aufhäuser Lampe Privatbank AG (HAL)

Founded in 1796, HAL is headquartered in Frankfurt with offices in several key German cities such as Munich, Düsseldorf, Hamburg, Berlin and Stuttgart. Besides, it also has branches in Luxembourg, Dublin and London, a subsidiary in Vienna and a representative office in Paris. As at the end of the Reporting Period, the Group owns 99.69% equity interest of HAL.

HAL 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 asset-light business model covering four core business areas, i.e. Asset Service, Private & Corporate Banking, Investment Banking and Asset Management.

HAL intends to internationalize its product series, and secure new customer groups and thus further strengthens 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 years, HAL has established subsidiaries in Shanghai and Nanjing respectively, focusing on the asset management and cross-border investment bank mergers and acquisitions business.

Despite the global economical and geopolitical headwinds, HAL experienced another year of significant growth. Anticipating the interest rate shift strengthening private and corporate bank by acquisition of Bankhaus Lampe KG ("**BHL**") now pays off with grown interest paying assets whereas at the same time the loan portfolio does not face significant issues, as it has been managed on low volume and low risk. As at the end of the Reporting Period, HAL's assets under service and management reached EUR257 billion, representing an increase of 12% compared to the end of 2021. HAL's total balance sheet assets remained at EUR11.8 billion. At the same time, HAL's gross income increased by 14% to EUR416 million. Due to the increase in administrative costs associated with the ongoing integration of the former BHL, HAL's profit before tax increased from EUR60.7 million in 2021 to EUR94.3 million during the Reporting Period, which was mainly due to the positive growth impact of high interest income and high commission income, offset by the effect of higher administrative expenses.

Following the completion of the acquisition of BHL, the bank was merged to HAL with effect from 1 January 2022. Through the acquisition, in this course HAL's business segments and regional service capabilities are expanded, particularly in the areas of private banking and asset management.

Furthermore, HAL made significant achievements in the set-up of its one-stop-shop for digital assets, from an own crypto capital management company to custodian function. Beginning of February 2022, Hauck Aufhäuser Innovative Capital received the BaFin-license as capital management company for digital assets. Following the completion of the acquisition of the Kapilendo Custodian AG, a custodian company for digital assets at the end of March 2022, HAL expanded its product offering by a long-term investment opportunity in leading crypto assets for professional and semi-professional investors with the launch of the "HAIC Crypto Native – Advanced Select" fund in June 2022.

HAL's growth story gained recognition from the public. As a result, the bank received several awards including "Best Private Bank in Germany 2022", "Germany's Most Popular Bank" and "Leading Employers in Germany 2022".

At the same time, HAL is proactively responding to ESG developments and continuously optimizing its corporate governance to fully meet regulatory requirements. HAL's dedicated ESG department and ESG committee ensure consistency with the ESG strategy across all business lines, focusing on aspects such as current market developments, regulatory requirements and organizational structure. HAL's extensive activities to put the ESG strategy into practice have also received external attention and an award for "Outstanding Sustainable Engagement".

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 privately-owned private bank in Portugal. Since 2000, BCP has been strengthening its position into emerging markets in Europe and Africa, especially Poland, Mozambique and Angola, which have a close historical connection with Portugal. Since 2010, BCP has 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 29.95% equity interest in BCP.

With its mission of excellence, trust, ethics and responsibility and focus on individual and institutional clients, BCP is committed to providing a full range of financial services to individuals and businesses in the locations where it operates, offering commercial banking products and services to individuals and businesses, complemented by investment banking and private banking. BCP also owns a leading digital bank known as "ActivoBank"

During the Reporting Period, the consolidated core operating profit (net interest income plus net fees and commission income less operating costs, excluding the impact of one-off factors such as layoffs, compensation for salary reduction and inflation) of BCP amounted to EUR1,865.1 million, 44.4% higher than EUR1,291.4 million of the same period of last year. In particular, the core operating profit in Portugal reached EUR926.3 million, which increased by 24.6% as compared to EUR743.5 million of the same period of last year. The core operating profit in Poland reached EUR721.2 million, which increased by 68.6% as compared to EUR427.2 million of the same period of last year. Benefiting from the growth in core net income brought about by interest rate hikes, BCP's net profit attributable to shareholders reached EUR207.5 million, which is 50.3% higher than that of the same period of last year, despite a one-off provision of EUR282.84 million recognized by the Polish subsidiary of BCP due to new legislation in Poland, and a goodwill impairment of EUR102.3 million provided at the consolidation level for the Polish subsidiary after the management of BCP had taken into account the significant uncertainty brought the local policy.

As at the end of the Reporting Period, the consolidated total assets of BCP amounted to EUR89,861 million, representing a decrease of 3% year-on-year. BCP's consolidated loans to customers (gross) amounted to EUR57,700 million, representing a slight decrease of 0.9%. By region, the regional loan structure in Portugal continued to improve, with a 27.5% reduction in non-performing loans and stable demand for normal loans, which grew by 2.1%, resulting in a 0.7% year-on-year increase in loans to customers (gross) to EUR40,150 million; in Poland, the demand of the credit business slowed down and loans to customers (gross) decreased slightly by 2.5% to EUR16,880 million due to inflation and interest rate hikes.

During the Reporting Period, the quality of BCP's loan assets was solid and it continued its strategy to reduce non-performing assets. The non-performing exposure (NPE) reduced by EUR535 million at BCP's group level, resulting in a reduction in the NPE ratio as a percentage of the total loan portfolio from 4.7% as at the end of 2021 to 3.8% as at the end of the Reporting Period. At the same time, the coverage of NPE at the group level increased by 30 basis points year-on-year to 68.3% as at the end of the Reporting Period.

During the Reporting Period, another remarkable performance of BCP was customer growth. The number of active customers at BCP's group level increased from 6.14 million at the end of 2021 to 6.48 million, among which the number of mobile active customers increased from 3.46 million at the end of 2021 to 4.10 million, among which the number of newly acquired customers through mobile terminal was 636,000. During the Reporting Period, BCP was awarded "Best Investment Bank 2022 in Portugal" by Global Finance, as well as "Best Consumption Digital Bank 2022" in Portugal, "Consumer Choice in Portugal 2021 and 2022" in the "Large Banks" category. ActivoBank was awarded "Customer Choice 2022" under the "Digital banks" category.

In the coming years, BCP's strategic plan aims to enhance the bank's post-epidemic environmental resilience and risk management capabilities, and to continue to drive the five future strategic development priorities of talent optimization, mobile digitalization, growth and consolidation of its leading position in the Portuguese market, international expansion and business model sustainability, in order to recover quickly from the post-epidemic period and achieve its strategic planning objectives. As a result, BCP has announced to the market its new strategic plan "Excellence 2024", which sets targets for the new strategic cycle of 2022-2024. "Excellence 2024" sets out BCP's aspirations for the cycle ahead: to fully overcome the impact of the epidemic and achieve strong profitability and balance sheet improvement based on superior personalized services and new mobile/digital solutions, to accelerate the bank's ability to differentiate itself in terms of efficiency and customer engagement, while also responding to the challenges of sustainability, in particular the risks and opportunities of climate change, social impact, and the good social governance.

The Bund Finance Center ("BFC")

Located at 600 Zhongshan No. 2 Road (E), Shanghai, China, BFC is a benchmark project of the Group's "Hive City", and also a landmark of a large-scale all-in-one ecosystem commercial complex in the core area of the Bund in Shanghai. The project embraced its opening on 12 December 2019. The gross floor area ("GFA") of BFC is over 420,000 square meters. BFC's principal businesses include (i) office rental business which offers a super-grade-A office building with an occupancy rate of over 97% during the Reporting Period; optimize tenant composition; explore high-end customers, and improve service satisfaction; (ii) retail business that houses over 200 stores and brands, of which approximately 30 stores are the first of its kind; (iii) catering business that offers an array of high-quality international restaurants, including the legendary Italian restaurant "DA VITTORIO SHANGHAI", which has won two Michelin stars consecutively; (iv) health business with a fitness club, BFC FITNESS, and high-end medical clinic Zallhui (卓爾薈); (v) art business conducted through Fosun Foundation Art Center (Shanghai). In March 2022, the Group acquired 50% equity interest in Shanghai Fosun Bund Commercial Co., Ltd. (上海復星外灘商業有限公司, formerly known as 上海復星外灘置業有限公司), the project company of BFC. As at the end of the Reporting Period, the transaction was completed and the Group held 100% equity interest in BFC property.

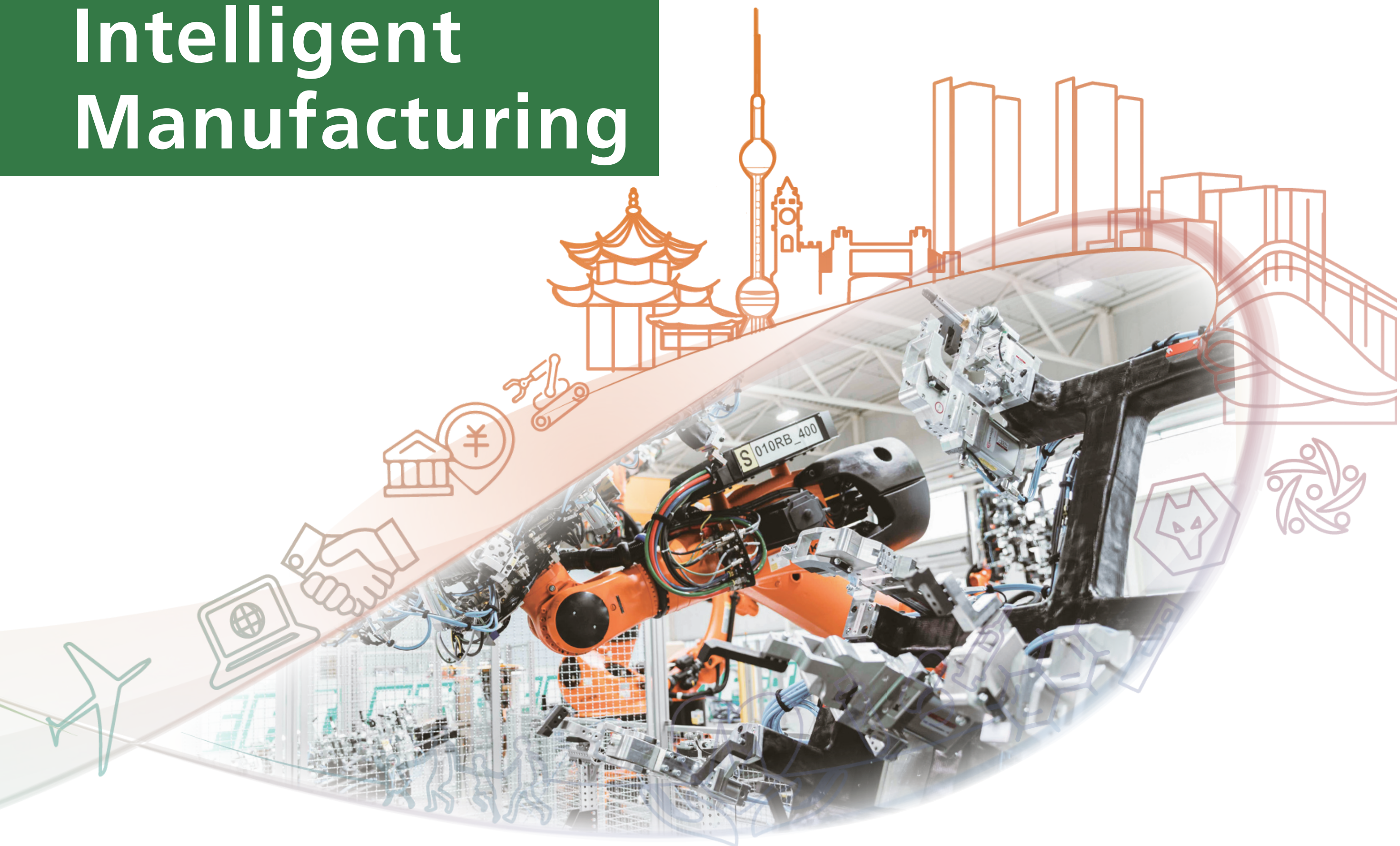
During the Reporting Period, due to the steady performance of office buildings and commercial buildings in terms of occupancy rate and unit price, BFC recorded total operating revenue of RMB806.05 million, representing an increase of 2.3% from the same period of 2021; operating EBITDA was RMB528.31 million, representing an increase of 10.8% from the same period of 2021. During the Reporting Period, creating its own IP festivals, such as the New Spring Festival (新春季), Art Festival (藝術季), Fashion Festival (潮流時尚季), Christmas Festival (聖誕季) and other highlighted activities in succession, BFC more accurately reached the trendy young population. In particular, since its launch in June 2020 up to the end of the Reporting Period, BFC's popular IP "BFC Fengjing" had attracted more than 18 million visitors. Partnered with more than 900 brands, it had brought together seven highlights comprising street culture, pet communities, art and culture, organic flowers, fashion bars, performing arts activities, and aerial terrace party, continued to output the high-quality original contents.

Looking forward, BFC will deepen its implementation of FC2M strategy and introduce Fosun's excellent industry resources to meet the clients' needs, providing caring services to each family meeting their desires for a better life, and securing its building of the "Happiness Ecosystem". Meanwhile, BFC will continue to promote its online businesses, establish BFC product lines and complete a thousand of events annually, aiming to become the new commercial benchmark in Shanghai and even the country. At the same time, leveraging its close proximity to Yuyuan Tourist Mart, BFC will strive to achieve two-way empowerment with Yuyuan Tourist Mart in the future, aiming to become a "Grand Yuyuan" that integrates culture, art, tourism, consumption, finance, commerce and natural scenery with full upgrade of its overall regional image and industrial ecosystem to become the most representative new 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 2022	For the year ended 31 December 2021	Change over the same period of last year
Revenue	**10,355.6**	7,736.9	33.8%
Profit attributable to owners of the parent	**1,201.9**	3,577.6	(66.4%)

During the Reporting Period, the revenue of the Intelligent Manufacturing segment amounted to RMB10,355.6 million, representing a year-on-year increase of 33.8%, and profit attributable to owners of the parent amounted to RMB1,201.9 million, representing a year-on-year decrease of 66.4%. The main reason for the increase in revenue was due to business growth of Hainan Mining and Easun Technology. The main reason for the decrease in profit was due to increased raw material costs.

Nanjing Iron & Steel

Nanjing Iron & Steel, a leading whole-process steel conglomerate with high efficiency, was listed on the SSE in 2000. Nanjing Iron & Steel is equipped with an integrated 10-million-tonne-level production capability of steel. As at the end of the Reporting Period, the Group held 59.08% equity interest in Nanjing Iron & Steel through Nanjing Nangang. Certain subsidiaries of the Group entered into an equity transfer agreement to disposal of 60% equity interest in Nanjing Nangang. As at the date of this report, the transaction has not been completed. For further details, please refer to the announcements of the Company dated 19 October 2022, 14 March 2023 and 2 April 2023.

Aiming at the opportunities arising from China's manufacturing upgrade and import substitution, Nanjing Iron & Steel provides solutions for national key projects and high-end manufacturing industry upgrading, and undertook more than ten national-level projects. Its 9% Ni steel for ultra-low temperature was awarded as a national manufacturing individual champion product. The sales price and sales volume of Nanjing Iron & Steel's advanced iron and steel materials rose together, achieving a sales volume of 2.0658 million tonnes, a year-on-year increase of 14.06%; accounting for 21.19% of the total sales volume of steel products, an increase of 3.78 percentage points; the composite average selling price was RMB6,524.69 per tonne (tax exclusive), a year-on-year increase of 10.49%; gross profit margin was 15.88%, a year-on-year decrease of 1.67 percentage point; gross profit totaled RMB2.141 billion, a year-on-year increase of 14.06%.

During the Reporting Period, overcoming the impact as a result of the sluggish industrial and supply chain, diminishing market demand as well as the high and fluctuating prices of raw materials and fuels, Nanjing Iron & Steel and maintained stable operation. Nanjing Iron & Steel recorded revenue of RMB70,667 million, a year-on-year decrease of 7.69%; net profit attributable to shareholders of the listed company was RMB2,161 million, a year-on-year decrease of 48.59%.

Nanjing Iron & Steel has built an overseas coke production base in PT Indonesia Morowali Industrial Park, Indonesia, and set up joint ventures for a coke project with an annual output of 6.5 million tonnes. During the Reporting Period, Indonesia Jinrui New Energy has an annual output of 2.6 million tonnes of coke projects, and as of the end of the Reporting Period, 1# and 2# coke ovens have been put into operation, 3# coke ovens have been baked, and 4# coke stoves are being built. During the Reporting Period, coke sales reached 297,900 tonnes, achieving operating income of RMB918 million and net profit of RMB21.4457 million. Indonesia Jinxiang New Energy 3.9 million tonnes of coke project, as at the end of the Reporting Period, the 2# coke oven has been preparation oven, No. 1 coke stove has been built, and the rest of the coke oven and its supporting facilities have been advancing the on-site construction in order.

In May 2022, Nanjing Iron & Steel obtained the first SA8000 social accountability management system certificate in the domestic steel industry. Nanjing Iron & Steel continues to invest and upgrade the technology in environmental protection, emission reduction and energy conservation, striving to maintain its position as the industry forerunner in the context of "carbon peaking" and "carbon neutrality". It has completed the ultra-low emission transformation of the organized part and the ultra-low emission transformation of the clean transportation part, which were announced on the website of China Iron and Steel Association. At the same time, Nanjing Iron & Steel has combined the construction of an integrated platform for smart procurement, comprehensively optimized and sorted out the business operation process, insisted on incorporating ecological thinking into the supply chain management, and continued to improve its α capacity (opportunistic procurement ability) through the integration of domestic and foreign resources, the combination of strategy and opportunism, the linkage of procurement and sales, and the same synergy of the futures and spot. Nanjing Iron & Steel has achieved a procurement reduction of RMB0.494 billion during the Reporting Period. In 2022, Nanjing Iron & Steel's Wind ESG rating was AA, ranking the 1st in the iron and steel industry in China.

Guided by the improvement of key indicators, Nanjing Iron & Steel has continued to pay close attention to management improvement in production organization, safety assurance, energy supply, production and sales balance, extreme cost reduction, etc., benchmarked against the advanced indicators of the peer industry, established a digital model, and accelerated the promotion of "intelligent transformation and digital transformation", during the Reporting Period, the process cost decreased by RMB1.462 billion year-on-year during the Period, and the competitiveness of the M-end continued to improve. Among the 108 key indicators comparable to steel enterprises, Nanjing Iron & Steel's indicators such as fuel ratio and heat loading rate of steel enterprises have set historical records. The quality has been more stable, and the quality control of comprehensive raw steel grades, high standard shaft bearing rate, water immersion injury detection qualification rate and other quality control have achieved the stage goals. In addition, Nanjing Iron & Steel has improved the futures risk management system, and has used the steel industry chain futures and derivatives instruments to partially hedge the upside risk of raw fuels.

Hainan Mining

Hainan Mining adheres to the resource industry as its core of development. Based on Hainan's development opportunities and driven by the twin wheel of industry operations + industrial investment, Hainan Mining strives to become an "industrial development group with strategic resources as the core and international influence". It was established in August 2007, and was listed on the SSE in December 2014. As at the end of the Reporting Period, the Group held 45.87% of the equity interest in Hainan Mining.

Hainan Mining focuses on the three main business areas of iron ore, oil and gas and new energy. Its main business includes iron ore mining, processing (including mixed ore) and sales business; upstream full-cycle business of oil and gas exploration, valuation, development and production. In addition, it has begun to lay out the upstream lithium salt processing and lithium ore development and mining industries of new energy since 2021. During the Reporting Period, Hainan Mining achieved operating income of RMB4,830 million, a year-on-year increase of 17.26%; the net profit attributable to shareholders of the listed company was RMB615 million, a year-on-year decrease of 29.66%; the net cash flow from operating activities was RMB1,268 million, a year-on-year increase of 64.43%.

During the Reporting Period, the output of iron ore mining business of Hainan Mining remained stable at a relatively high level. Its first annual production of Shilu Branch Beiyi Mining since its operation, and the annual output of all raw ore reached 4.9612 million tonnes, a year-on-year increase of 8.69% year-on-year, marking the best result in its history. During the Reporting Period, the annual output of raw ore was 5.9728 million tonnes, and the output of finished ore was 2.6671 million tonnes. In terms of oil and gas business, ROC, a subsidiary of Hainan Mining, seized the opportunity of rising oil prices and overcame many challenges such as rare high temperature and power rationing in Sichuan by increasing investment in infill wells, reducing costs and increasing efficiency, and continuously optimizing internal management. Therefore, the oil and gas production reached 5.4197 million barrel equivalent, a year-on-year increase of 24%. In addition, in May 2022, ROC reached an agreement with a third party to carry out the depressurization and supercharging construction of Bajiaochang gas field by entrusting construction and operation. It will improve the quality of Bajiaochang gas field and effectively solve the constraint of the original natural gas pipeline transmission capacity of Bajiaochang gas field, which is an important measure to further increase storage and production of Bajiaochang gas field.

During the Reporting Period, Hainan Mining actively proceeded with the implementation of the "14th Five-Year Plan" strategic plan, and accelerated the layout of the new energy upstream industry. Hainan Mining's 20,000 tonnes of battery-grade lithium hydrogen oxide project officially started construction in mid-December 2022. Subsequently in January 2023, it was published that Hainan Mining intends to invest approximately USD118 million to obtain a controlling equity interest in a lithium mine asset of Bougouni in Mali. Upon completion of the transaction, Hainan Mining will realize the industrial synergy of upstream resources and lithium salt processing in the new energy industry, accelerate the promotion of the industrial layout of the three main tracks of "iron ore + oil and gas + new energy", and solidly promote sustainable and high-quality development.

In terms of organizational construction and technological innovation, Hainan Mining launched its first equity incentive scheme in March 2022. Its first grant awarded 137 grantees including its directors, senior executives and core management. In addition, Hainan Mining has also continuously strengthened the construction of a talent support system for major projects, and completed the construction of key project organization mechanisms such as lithium hydrogen oxide project and magnetized roasting. During the Reporting Period, the scientific and technological innovation achievements of Hainan Mining industry have increased, and four new types of practical applications, three invention patents, and three new types of authorization and application have been added to patent applications.

In 2023, Hainan Mining will continue to focus on the twin wheel driven strategic path of "profound industry operations + industrial investment". On one hand, it will continue to consolidate its main business, strive to achieve the annual iron ore finished ore output of 2.73 million tonnes, achieve the goal of oil and gas output of 5.73 million barrel equivalent, and promote the construction of key engineering projects such as magnetized roasting and lithium hydrogen oxide. On the other hand, it will continue to pay attention to the investment and acquisition opportunities of clean energy projects such as new energy upstream resources and natural gas that can achieve long-term growth, and strive to realize the implementation of projects. At the same time, it will conduct in-depth research on the new policies of Hainan Free Trade Port, focus on the future operation mechanism of Hainan's customs closure, and plan development projects in advance.

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)
2022	2,667.1	222
2021	2,967.1	228
Year-on-year change	-10.11%	-2.63%

Note: According to the "Solid Minerals Geological Prospecting Standards" of the PRC, the figures in 2022 were estimated figures.

JEVE

Established in 2009, JEVE is one of the earliest domestic enterprises entering the new energy passenger vehicle power lithium battery industry, with products covering NCM lithium and lithium iron phosphate systems which serve to meet demands in pure electric vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles and energy storage fields. Despite the dual pressures of tight supply of upstream raw materials and fierce market competition, JEVE maintained a relatively high growth rate relying on technological innovation as well as lean management and operation, and ushered in the boom of production and sales. During the Reporting Period, its revenue increased by 127.22% to RMB2.589 billion year-on-year, and its installed capacity increased by 67.59% to 2.43GWh year-on-year. As at the end of the Reporting Period, the installed capacity of JEVE batteries ranked the eleventh in China, and the installed capacity of NCM lithium batteries ranked the eighth in China. As at the end of the Reporting Period, the Group and the non-consolidated entities in which the Group participated in the investment jointly held 49.95% equity interest in JEVE.

In terms of R&D innovation, being a state-level specialized and sophisticated "little giant" enterprise, JEVE has a number of technology innovation platforms, such as the National Enterprise Technology Center, Academician Expert Workstation, Tianjin Key Laboratory of Lithium-Ion Power Battery Enterprise and Innovation Cluster of Haihe Laboratory. During the Reporting Period, JEVE further increased its R&D investment, actively developed cutting-edge technologies and improved technology and innovation level. JEVE won various awards, including the "2022 Best Innovative Enterprise in China's Energy Storage Industry", "GaoGong Lithium Golden Globe Award – 2022 Innovative Technology" and "2022 Most Influential Power Lithium Battery Brand". JEVE was also included in the list of National Intellectual Property Advantage Enterprises in 2022. As of the end of the Reporting Period, JEVE had applied for 1,301 patents, including 499 invention patents, and undertook 16 national projects and 11 local projects. On the basis of the self-developed soft pack cell with an energy density of approximately 320Wh/kg, in respect of the NCM system, JEVE continued to develop a product system with an energy density of 350Wh/kg. At the same time, the energy density of the lithium iron phosphate system reached 220Wh/kg, with a low temperature -20℃ discharge capacity retention rate of over 80% and a cycle life of 3,000 weeks. JEVE introduced the "Sponge System", a new system solution to ensure the battery safety.

In terms of core products, on the basis of consolidating the 355 cells and modules and high power HEV (hybrid electric vehicle) products, JEVE achieved mass production and delivery of MEB590 cells and modules. At the same time, in order to meet the diversified needs of customers, JEVE actively expanded product development sequences, accelerated the R&D works on square aluminum shell products. Square UC and pole up series received orders from numerous domestic and overseas customers. To ensure the rapid mass production of products, JEVE is actively constructing the production lines for square aluminum shell products.

In terms of production capacity construction, JEVE continued to expand its production capacity during the Reporting Period. In addition to the existing production capacity, JEVE had been gradually releasing new production capacity and actively planning for production capacity expansion. During the Reporting Period, the construction of the second phase of the JEVE's Yancheng base was completed and entered mass production, while the construction of power and energy storage battery facilities at the Changxing base has been making positive progress. In early 2022, JEVE and Chuzhou Tianchang Municipal Government entered into a strategic cooperation agreement to reach cooperation regarding the launch of JEVE's lithium battery production base project in Chuzhou. A new production base was built in Chuzhou, with product types covering lithium iron phosphate and NCM materials system. The construction of five production bases of JEVE in Tianjin, Yancheng, Jiaxing, Changxing and Chuzhou will provide strong support to JEVE's development in the industry and future business expansion, laying a solid foundation for the diversified development of power and energy storage, enriching the market deployment of JEVE and enhancing market competitiveness of JEVE.

In terms of customer development, on the basis of maintaining the profound cooperation with existing customers such as Great Wall (長城), Chery (奇瑞), Hozon (合眾), SAIC (上汽) and Dongfeng (東風), customer support for new energy vehicles was boosted once again during the Reporting Period. During the Reporting Period, JEVE added ten OEM new customers, obtained 12 project nominations, achieved mass production for four new customers and mass production for seven new projects. The power battery business entered a new development stage. In February 2022, JEVE and Chery New Energy signed a strategic cooperation agreement, pursuant to which, Chery New Energy intended to purchase power batteries from JEVE in the next three years. In terms of international customer development, in June 2022 and July 2022, JEVE received orders from a popular European car company and a leading Japanese car company, respectively. At the same time, JEVE provided mass production and supply of auxiliary batteries for global car models of Hyundai Kia (現代起亞).

Looking forward, based on the existing market capacity and scale, JEVE will conduct in-depth analysis and implement measures practically by way of the four dimensions of "target customer planning, product and R&D technology planning, marketing planning and capital planning", so as to achieve the leading position in the domestic soft package battery field, and finally become an outstanding green energy system solution provider.

Easun Technology

Established in 1974, FFT is one of the world's largest providers of intelligent manufacturing solutions. In July 2018, Easun Technology was established. In May 2019, Shanghai FFT Automation Technology Co., Ltd., the predecessor of Easun Technology, acquired 100% equity interest in FFT and became an integrated solutions provider for the automobile industry. Easun Technology completed introduction of strategic investors in early 2021. In July 2021, the first phase of factory construction of FFT global headquarters in Jiading District, Shanghai was completed. As at the end of the Reporting Period, the Group and the non-consolidated entities in which the Group participated in the investment held 83.70% equity interest in Easun Technology.

Since 2021, Easun Technology has been focusing on the development of two core businesses in the global market: (i) the design and assembly of automated and digital production lines and (ii) the design and upgrading of manufacturing software for the automotive industry, and will continue to accelerate the development of industrial digitalization business to provide customers with a whole-process coverage of intelligent factory solutions.

During the Reporting Period, in the face of the complex external environment, Easun Technology overcame the impact of the epidemic, strengthened its business foundation and continued to adhere to its corporate strategy.

Looking forward, while continuing to invest in R&D and global supply chain construction and reduce costs, Easun Technology will enhance the profitability and competitiveness of its main business in the automotive industry, expand its business scale and market share, fully utilize its own automation technology accumulation, and continuously digest and absorb different industry techniques. Moreover, Easun Technology will continue to expand its existing proprietary technologies and standard product sequences in laser, vision, lightweight fixture, etc., build superior intelligent equipment as part of the production lines designed by it through endogenous R&D and outbound mergers and acquisitions, accelerate the development of industrial digitization business, and provide customers with comprehensive smart factory solutions.

Wansheng

Wansheng was established in 1995 and listed on the SSE in October 2014. Since its establishment, Wansheng has been focusing on the production, R&D and sales of functional fine chemicals, and has become a world-leading producer of phosphorus-based flame retardant after years of development. The series products of Wansheng can be divided into flame retardant, functional daily chemical additives, amine booster, catalyst and coating booster, which are mainly used in the "right demand" industry (for example: automotive, electronic appliances, network communication equipment, construction, furniture, personal care materials, disinfectants, industrial anti-corrosion coatings, etc.), which is closely related to daily life. On 14 March 2023, Fosun High Technology entered into a share acquisition agreement with Nanjing Iron & Steel, pursuant to which Fosun High Technology has agreed to acquire, and Nanjing Iron & Steel has agreed to sell 174,305,939 shares of Wansheng (representing approximately 29.5645% of the issued shares of Wansheng as at 14 March 2023) and all underlying rights of such shares. As at 31 March 2023 the abovementioned acquisition has not been completed. Please refer to the announcement of the Company dated 14 March 2023 for more information.

During the Reporting Period, the conflict of geopolitical landscape triggered the European energy crisis, and the U.S. and Europe continued to raise interest rates under the high inflation, resulting in a rapid decline in global end consumer demand. Chips shortage affected the shipments of global consumer electronics and automobile delivery, leading to a sharp decrease in the demand of modified plastic products. In addition to the frequent occurrence of domestic epidemic during the Reporting Period, the production of certain bases of Wansheng was been affected. The expansion of production capacity in the domestic market caused major changes in the market supply and demand pattern, thus greatly affected production and sales. The sales volume and gross profit per tonne of primary products of Wansheng declined. During the Reporting Period, Wansheng's revenue was RMB3.564 billion, down by 13.38% year-on-year, while net profit attributable to the parent was RMB0.365 billion, down by 55.70% year-on-year.

In terms of external investment, Wansheng engaged in two new projects during the Reporting Period: (1) Wansheng acquired 100% equity interest in Shandong Hanfeng New Material Technology Co., Ltd. (山東漢峰新材料科技有限公司), which will help to comprehensively extend Wansheng's industrial chain, reduce production costs, secure raw material supply and strengthen comprehensive competitiveness; and (2) Wansheng undertook investment jointly with Biocreat (Shenzhen) Biotechnology Co., Ltd. (百葵銳(深圳)生物科技有限公司) and Yangzhou Xinhesheng Investment Partnership (Limited Partnership) (揚州新合盛投資合夥企業(有限合夥)) to establish a R&D company, which will mainly focus on novel technique for the R&D and production of amino acid surfactants using synthetic biology. The project is a key initiative for Wansheng to implement its strategic planning on biotechnology.

In terms of capacity construction, Wansheng currently has four main production bases: (1) Zhejiang Linhai Production Base, which produces flame retardants, coating additives and other products, with a designed production capacity of 133,500 tonnes; (2) Jiangsu Taixing Economic Development Production Base, which produces amine additives, catalysts, quaternary ammonium salts and other products, with a designed production capacity of 65,300 tonnes; (3) Shandong Weifang Production Base, which produces flame retardant raw materials, flame retardants, epoxy resins and additives, surfactants, etc., is still under construction. After the construction is completed, an additional capacity of 319,300 tonnes Phase I will be added; and (4) Shandong Jining Production Base, produces phosphorus oxychloride, phosphorus pentachloride and other products, with a designed production capacity of 121,500 tonnes.

Looking forward, Wansheng will create more value for customers through continuous innovation, become a trusted partner for global customers, and develop into a globally leading supplier of functional new materials.

FINANCIAL REVIEW

Net Interest Expenditures

Net interest expenditures, net of capitalized amounts of the Group, increased to RMB10,474.3 million in 2022 from RMB9,537.9 million in 2021. The increase in net interest expenditures in 2022 was mainly attributable to the increase in interest rate of borrowings. The interest rates of borrowings in 2022 were approximately between 0.0% and 12.1%, as compared with approximately between 0.0% and 12.2% for the same period of last year.

Tax

Tax of the Group increased to RMB7,922.7 million in 2022 from RMB7,564.7 million in 2021. The increase in tax mainly resulted from the increase in deferred tax liabilities, calculated based on the "Focus on Core Business" strategy and exit plan of non-core assets.

Basic Earnings Per Share Of Ordinary Shares

Basic earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB0.06 in 2022, representing a decrease of 95% from RMB1.21 per share in 2021. Diluted earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB0.06 in 2022. The weighted average number of shares was 8,265.0 million shares for 2022, which was 8,345.3 million shares for 2021.

Equity Per Share Attributable To Owners Of The Parent

As at 31 December 2022, equity per share attributable to owners of the parent was RMB14.78, representing a decrease of RMB0.97 per share from RMB15.75 per share as at 31 December 2021. The total comprehensive loss attributable to owners of the parent in 2022 was RMB7,048.9 million. The dividend distributed on 15 July 2022 was RMB2,148.2 million. The sum of above contributes to the decrease 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 HKD0.014 per ordinary share for the year ended 31 December 2022. Subject to the approval of the Company's shareholders at the Company's annual general meeting to be held on 9 June 2023, the proposed final dividend will be paid to the Company's shareholders on 18 July 2023. 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. With an aim to further strengthen our leading role in the happiness industry, we have made extra efforts in the Happiness segment business.

As at 31 December 2022, the Group's capital commitment contracted but not provided for was RMB13,340.2 million. These were mainly committed for addition of plant and machinery and investments. Details of capital commitment are set out in note 63 to financial statements.

Indebtedness And Liquidity Of The Group

As of 31 December 2022, the total debt of the Group was RMB226,919.2 million, representing a decrease from RMB237,119.5 million as of 31 December 2021, which was mainly due to the decrease in borrowings as a result of the Group's active management of maturing debts in advance. As of 31 December 2022, mid-to-long-term debt of the Group accounted for 53.2% of total debt, while 55.6% as of 31 December 2021. As of 31 December 2022, cash and bank balance and term deposits increased by RMB3,784.5 million to RMB100,564.0 million as compared with RMB96,779.5 million as of 31 December 2021.

During the Reporting Period, the average financing cost was 4.71%, which increased by 0.16 percentage point as compared to that of 2021.

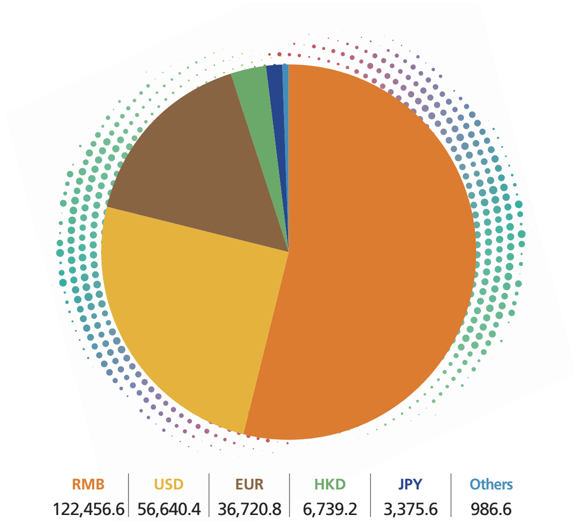
Unit: RMB million

	31 December 2022	31 December 2021
Total debt	226,919.2	237,119.5
Cash and bank and term deposits	100,564.0	96,779.5

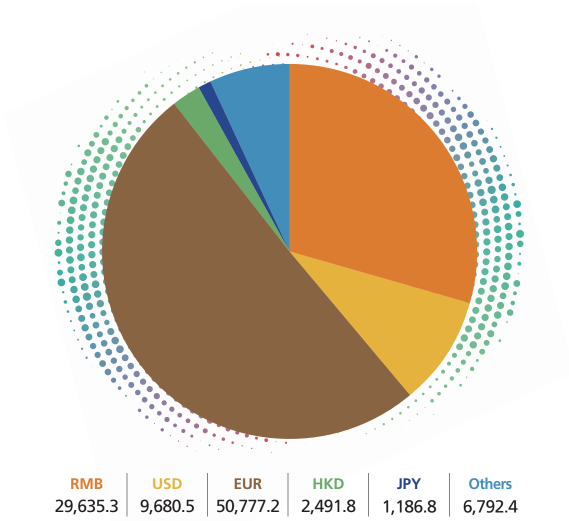
The original denomination of the Group's debt as well as cash and bank and term deposits by currencies, equivalent in RMB, as at 31 December 2022, is summarized as follows:

Unit: RMB million equivalent

TOTAL DEBT



CASH AND BANK AND TERM DEPOSITS



Total Debt to Total Capital Ratio

As of 31 December 2022, the ratio of total debt to total capital (gearing ratio) decreased to 53.2% as compared with 53.9% as of 31 December 2021. Healthy debt ratios and abundant funds can reinforce the Group's ability to defend against external risk exposure and ensure the Group to capture investment opportunities.

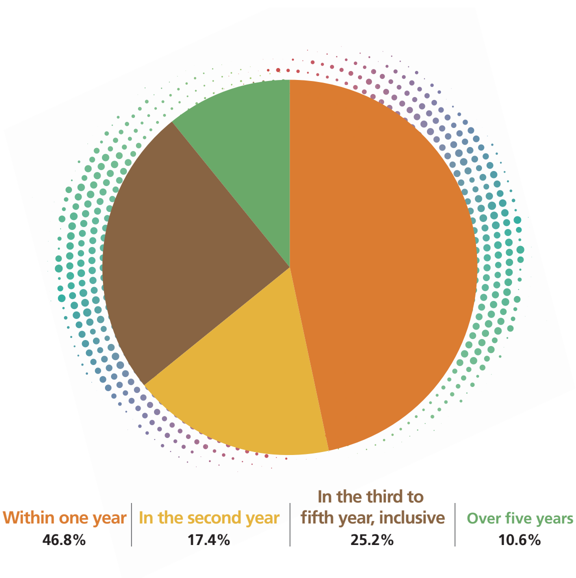
Basis Of Calculating Interest Rate

To stabilize interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure according to the interest rate policy, seeking to optimize the interest rate level. As at 31 December 2022, 54.3% 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 2022 are as follows:



Available Facilities

As at 31 December 2022, save for cash and bank and term deposits of RMB100,564.0 million, the Group had unutilized banking facilities of RMB154,962.8 million. The Group has signed strategic cooperation agreements with various foreign and Chinese banks. According to these agreements, the banks committed to strengthening further on the existing relationship, and providing comprehensive financial support toward Fosun's "Health, Happiness, Wealth & Intelligent Manufacturing" businesses. Prior approval for individual projects from banks in accordance with bank regulations of China must be obtained before the use of these banking facilities. As at 31 December 2022, available banking facilities under these arrangements totaled RMB332,766.5 million, of which RMB177,803.7 million was utilized.

Cash Flow

In 2022, net cash flow from operating activities was RMB1,763.7 million. Profit before tax for the year was RMB12,535.6 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 increased by RMB3,956.9 million. Owing to the increase in deposits from customers of RMB5,084.6 million, the increase in trade and notes payables of RMB2,353.6 million, the increase in provision of unexpired risks of RMB11,509.3 million, and the decrease in properties under development of RMB2,791.6 million, cash flow generated from operating activities increased. The decrease in provision for outstanding claims of RMB7,912.1 million, the increase in inventories of RMB4,947.7 million, the increase in insurance and reinsurance debtors of RMB7,531.7 million, and the decrease in investment contract liabilities of RMB6,935.1 million and the tax paid of RMB6,422.1 million contributed to a decrease in the cash flow from operating activities. The increase in deposits from customers was mainly due to the increase from asset management business; 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 2022, net cash flow from investing activities was RMB35,575.1 million, mainly due to the 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 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 associates.

In 2022, net cash flow used in financing activities was RMB38,123.1 million, mainly due to the repayment of bank and other loans, payment of interest and dividends and acquisition of additional interests in subsidiaries, which was partly offset by the new bank and other borrowings, as well as capital contribution from non-controlling shareholders of subsidiaries.

Pledged Assets

As at 31 December 2022, the Group had pledged assets of RMB128,855.4 million (31 December 2021: RMB85,768.6 million) for bank borrowings. Details of pledged assets are set out in note 42 to financial statements.

Contingent Liabilities

The Group's contingent liabilities was RMB9,263.7 million as at 31 December 2022 (31 December 2021: RMB8,740.1 million). Details of contingent liabilities are set out in note 64 to financial statements.

Interest Coverage

In 2022, the interest coverage was 3.1 times as compared with 4.4 times for 2021. The decrease was mainly due to EBITDA of the Group decreased to RMB32,016.9 million in 2022 from RMB42,107.6 million in 2021.

Financial Policies And Risk Management

GENERAL POLICY

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

FOREIGN CURRENCY EXPOSURE

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

APPLICATION OF DERIVATIVES

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

Forward-Looking Statements

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

Five-Year Statistics

Unit: RMB million

Year	2018	2019	2020	2021	2022
Total equity	160,441.0	180,924.2	192,986.9	203,119.4	**199,629.8**
Equity attributable to owners of the parent	108,528.8	122,552.3	127,732.9	130,995.0	**121,520.9**
Equity per share attributable to owners of the parent (in RMB)	12.70	14.35	15.16	15.75	**14.78**
Indebtedness					
Total debt	186,140.4	208,287.1	229,802.4	237,119.5	**226,919.2**
Total debt/Total capital (%)	53.7%	53.5%	54.4%	53.9%	**53.2%**
Interest coverage (times)	4.7	4.5	3.6	4.4	**3.1**
Capital employed	294,669.2	330,839.4	357,535.3	368,114.5	**348,440.0**
Cash and bank balances	106,316.5	94,900.5	106,847.2	96,779.5	**100,564.0**
Property, plant and equipment	36,310.4	39,610.4	42,460.2	42,387.5	**45,668.2**
Investment property	46,567.8	59,360.4	65,688.5	67,229.7	**95,743.4**
Property under development	39,520.9	51,248.3	55,195.0	51,208.9	**62,079.1**
Prepaid land lease payments	3,427.9	–	–	–	**–**
Mining rights	548.2	536.0	512.8	497.0	**480.8**
Interest in associates	84,084.1	88,379.5	92,254.4	92,808.9	**68,654.0**
Financial assets at fair value through profit or loss	49,015.8	61,397.4	59,163.4	70,128.2	**62,331.7**
Equity investments designated at fair value through other comprehensive income	1,645.1	898.6	746.3	535.5	**396.2**
Debt investments at fair value through other comprehensive income	84,149.2	88,442.3	89,142.3	80,908.4	**63,534.9**
Debt investments at amortized cost	20,123.4	33,578.4	34,812.9	25,984.5	**25,171.8**
Profit attributable to owners of the parent	13,406.4	14,800.9	7,999.6	10,084.5	**538.7**
Basic earnings per share (in RMB)	1.57	1.73	0.94	1.21	**0.06**
Diluted earnings per share (in RMB)	1.56	1.73	0.94	1.21	**0.06**
Profit contribution by each business segment					
Health	1,057.8	1,438.8	1,683.6	2,029.0	**1,348.7**
Happiness	423.2	2,233.9	(298.4)	(599.3)	**1,561.4**
Wealth	8,433.1	7,883.6	4,547.3	5,160.1	**(3,509.8)**
Insurance	980.9	758.5	1,158.2	1,461.3	**(1,599.0)**
Asset Management	7,452.2	7,125.1	3,389.1	3,698.8	**(1,910.8)**
Intelligent Manufacturing	3,448.3	3,282.5	2,102.7	3,577.6	**1,201.9**
Elimination	44.0	(37.9)	(35.6)	(82.9)	**(63.5)**
EBITDA	32,710.4	44,103.3	33,979.9	42,107.6	**32,016.9**
Proposed dividend per share (in HKD)	0.370	0.400	0.220	0.300	**0.014**

The Board is pleased to present the corporate governance report of the Group for the year ended 31 December 2022.

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, with the exception of code provision C.1.6 of the CG Code. According to the code provision C.1.6 of the CG Code, among others, independent non-executive directors and non-executive directors should attend general meeting(s). Ms. Chen Shucui (resigned as a non-executive Director with effect from 4 November 2022) and Mr. Zhang Huaqiao (an independent non-executive Director) were unable to attend the extraordinary general meeting of the Company held on 19 October 2022 due to other engagements. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

A. CORPORATE CULTURE

As a global innovation-driven consumer group, Fosun insists on twin-driver strategy of "Profound Industry Operations + Industrial Investment", aims at the mission of "creating happier lives for families worldwide", and takes the vision of "rooted in China, creating a global happiness ecosystem fulfilling the needs of one billion families in Health, Happiness, and Wealth". Over the years, Fosun has always followed the cultural values of "Self-improvement, Teamwork, Performance, Contribution to society", insisted on establishing business for good, emphasized the corporate governance concept of ESG sustainable development, and created value for customers, partners, investors, all parties in society and employees.

B. 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.

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 2022 comprised the following Directors:

Executive Directors
Mr. Guo Guangchang *(Chairman)*
Mr. Wang Qunbin *(Co-Chairman)*
Mr. Chen Qiyu *(Co-Chief Executive Officer)*
Mr. Xu Xiaoliang *(Co-Chief Executive Officer)*
Mr. Qin Xuetang[(1)]
Mr. Gong Ping
Mr. Huang Zhen[(2)]

Non-Executive Directors
Mr. Zhuang Yuemin[(3)]
Mr. Yu Qingfei
Mr. Li Shupei[(4)]

Independent Non-Executive Directors
Mr. Zhang Shengman
Mr. Zhang Huaqiao
Mr. David T. Zhang
Dr. Lee Kai-Fu
Ms. Tsang King Suen Katherine

Notes:

(1) Mr. Qin Xuetang resigned as an executive Director with effect from 17 February 2023.

(2) Mr. Huang Zhen has been appointed as an executive Director with effect from 23 March 2022.

(3) Mr. Zhuang Yuemin resigned as a non-executive Director with effect from 2 February 2023.

(4) Mr. Li Shupei has been appointed as a non-executive Director with effect from 4 November 2022.

(5) Ms. Chen Shucui resigned as a non-executive Director with effect from 4 November 2022.

(6) Mr. Pan Donghui and Mr. Li Fuhua have been appointed as an executive Director and a non-executive Director from 29 March 2023 and 2 February 2023, respectively.

Throughout the Reporting Period, the Board has met the requirement of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also compiled with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

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 relationship (including 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 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.

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) Independent Views of the Board

The Board has established mechanisms to ensure independent views are available to the Board. Such mechanisms are subject to regular review by the Board and set out as below:

(1) Chairpersons of major Board Committees are independent non-executive Directors.

(2) The Nomination Committee will assess the independence of a candidate for a new independent non-executive Director appointment (if any) and also the continued independence of existing independent non-executive Directors on an annual basis. All independent non-executive Directors are required to confirm in writing annually their compliance of independence requirements pursuant to the Listing Rules.

(3) Directors have full and timely access to all relevant information to ensure that the Board procedures and all applicable laws, rules and regulations are followed.

(4) Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

(5) All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Committee meetings.

(6) No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

(7) A Director (including independent non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

(8) The Chairman of the Board meets with independent non-executive Directors annually without the presence of other executive Directors.

e) 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 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.

Each of our current non-executive Directors is appointed for a specific term of one year, and each of our current independent non-executive Directors is appointed for a specific term of three years. The term, duties and obligation of all Directors are set out in a formal letter of appointment entered into with the Company. 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).

Any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following general meeting after appointment. According to Article 111 of the Articles of Association, Mr. Li Shupei, Mr. Li Fuhua and Mr. Pan Donghui shall submit himself for re-election by shareholders at the next following general meeting after appointment, respectively. Mr. Li Shupei and Mr. Li Fuhua have been re-elected at the extraordinary general meeting held on 16 March 2023 following their appointment, Mr. Pan Donghui shall retire at the 2023 AGM and shall be eligible for re-election.

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. According to Articles 106 and 107 of the Articles of Association, Mr. Yu Qingfei, Mr. Zhang Shengman, Mr. David T. Zhang, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine shall retire by rotation at the 2023 AGM. All of the above five retiring Directors, being eligible, will offer themselves for re-election at the same meeting.

Pursuant to B.2.3 of the CG Code, it is, inter alia, stated that if an independent non-executive director has served more than 9 years, such director's further appointment should be subject to a separate resolution to be approved by the shareholders. Mr. Zhang Shengman and Mr. David T. Zhang have served the Company as independent non-executive Directors for over 9 years since 1 December 2006 and 21 June 2012, respectively. The shareholders of the Company shall approve the re-election of Mr. Zhang Shengman and Mr. David T. Zhang as independent non-executive Directors through a separate resolution.

While Mr. Zhang Shengman and Mr. David T. Zhang have served the Company as independent non-executive Directors for more than 9 years, the Nomination Committee has assessed the nomination of the Directors, in accordance with the adopted nomination procedures and *the Board Diversity Policy* of the Company, and considered that (1) they still have the required independence, character, integrity and experience and are able to carry out their duties as independent non-executive Directors and (2) an appropriate balance between continuity of experience and refreshment of the Board can be maintained upon their re-election based on the following reasons:

(i) Mr. Zhang Shengman and Mr. David T. Zhang are able to confirm their independence in respect of each of the factors set out in Rule 3.13 of the Listing Rules;

(ii) Mr. Zhang Shengman and Mr. David T. Zhang do not have any management role in the Company and its subsidiaries;

(iii) Despite their relatively long term of services on the Board, Mr. Zhang Shengman and Mr. David T. Zhang would still be able to bring fresh perspectives to the Board with their ample financial management and legal experience; and

(iv) Mr. Zhang Shengman and Mr. David T. Zhang are considered to be independent as they have continually demonstrated strong independence in character and judgment and contributed effectively by providing impartial and objective views, and which, coupled with familiarity with the business of the Group, have proven themselves to be valuable members of the Board.

Having considered the above factors, and taking into account that Mr. Zhang Shengman and Mr. David T. Zhang would continue to bring in fresh perspectives, objective insights and independent judgment to the Board and the Board committees of which they serve as members, the Nomination Committee therefore recommended the Board to propose them to be re-elected at the AGM despite the fact that they have been independent non-executive Directors of the Company for more than 9 years. After considering the recommendation of the Nomination Committee, the Board is confident that Mr. Zhang Shengman and Mr. David T. Zhang remain independent and have a healthy level of professional scepticism. They will continue to make valuable contributions and bring fresh perspective to the Company by providing their unique, balanced and objective views to the Board, and would like to seek the approval from the Shareholders for their re-election as independent non-executive directors.

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.

f) 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 (resigned on 17 February 2023)	✓	✓	✓
Mr. Gong Ping	✓	✓	✓
Mr. Huang Zhen (appointed on 23 March 2022)	✓	✓	✓
Non-Executive Directors			
Ms. Chen Shucui (resigned on 4 November 2022)	✓	✓	✓
Mr. Zhuang Yuemin (resigned on 2 February 2023)	✓	✓	✓
Mr. Yu Qingfei	✓	✓	✓
Mr. Li Shupei (appointed on 4 November 2022)	✓	✓	✓
Independent Non-Executive Directors			
Mr. Zhang Shengman	✓	✓	✓
Mr. Zhang Huaqiao	✓	✓	✓
Mr. David T. Zhang	✓	✓	✓
Dr. Lee Kai-Fu	✓	✓	✓
Ms. Tsang King Suen Katherine	✓	✓	✓

g) 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 six other Board meetings during the Reporting Period. The attendance records of each Director are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

In respect of corporate governance functions, the Board, during the Reporting Period, performed its major duties as follows:

(1) to develop and review the Company's policies and practices on corporate governance;

(2) to review and monitor the training and continuous professional development of Directors and senior management;

(3) to review and monitor the Company's policies and practices for compliance with legal and regulatory requirements;

(4) to develop, review and monitor the code of conduct and compliance manuals applicable to employees and Directors; and

(5) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

h) 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, and minutes of the Board meetings recorded in sufficient details were kept by the Company Secretary.

i) Directors and Officers Liability Insurance

The Company has arranged the directors and officers liability insurance in respect of legal action against the Directors, and the insured clause and scope of coverage of year 2022/2023 have been reviewed and renewed.

j) 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. In order to better understand the needs of diverse stakeholders, the Board actively implements the *Board Diversity Policy*. The Nomination Committee reviews the implementation of *the Board Diversity Policy* on an annual basis to ensure its continued effectiveness. 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 been substantially included into the board composition and (ii) the Board has the diversity of skills, experience and perspectives appropriate to the requirements of the Company's business.

As at the end of the Reporting Period, the Board appointed one female Director, namely Ms. Tsang King Suen Katherine (an independent non-executive Director). The Board targets to maintain at least the current level of female representation in the next few years. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified. Meanwhile, it is of the view of the Board that all aspects of diversity and the ability to contribute towards the Board's responsibilities should be considered as a whole in the selection of suitable potential candidates for appointment to the Board.

The Board will continue to take steps to promote gender diversity at all levels of the Group in order to develop a pipeline of potential successors to the Board to achieve gender diversity. For instance, the Board is committed to providing career development and training opportunities to female staff whom the Board considers have the suitable experience, skills and knowledge with a view to promote them to senior management or Board level in future. The Board also takes into account gender diversity when recruiting staff at mid to senior level.

C 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. 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 properly briefed on issues arising 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), which 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 to take the lead; to encourage Directors with different opinions to express their concerns and give adequate time to discuss and to ensure the decisions of the Board fairly 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 a culture of openness and debate by facilitating the effective contribution of Directors (especially non-executive Directors and independent non-executive Directors) 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.

D. 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.

As at the date of this report, the members of the above mentioned 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 four independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), 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 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. 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 work performed by the Audit Committee during the Reporting Period is summarized as follows:

(1) Reviewed the financial results and reports of the Group for the year ended 31 December 2021, and for the six months ended 30 June 2022, and recommend approval by the Board;

(2) Reviewed the effectiveness of the risk management and internal control system and recommend action to the Board where appropriate; and

(3) Considered and approved the terms of engagement and fees proposed by the external auditor and recommended to the Board on the re-appointment of the external auditor.

The Company's annual results for the year ended 31 December 2022 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, on the remuneration of non-executive Directors and independent non-executive Directors, 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 associates will participate in deciding his/her own remuneration. The remuneration of the Directors and senior management 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;

- 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; and

- To review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee held two meetings during the Reporting Period. The attendance records of each member of the Remuneration Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

The work performed by the Remuneration Committee during the Reporting Period is summarized as follows:

(1) Reviewed the remuneration report of the executive Directors for the year 2021;

(2) Reviewed the target proposal and remuneration package of the executive Directors for the year 2022;

(3) Reviewed the changes to the remuneration structure of Directors and senior management;

(4) Reviewed and discussed the remuneration of Directors appointed during the Reporting Period and made recommendations to the Board; and

(5) Considered and made recommendation to the Board in respect of the grant of (i) the 2022 First Award Shares, (ii) the 2022 First Share Options, (iii) the 2022 Second Award Shares and (iv) the 2022 Second Share Options. For further details of such grant of award shares and share options, please refer to section headed "Share Award Schemes" and "Share Option Schemes" under the "Directors' Report" in this annual report.

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 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 shall consider the following criteria in evaluating and selecting candidates for directorship:

(1) *Board Diversity Policy* and any measurable objectives adopted for achieving diversity on the Board including but not limited to gender, age, cultural and educational background, and professional experience;

(2) Personal integrity;

(3) Time commitments of such individuals;

(4) The Company's needs; and

(5) Other relevant statutory requirements and regulations.

The Nomination Committee has adopted a set of nomination procedures for selection of candidates for directorship of the Company as below:

(1) When it is necessary to fill a causal vacancy or appoint an additional Director, the Nomination Committee identifies or selects candidates pursuant to the criteria set out above;

(2) When it is necessary to re-appoint an existing Director, the Nomination Committee reviews overall contribution and service of the retiring Director to the Company and determine whether the retiring Director continues to meet the criteria as set out above;

(3) The Nomination Committee makes recommendation to the Board; and

(4) The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee.

The Nomination Committee held one meeting during the Reporting Period. The attendance records of each member of the Nomination Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

The work performed by the Nomination Committee during the Reporting Period is summarized as follows:

(1) Reviewed the structure, size, composition and diversity of the Board;

(2) Assessed the independence of the independent non-executive Directors;

(3) Discussed and made recommendation to the Board in relation to the re-appointment of retiring Directors at the 2022 annual general meeting; and

(4) Selected and recommended candidates for the appointment of new directors in accordance with the nomination procedures during the Reporting Period.

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 (resigned as an executive Director and a member of the Environmental, Social and Governance Committee on 17 February 2023), 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 ESG initiatives of the Group. 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 one meeting during the Reporting Period. 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".

The work performed by the Environmental, Social and Governance Committee during the Reporting Period is summarized as follows:

(1) Considered and reviewed the 2021 ESG report; and

(2) Reviewed the ESG working progress, discussed the ESG working plans.

E. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings in 2022, and annual general meeting and extraordinary general meeting of the Company held for the year of 2022 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	Extraordinary General Meeting
Executive Directors							
Mr. Guo Guangchang	10/10	–	–	–	–	1/1	1/1
Mr. Wang Qunbin	10/10	–	–	–	–	1/1	1/1
Mr. Chen Qiyu	10/10	–	–	–	–	1/1	1/1
Mr. Xu Xiaoliang	10/10	–	–	–	–	1/1	1/1
Mr. Qin Xuetang (resigned on 17 February 2023)	10/10	–	–	–	1/1	1/1	1/1
Mr. Gong Ping	10/10	–	–	–	–	1/1	1/1
Mr. Huang Zhen (appointed on 23 March 2022)	8/8	–	–	–	–	1/1	1/1
Non-Executive Directors							
Ms. Chen Shucui (resigned on 4 November 2022)	4/8	–	–	–	–	1/1	0/1
Mr. Zhuang Yuemin (resigned on 2 February 2023)	10/10	–	–	–	–	1/1	1/1
Mr. Yu Qingfei	10/10	–	–	–	–	1/1	1/1
Mr. Li Shupei (appointed on 4 November 2022)	2/2	–	–	–	–	–	–
Independent Non-Executive Directors							
Mr. Zhang Shengman	10/10	2/2	2/2	1/1	1/1	1/1	1/1
Mr. Zhang Huaqiao	10/10	–	2/2	1/1	1/1	1/1	0/1
Mr. David T. Zhang	10/10	2/2	2/2	1/1	1/1	1/1	1/1
Dr. Lee Kai-Fu	10/10	2/2	2/2	1/1	1/1	1/1	1/1
Ms. Tsang King Suen Katherine	9/10	2/2	2/2	1/1	1/1	1/1	1/1

F. MODEL CODE FOR SECURITIES TRANSACTIONS

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

G. 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 2022. 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.

H. 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 RMB11.35 million and no significant non-audit services were provided by Ernst & Young to the Company.

I. 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, maintains and reviews the effectiveness of the 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 at 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 ESG risks, decision-making risks of operation, financial control risks, and the risks arising from changes in business environment. The Board acknowledges that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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 Audit Committee, and the Board oversees the implementation of any remedial and improvement measures to be taken. After following up and checking, such measures have been taken as expected to resolve material internal control defects.

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 the 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 Audit Committee 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.

J. 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 2022, the Company Secretary has received over 15 hours of professional training.

K. 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.

In order to enhance corporate governance, the Company has formulated a shareholder communication policy, which sets out, among other things, how Shareholders can communicate their views on various matters affecting the Company and how the Company solicits and understands the views of Shareholders and stakeholders.

In accordance with the shareholder communication policy, the Group has taken various steps to solicit and understand the views of Shareholders and stakeholders. The Group delivers its most updated information through, among others, announcements made on the Hong Kong Stock Exchange's website, communication with analysts, meetings with investors, maintenance of the website of the Company concerning investor relations, dissemination of investor's newsletter and public forum.

Below is a list of major investor relations events conducted by the Group during the Reporting Period:

2022 1st Half	**Annual Results Announcement** Press Conference Analyst Earnings Call **Roadshows in Shanghai, Beijing, Shenzhen, Hong Kong, and European Region** **Investor Conferences in Asia**
2022 2nd Half	**Interim Results Announcement** Press Conference Analyst Earnings Call **Roadshows in Shanghai, Beijing, Shenzhen, and Hong Kong** **Investor Open Day in Shanghai**

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 able to solicit and understand the views of Shareholders and stakeholders at general meetings.

The Company also 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, financials, investor relations, and other information are available to the public.

Having considered the above adopted measures for communication with Shareholders, the Directors have reviewed the implementation of the shareholder communication policy and considered such policy effective during the Reporting Period.

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.

L. SHAREHOLDER RIGHTS

Shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings 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 2023 are:

- June 2023: annual general meeting;
- August 2023: release of announcement of interim results in respect of the six months ending 30 June 2023; and
- September 2023: release of interim report in respect of the six months ending 30 June 2023.

M. DIVIDEND POLICY

The Company adopts a dividend policy of providing shareholders 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.

N. EMPLOYEES DIVERSITY

The Group continuously promotes the establishment of a healthy, diverse and inclusive workplace, so that employees can grow freely in a respected environment, compete fairly and fully display their strengths.

In strict compliance with the United Nations *Universal Declaration of Human Rights*, the Group encourages all business groups and subsidiary companies to develop corresponding policies according to the specific circumstances of the country and region where they are located, respect the tangible and intangible differences of all employees, and manage according to the four key areas of age, gender, disability and sexual orientation. The Group is committed to creating a fair, respectful, comfortable and inclusive working environment. The Group actively carries out anti-discrimination and anti-harassment training in the workplace to guide employees to treat others with respect, equality and fairness. During the Reporting Period, the Group has embraced a diversity strategy in the recruitment and promotion process and successfully achieved the Group's male to female employees ratio of 51:49 as of 31 December 2022. The Group will strive to maintain the current proportion of female employees in order to attract and retain as many talents as possible from our broad talent pool.

O. ESG RISKS

The Group has integrated ESG risks, including climate risks, into its overall risk management mechanism and has also integrated sustainability into its business operations.

The Board of Directors of the Company regularly discusses and reviews ESG risks, including them in the Group's risk assessment scope and risk management system. Besides, the Company established "ESG performance-related remuneration assessment mechanism" which include "ESG risk management" as an indicator to link the Board and senior management's remuneration to ESG. The Company's ESG Management Committee regularly reports to the Environmental, Social and Governance Committee under the Board and the ESG Board Committee on the latest trends in ESG and ESG related risks and opportunities, and provides relevant recommendations for ongoing monitoring. The Company uses risk management tools, including sensitivity analysis, scenario analysis and stress testing, to identify, evaluate and manage specific ESG risks.

The Group has embedded the consideration of ESG risk factors into the complete responsible investment process. The Group has developed a number of responsible investment strategies and a series of internal management tools embedded in the whole responsible investment process so as to comprehensively consider ESG factors. The Group also actively carries out responsible investment training for the investment teams to enhance their ESG risk awareness and sense of responsibility. The Company regularly issues ESG risk self-examination forms to its subsidiaries to identify potential ESG risks and takes corresponding management and countermeasures.

The Group also conducts ESG risk assessment on suppliers, in accordance with the *Fosun Group Supplier Code of Conduct* and the *Supplier Conduct Risk Rating List*. The suppliers' ESG risk and management level is comprehensively assessed, including human rights, fair labor conditions, business ethics, environment, health, safety and quality management, security and sustainability of business operations, procurement of suppliers, inspection and corrective measures, reporting channels and other dimensions.

Biographical Details of Directors and Senior Management

Executive Directors

Guo Guangchang | Wang Qunbin | Chen Qiyu | Xu Xiaoliang

Guo Guangchang, aged 55, 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), 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 Awards" hosted by *Harvard Business Review* (Chinese version), 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. Mr. Guo is the controlling shareholder of the Company who is interested in and deemed interested in Shares and underlying shares of the Company, which represented approximately 73.54% of the total issued Shares as at the end of the Reporting Period. Please refer to the section headed "INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES" in this annual report for details of his interest in the Shares and underlying shares of the Company.

Wang Qunbin, aged 53, is an Executive Director and Co-Chairman of the Company, and the founder of the Group. Mr. Wang was 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 50, is an Executive Director and Co-CEO of the Company. 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) and 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 director of Gland Pharma (listed on the BSE Limited and National Stock Exchange of India Limited) 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) and Sanyuan Foods (listed on the SSE), a non-executive director of BabyTree (listed on the Hong Kong Stock Exchange) and a co-chairman of New Frontier Health Corporation (delisted from the NYSE in January 2022). 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, a member of the 14th Shanghai Standing Committee of the Chinese People's Political Consultative Conference etc.. Mr. Chen was awarded "Asia's Best CEO" by *Corporate Governance Asia*, etc.. 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 49, is an Executive Director and Co-CEO of the Company. Mr. Xu joined the Group in 1998, 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), an executive director and chairman of FTG (listed on the Hong Kong Stock Exchange), a director of Yuyuan (listed on the SSE), Shanghai Foyo Culture & Entertainment Co., Ltd. (delisted from the NEEQ in April 2021) and various companies within the Group. Mr. Xu was a non-independent director of Hainan Mining (listed on the SSE), a non-executive director and vice chairman of Zhaojin Mining Industry Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code 01818, "**Zhaojin Mining**"), 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 and the chairman of Shanghai International Fashion Federation. Mr. Xu was awarded "Asia's Best CEO" by *Corporate Governance Asia*, the "Shanghai 4 May Youth Medal" and "Shanghai Top Ten Youth Business People" etc.. 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.

Executive Directors

Gong Ping | Huang Zhen | Pan Donghui

Gong Ping, aged 47, is an Executive Director, Executive President and CFO of the Company. Mr. Gong joined the Group in 2011 and as at the end of the Reporting Period, he has also been a director of Yuyuan (listed on the SSE) and various companies within the Group. 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 PAREF (listed on the Euronext Paris), a non-executive director of Shanghai Zendai Property Limited (listed on the Hong Kong Stock Exchange with stock code 00755) and Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), and a director of Shanghai Bailian Group Co., Ltd. (listed on the SSE with stock code 600827, "**Shanghai Bailian**") and 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. As at the end of the Reporting Period, Mr. Gong has been a council member of Shanghai Association for Youth Entrepreneurship and Employment. 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.

Huang Zhen, aged 51, is an Executive Director and Executive President of the Company. Mr. Huang was appointed as the Executive Director and the Executive President of the Company in March 2022. Mr. Huang joined the Group in 2017 and as at the end of the Reporting Period, he has also been the chairman of Yuyuan (listed on the SSE), the director of Shede Spirits (listed on the SSE), Resource Property (delisted from NEEQ in December 2020), Shanghai Bailian (listed on the SSE), Sanyuan Foods (listed on the SSE), FTG (listed on the Hong Kong Stock Exchange) and various companies within the Group. Mr. Huang was a non-executive director of Zhaojin Mining (listed on the Hong Kong Stock Exchange). Before joining the Group, Mr. Huang was the deputy general manager of Shanghai Jahwa United Co., Ltd., and the general manager of Shanghai Herborist Cosmetics Co., Ltd., etc.. As at the end of the Reporting Period, Mr. Huang has been a member of the 14th Shanghai Standing Committee of the Chinese People's Political Consultative Conference, a member of the 3rd Shanghai Huangpu District Standing Committee of the Chinese People's Political Consultative Conference, the chairman of Shanghai Huangpu District Federation of Industry and Commerce, the president of Shanghai Huangpu District Chamber of Commerce, the vice chairman of China Gold Association and Gems & Jewelry Trade Association of China, etc.. Mr. Huang was awarded "Top Ten Economic Figures in China's Circulation Industry" and "National Outstanding Commercial Entrepreneur", etc.. Mr. Huang received a bachelor's degree in economics from Shanghai University of Finance and Economics in 1994 and an MBA degree from Webster University (USA) in 1998.

Pan Donghui, aged 53, is an Executive Director, Executive President and chief human resources officer (CHO) of the Company. Mr. Pan was appointed as the Executive Director of the Company in March 2023. Mr. Pan 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) and FTG (listed on the Hong Kong Stock Exchange) and a director of Shanghai Foyo Culture & Entertainment Co., Ltd. (上海復娛文化傳播股份有限公司) (delisted from NEEQ in April 2021). Mr. Pan also served as a director of Shanghai Ganglian E-Commerce Holdings Co., Ltd. (上海鋼聯電子商務股份有限公司) (listed on the Shenzhen Stock Exchange with stock code 300226). Mr. Pan obtained a bachelor's degree in engineering from Shanghai Jiaotong University in China in 1991, and a master's degree in business administration from the University of Southern California in the United States in 2009.

Yu Qingfei, aged 56, 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 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 China 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.

Li Shupei, aged 41, has been a Non-Executive Director of the Company since November 2022. As at the end of the Reporting Period, Mr. Li has also been a deputy head of the equity investment center and the head of research and development department of the equity center of China Everwin Asset Management Co., Ltd. and a non-executive director of Ronshine China Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 03301). Mr. Li has joined China Everwin Asset Management Co., Ltd. since 2018, and served as a macro strategist and non-bank financial analyst and first level researcher at the securities investment department of China Life Asset Management Company Limited from 2015 to 2018. From 2010 to 2015, Mr. Li served as a macro analyst, strategist and vice president at the research and development department of CSC Financial Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code 06066 and the SSE with stock code 601066). Mr. Li graduated from Zhengzhou University with a bachelor's degree in management in 2005, and graduated from Nankai University with a master's degree in economics in 2007 and a doctor's degree in economics in 2010, respectively.

Li Fuhua, aged 52, has been a Non-Executive Director of the Company since February 2023. As at the end of the Reporting Period, Mr. Li has also been the financial director, the head of finance and the general manager of the planning and finance department of AEON Life Insurance Co., Ltd. ("**AEON Life Insurance**"), the head of finance of AEON Insurance Asset Management Co., Ltd., a director of Shanghai Zhuli (a subsidiary of the Company) and an executive director of Wangjin Holdings (Dalian) Co., Ltd.. From 1993 to 1997, Mr. Li served as the accounting supervisor of the financial department of Jinan silk factory of Shandong Provincial Silk Corporation. From 1997 to 2000, he served as the financial supervisor and financial manager of the financial department of China Ping An Life Insurance Co., Ltd. ("**Ping An Life Insurance**") Jinan Branch. From 2000 to 2002, he served as the director of the financial department and the project manager of financial enterprise resource planning (ERP) of Ping An Life Insurance. From 2002 to 2004, he was the director of the financial management office of the financial planning department of Ping An Insurance (Group) Company of China, Ltd. (listed on the Hong Kong Stock Exchange with stock code 02318 and the SSE with stock code 601318). From 2004 to 2008, he served as the assistant general manager of the financial department of Taikang Life Insurance Co., Ltd. ("**Taikang Life Insurance**"). From 2009 to 2013, he served as the deputy general manager of the financial department of Taikang Life Insurance. From 2013 to 2017, he served as the general manager of the accounting department of AEON Life Insurance. Mr. Li graduated from Shandong College of Finance (currently known as Shandong University of Finance and Economics) with a bachelor's degree in accountancy in 1998. Mr. Li holds certificates of qualification of Senior International Finance Manager and International Certified Management Accountant.

Zhang Shengman, aged 65, 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 1992. From 1993 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 NYSE with stock code C) in February 2006, and up to May 2016 once served as the chairman of the Public Sector Group, president and chairman of Asia Pacific. Mr. Zhang received a bachelor's degree in English literature in 1978 from Fudan University and a master's degree in public administration in 1986 from University of the District of Columbia. Mr. Zhang completed the Harvard Advanced Management Program in 1997.

Independent Non-Executive Directors

Zhang Huaqiao David T. Zhang Lee Kai-Fu Tsang King Suen Katherine

Zhang Huaqiao, aged 59, 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), Logan Group Company Limited (stock code 03380), Luye Pharma Group Ltd. (stock code 02186), Radiance Holdings (Group) Company Limited (stock code 09993) and Haitong International Securities Group Limited (stock code 00665), 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 the 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 China Huirong Financial Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 01290), and China Rapid Finance Limited (listed on the NYSE 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.

David T. Zhang, aged 60, 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 initial public offerings, Hong Kong initial public offerings 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 61, 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., 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) and the chairman and non-executive director of Qingdao Ainnovation Technology Group Co., Ltd (listed on the Hong Kong Stock Exchange with stock code 02121). 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 NYSE 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's degree and Ph.D. in Computer Science from Columbia University in 1983 and Carnegie Mellon University in 1988, respectively, as well as Honorary Doctorate Degrees from both the City University of Hong Kong and Carnegie Mellon University in 2010 and 2015, respectively.

Tsang King Suen Katherine, aged 65, 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 executive director and chief executive officer of HK Acquisition Corporation (listed on the Hong Kong Stock Exchange with stock code 07841) and an independent non-executive director of Budweiser Brewing Company APAC Limited (listed on the Hong Kong Stock Exchange with stock code 01876), Fidelity Emerging Markets Limited (listed on the London Stock Exchange with stock code FEML) 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 NYSE with stock code GPS) from August 2010 to May 2018. As at the end of the Reporting Period, Ms. Tsang has been a member of the Advisory Council for China of the City of London, an honorary board member of Shanghai Jiao Tong University and a 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

Sze Mei Ming, aged 45, is the Fosun Global Partner, Company Secretary, Senior Assistant to the President, Deputy Chief Risk Officer and General Manager of Office of Board Secretary of the Company. Ms. Sze joined the Group in 2007, and has been the Company Secretary of the Company since March 2009. 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 both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute (HKCGI) (formerly known as The Hong Kong Institute of Chartered Secretaries), and awarded with the dual designations of Chartered Secretary and Chartered Governance Professional. She is currently a member of The Mainland China Technical Consultation Panel of The Hong Kong Chartered Governance Institute.

The Board is pleased to present its report and the audited financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is a global innovation-driven consumer group dedicated to providing high-quality products and services for families around the world that focuses on the development of business segments such as Health, Happiness and Wealth.

BUSINESS REVIEW OF THE GROUP IN 2022

A fair view of the business of the Group in 2022 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 2022, 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 2022 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 HKD0.014 per Share for the year ended 31 December 2022 to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 20 June 2023. Subject to approval by the shareholders of the Company at the annual general meeting of the Company to be held on Friday, 9 June 2023 (the "**AGM**"), the proposed final dividend will be paid on Tuesday, 18 July 2023 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 6 June 2023 to Friday, 9 June 2023, 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 Monday, 5 June 2023.

The register of members of the Company will also be closed from Friday, 16 June 2023 to Tuesday, 20 June 2023, both days inclusive, during which period no transfer of shares will be effected. The ex-dividend date will be Wednesday, 14 June 2023. 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 Thursday, 15 June 2023.

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, REDEMPTION OR SALE 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 127,337,000 Shares on the Hong Kong Stock Exchange at an aggregate consideration of HKD619,125,455.00. All the repurchased Shares were cancelled as at 29 March 2023.

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 2022	500,000	8.32	8.14	4,120,750.00
September 2022	79,800,000	5.15	4.40	387,924,520.00
October 2022	47,037,000	5.04	4.61	227,080,185.00
Total	**127,337,000**	–	–	**619,125,455.00**

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 2022.

HUMAN RESOURCES

Fosun's human resources strategy is guided by the values of "Self-improvement, Teamwork, Performance and Contribution to Society", and focuses on building a global entrepreneurial platform that creates outstanding value for customers, analyze the organizational capabilities that drive business growth and rapidly iterate the corresponding organization, mechanism, and talent system. We emphasize that the person in charge of the business is the first person in charge of human resources. Combined with an efficient and compliant governance structure, we will set up talent committees at all levels of organizations to conduct collective discussions on major organizational and talent issues, so as to guarantee the full engagement of business managers in the construction of organizational talent system, and by creating a global shared platform for human resources consultation and services, it will fully empower the building of the entire Group's human resources organization capacity.

In 2022, the evolution of Fosun's organizational management system will focus on optimizing the organizational formation around layered value positioning, clarifying the headquarters-type organization, and under the premise of full compliance, the six dimensions of strategic evolution, ecosystem synergy, investment and financing management, organizational capacity building, operational risk control mechanism evolution and shared empowerment create value for subordinate organizations, further consolidate the talent structure of "expert + high potential" in headquarters-based organizations, and improve organizational efficiency. We gather growth forces through the Overseas Committee, Ecosystem Committee, Science and Technology & Innovation Committee, FES Committee, and Digital Intelligence Committee, which are at the top priority to promote the implementation of Fosun's core strategies.

Fosun has always adhered to the concept of "Talents are Fosun's first asset". We match people with positions based on the differentiated positioning of management talents and business talents, and design global job rotation and succession plans to drive the improvement of the talent development system. We pay special attention to the rapid growth of high-performance and high-potential talents, tilt organizational resources for promotion and incentives, and maintain a strong momentum for endogenous development of talents. In terms of talent planning and attraction, we focus on the world, match the high-growth goals of the business, continue to introduce industry leaders and experts, and build a future-oriented talent echelon in a forward-looking manner. ONE Fosun enterprises work together to attract global talents under the ONE Fosun employer name, and providing an injection of new talent into Fosun enterprises. As of 31 December 2022, the Group had approximately 108,000 employees.

Fosun Partner Management System

The partnership model is an important mechanism for the retention and incentive of Fosun's core talent, placing emphasis on Fosun partners leading Fosun people, especially the entrepreneurial spirit, to create an organizational cohesion of co-creation, co-responsibility and sharing. In 2022, more than 10 new Fosun global partners were selected, and at the same time, Fosun's characteristic competition and cooperation (coopetition) mechanism was exercised, with the annual evaluation and exit mechanism of partners, resulting in over 150 global partners.

In 2022, Fosun's partner management system focused on iterating the partner operation, evaluation, and incentive mechanisms, promote cross-industry collaboration through partner ecosystem campaigns, integrate internal and external resources, and create incremental value for customers. At the same time, we put more emphasis on the investment of partners in consolidating the talent echelon, and strengthen the introduction, development and delivery of outstanding talents from the perspective of core assets of talents.

Employee Experience and Service

Focusing on the concept of ESG, Fosun insists on doing business for good and people-oriented, constantly optimizes and innovates, and strengthens the construction of an employee experience management system covering the entire career life cycle of employees. Through management, mining and construction of employee experience points and scenarios, we fully integrate care and services into daily work and life, covering not only employees themselves, but also employees' families, creating a happy lifestyle.

Taking advantage of its unique ecosystem, Fosun continued to strengthen investment and upgrades in employee experience in 2022, and innovatively launched the "Six-Star Plan" for ESG ecological employee experience. Make full use of the products and services in the happiness ecosystem built by the Group to enhance employees' awareness and recognition of Fosun's ecology in an all-round way. Public welfare, practicing the concept of helping the world while fulfilling corporate social responsibilities, and enhancing personal social value. In 2022, we won a number of professional employee experience and best employer awards, continuing to help employer brand building.

We have further strengthened the development and construction of digital tools for employee experience, further optimized and innovated the form of welfare distribution and publicity, pushed employees' salary and personnel systems, various benefits and rights introductions through Fosun's own mobile applications, and connected various departments of the Group. Such enterprises carry out employee activities to let employees deeply experience Fosun's ecology, and at the same time actively spread Fosun's ecology and create happiness together. Our human resources global sharing center established a brand-new Fosun global employee portal in 2022 to further integrate various resources at home and abroad, comprehensively carry out global human resources sharing services, and strengthen communication between global enterprises and employees. It effectively assists Fosun in building and upgrading its global organization.

Employee Learning and Development

Fosun regards the development of both the Company and its staff as one of the most important responsibilities of the Group, providing employees with more opportunities for career development and better working conditions through sustained efforts. Through continuous growth and structural optimization of the organization, we promote team integration and cooperation, create value, building an organization which continuously learns, pursuing a vision of joint development of the Group and our employees.

We build different series of talent development programs and professional development programs according to the Group's development strategy, its development characteristics and Human Resources planning requirements. For different development goals, specific development paths are planned. The training courses are designed according to entrepreneur model and professional requirements, so as to help employees to grow rapidly while solving specific business problems at the same time. For instance, we have the partner teaching project, chairman/CEO teaching project, FES Executive training camp, CHO special warfare camp, star youth long-distance camp and Fostar Management Trainee Program.

In 2022, Fosun deepened the training and development of global talents, by designing and launching the Fosun Global Leadership Program, an executive training program for Fosun's executives involved in overseas business, and the Fosun Global HR Leadership Program, an HR executive training program for overseas business, to promote Entrepreneurs of Fosun Global Industries integrate with each other, empower the ecosystem and develop together.

Employment and Labor Standards

The Group has been adhering to the principle of "Attract with potential development, focus through career plan, groom through meaningful work, appraise by performance", advocating fair competition and opposing discrimination. All employees and job applicants are not confined by factors such as gender, age, race, skin color or religious belief. The establishment of all human resources policies strictly complies with all rules and relevant regulations in connection with remuneration and dismissal, recruitment and promotion, employee schedule, equal opportunities, diversity, working hours, rest periods and other benefits in countries/regions where our operations are located.

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

Employee Remuneration Policy and Incentive

The remuneration policy and package of Fosun's employees are periodically reviewed and determined based on the basis of their performance, experience and current industry practice. The Group always implements 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 adheres to value creation and growth, and builds an incremental value sharing mechanism that combines short, medium, and long-term, emphasizing Bonus mechanism linked to OKR achievement, value growth award linked to annual performance, and equity incentive linked to long-term value growth. Adapt to different regions and industries around the world, the Group establishes a multi-dimensional and multi-level entrepreneurial body value measurement and value sharing mechanism, and stimulates the entrepreneurial spirit and co-entrepreneurship spirit of Fosun people.

Human Resources Intelligent Innovation

Under the strategic guidance of science and technology leadership and continuous innovation, we use digital and intelligent innovative technological means, and on the premise of complying with various relevant laws and regulations on data security protection in various countries, through various human resources digital and intelligent platforms Integrate with the independent research and development of tools, advocate and connect various industrial groups and enterprises within the ecosystem to learn from each other and empower each other, and continuously form the accumulation and precipitation of best practices in digital intelligent innovation of human resources, leading the Group to build a compliant, smart, innovative and efficient global digital human resources solution.

SHARE AWARD SCHEMES[NOTE]

2015 Share Award Scheme

The 2015 share award scheme was adopted by the Company on 25 March 2015 (the "**2015 Share Award Scheme**"), unless otherwise defined, the capitalized terms used herein shall have the same meanings as set out in the circular of the Company dated 27 April 2022 and 29 September 2022.

The purposes of the 2015 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 Person to the 2015 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.

Note: Having considered that the Company is unable to ensure that the total number of issued shares of the Company between 21 April 2023 (being the latest practicable date ("**LPD**")) and date of this report will remain the same, the Group decided to discloses the information as required to be disclosed under Rule 17.09(3) of the Listing Rules as of the LPD instead of the date of the annual report.

Under the 2015 Share Award Scheme, the total of 346,123,943 Shares available for issue represented approximately 4.21% of the issued Shares as at 21 April 2023, and the total number of non-vested award Shares granted to a selected participant shall not exceed 0.3% of the total number of the issued Shares from time to time. Subject to any early termination as may be determined by the Board, the 2015 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 number of awards available for grant under the scheme mandate at (i) the beginning of the Reporting Period were 300,992,613 and (ii) the end of the Reporting Period were 266,313,033. The number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the Reporting Period were approximately 1.15%.

The acceptance amount of the award shares is determined by the Board from time to time. The purchase price of the award shares (if any) shall be such price which shall be determined by the Board from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the award and the characteristics and profile of the selected participant. Such room for discretion provides the Board with flexibility to stipulate, if necessary, a purchase price for award shares, while balancing the purpose of the award and the interests of Shareholders.

The 2015 Share Award Scheme has been terminated and a new share award scheme of the Company has been adopted in the extraordinary general meeting held on 16 March 2023 (the "**2023 Share Award Scheme**"). For details of the 2023 Share Award Scheme, please refer to the circular of the Company dated 27 February 2023.

On 24 March 2022, the Board resolved to award an aggregate of 30,979,000 award shares (the "**2022 First Award Shares**") to 143 Selected Participants under the 2015 Share Award Scheme. The 2022 First Award Shares have been issued and allotted pursuant to a specific mandate obtained in the annual general meeting of the Company held on 2 June 2022. Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the 2022 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 2022 First Award Shares have been fully issued to the Trustee. The closing price of the Shares, immediately before the grant date was HKD8.85. The aggregate fair value of the 2022 First Award Shares at the date of grant amounted to approximately HKD207,432,000.

On 31 August 2022, the Board resolved to award an aggregate of 4,286,200 award shares (the "**2022 Second Award Shares**") to 31 Selected Participants under the 2015 Share Award Scheme. The 2022 Second Award Shares have been issued and allotted pursuant to a specific mandate obtained in the extraordinary general meeting of the Company held on 19 October 2022. Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the 2022 Second Award Shares shall be transferred from the Trustee to the Selected Participants upon expiry of the respective vesting period. As at the end of the Reporting Period, the 2022 Second Award Shares have been fully issued to the Trustee. The closing price of the Shares, immediately before the grant date was HKD5.95. The aggregate fair value of the 2022 Second Award Shares at the date of grant amounted to approximately HKD18,527,000.

The fair value of equity-settled Award Shares granted was estimated as at the closing price of the Shares as stated in the Hong Kong Stock Exchanges daily quotations sheet on 2 June 2022 for the 2022 First Award Shares and on 19 October 2022 for the 2022 Second Award Shares, being the grant date defined under the International Financial Reporting Standards 2 Share-based Payment requirement, which must be a business day and if subject to shareholder's approval, is the date when approval is obtained.

Further details of the 2015 Share Award Scheme are set out in note 62 to the Consolidated Financial Statements.

Details of the movement of the Award Shares under the 2015 Share Award Scheme during the Reporting Period were as follows:

Number of the share awards				Changed during the Reporting Period				
Name of Director	Date of grant	Vesting period	Number of granted Shares	Unvested as at 1 January 2022	Granted during the Reporting Period	Vested during the Reporting Period [10]	Lapsed/ cancelled during the Reporting Period [11]	Unvested as at 31 December 2022
Guo Guangchang	24 March 2022	24 March 2022 to 23 March 2023[8(b)]	738,000	–	738,000	–	–	738,000
Wang Qunbin	24 March 2022	24 March 2022 to 23 March 2023[8(b)]	704,000	–	704,000	–	–	704,000
Chen Qiyu	26 March 2015	26 March 2015 to 24 March 2018[1]	250,000	–	–	–	–	–
	1 April 2016	1 April 2016 to 30 March 2019[2]	330,000	–	–	–	–	–
	4 May 2017	4 May 2017 to 2 May 2020[3]	375,000	–	–	–	–	–
	28 March 2018	28 March 2018 to 27 March 2021[4]	555,000	–	–	–	–	–
	27 March 2019	27 March 2019 to 26 March 2022[5(a)]	535,000	181,900	–	181,900	–	–
	1 April 2020	1 April 2020 to 31 March 2023[6(a)]	1,660,000	1,112,200	–	547,800	–	564,400
	31 March 2021	31 March 2021 to 30 March 2024[7(a)]	1,920,000	1,920,000	–	633,600	–	1,286,400
	24 March 2022	24 March 2022 to 23 March 2025[8(a)]	2,460,000	–	2,460,000	–	–	2,460,000
		24 March 2022 to 23 March 2023[8(b)]	646,000	–	646,000	–	–	646,000
	31 August 2022	31 August 2022 to 30 August 2025[9(a)]	50,000	–	50,000	–	–	50,000
		31 August 2022 to 30 August 2023[9(b)]	502,400	–	502,400	–	–	502,400
Xu Xiaoliang	26 March 2015	26 March 2015 to 24 March 2018[1]	190,000	–	–	–	–	–
	1 April 2016	1 April 2016 to 30 March 2019[2]	330,000	–	–	–	–	–
	4 May 2017	4 May 2017 to 2 May 2020[3]	375,000	–	–	–	–	–
	28 March 2018	28 March 2018 to 27 March 2021[4]	555,000	–	–	–	–	–
	27 March 2019	27 March 2019 to 26 March 2022[5(a)]	535,000	181,900	–	181,900	–	–
	1 April 2020	1 April 2020 to 31 March 2023[6(a)]	1,660,000	1,112,200	–	547,800	–	564,400
	31 March 2021	31 March 2021 to 30 March 2024[7(a)]	1,920,000	1,920,000	–	633,600	–	1,286,400
	24 March 2022	24 March 2022 to 23 March 2025[8(a)]	2,460,000	–	2,460,000	–	–	2,460,000
		24 March 2022 to 23 March 2023[8(b)]	244,000	–	244,000	–	–	244,000
	31 August 2022	31 August 2022 to 30 August 2025[9(a)]	50,000	–	50,000	–	–	50,000
		31 August 2022 to 30 August 2023[9(b)]	220,200	–	220,200	–	–	220,200
Qin Xuetang	26 March 2015	26 March 2015 to 24 March 2018[1]	290,000	–	–	–	–	–
	1 April 2016	1 April 2016 to 30 March 2019[2]	350,000	–	–	–	–	–
	4 May 2017	4 May 2017 to 2 May 2020[3]	325,000	–	–	–	–	–
	28 March 2018	28 March 2018 to 27 March 2021[4]	340,000	–	–	–	–	–
	27 March 2019	27 March 2019 to 26 March 2022[5(a)]	310,000	105,400	–	105,400	–	–
	1 April 2020	1 April 2020 to 31 March 2023[6(a)]	295,000	197,650	–	97,350	–	100,300
	31 March 2021	31 March 2021 to 30 March 2024[7(a)]	720,000	720,000	–	237,600	–	482,400
	24 March 2022	24 March 2022 to 23 March 2025[8(a)]	1,360,000	–	1,360,000	–	–	1,360,000
		24 March 2022 to 23 March 2023[8(b)]	88,000	–	88,000	–	–	88,000
	31 August 2022	31 August 2022 to 30 August 2023[9(b)]	74,800	–	74,800	–	–	74,800

Number of the share awards				Changed during the Reporting Period				
Name of Director	Date of grant	Vesting period	Number of granted Shares	Unvested as at 1 January 2022	Granted during the Reporting Period	Vested during the Reporting Period (10)	Lapsed/ cancelled during the Reporting Period (11)	Unvested as at 31 December 2022
Gong Ping	26 March 2015	26 March 2015 to 24 March 2018(1)	60,000	–	–	–	–	–
	1 April 2016	1 April 2016 to 30 March 2019(2)	110,000	–	–	–	–	–
	4 May 2017	4 May 2017 to 2 May 2020(3)	190,000	–	–	–	–	–
	28 March 2018	28 March 2018 to 27 March 2021(4)	240,000	–	–	–	–	–
	27 March 2019	27 March 2019 to 26 March 2022(5)(a)	235,000	79,900	–	79,900	–	–
	1 April 2020	1 April 2020 to 31 March 2023(6)(a)	275,000	184,250	–	90,750	–	93,500
	31 March 2021	31 March 2021 to 30 March 2024(7)(a)	470,000	470,000	–	155,100	–	314,900
	24 March 2022	24 March 2022 to 23 March 2025(8)(a)	960,000	–	960,000	–	–	960,000
		24 March 2022 to 23 March 2023(8)(b)	88,000	–	88,000	–	–	88,000
	31 August 2022	31 August 2022 to 30 August 2025(9)(a)	160,000	–	160,000	–	–	160,000
		31 August 2022 to 30 August 2023(9)(b)	461,800	–	461,800	–	–	461,800
Huang Zhen	24 March 2022	24 March 2022 to 23 March 2025(8)(a)	800,000	–	800,000	–	–	800,000
	31 August 2022	31 August 2022 to 30 August 2023(9)(b)	165,200	–	165,200	–	–	165,200
Zhuang Yuemin	31 March 2021	31 March 2021 to 30 March 2024(7)(a)	25,000	25,000	–	8,250	–	16,750
	24 March 2022	24 March 2022 to 23 March 2025(8)(a)	25,000	–	25,000	–	–	25,000
Yu Qingfei	31 March 2021	31 March 2021 to 30 March 2024(7)(a)	25,000	25,000	–	8,250	–	16,750
	24 March 2022	24 March 2022 to 23 March 2025(8)(a)	25,000	–	25,000	–	–	25,000
Zhang Shengman	26 March 2015	26 March 2015 to 24 March 2018(1)	10,000	–	–	–	–	–
	1 April 2016	1 April 2016 to 30 March 2019(2)	35,000	–	–	–	–	–
	4 May 2017	4 May 2017 to 2 May 2020(3)	35,000	–	–	–	–	–
	28 March 2018	28 March 2018 to 27 March 2021(4)	25,000	–	–	–	–	–
	27 March 2019	27 March 2019 to 26 March 2022(5)(a)	25,000	8,500	–	8,500	–	–
	1 April 2020	1 April 2020 to 31 March 2023(6)(a)	25,000	16,750	–	8,250	–	8,500
	31 March 2021	31 March 2021 to 30 March 2024(7)(a)	25,000	25,000	–	8,250	–	16,750
	24 March 2022	24 March 2022 to 23 March 2025(8)(a)	25,000	–	25,000	–	–	25,000
Zhang Huaqiao	26 March 2015	26 March 2015 to 24 March 2018(1)	10,000	–	–	–	–	–
	1 April 2016	1 April 2016 to 30 March 2019(2)	35,000	–	–	–	–	–
	4 May 2017	4 May 2017 to 2 May 2020(3)	35,000	–	–	–	–	–
	28 March 2018	28 March 2018 to 27 March 2021(4)	25,000	–	–	–	–	–
	27 March 2019	27 March 2019 to 26 March 2022(5)(a)	25,000	8,500	–	8,500	–	–
	1 April 2020	1 April 2020 to 31 March 2023(6)(a)	25,000	16,750	–	8,250	–	8,500
	31 March 2021	31 March 2021 to 30 March 2024(7)(a)	25,000	25,000	–	8,250	–	16,750
	24 March 2022	24 March 2022 to 23 March 2025(8)(a)	25,000	–	25,000	–	–	25,000
David T. Zhang	26 March 2015	26 March 2015 to 24 March 2018(1)	10,000	–	–	–	–	–
	1 April 2016	1 April 2016 to 30 March 2019(2)	35,000	–	–	–	–	–
	4 May 2017	4 May 2017 to 2 May 2020(3)	35,000	–	–	–	–	–
	28 March 2018	28 March 2018 to 27 March 2021(4)	25,000	–	–	–	–	–
	27 March 2019	27 March 2019 to 26 March 2022(5)(a)	25,000	8,500	–	8,500	–	–
	1 April 2020	1 April 2020 to 31 March 2023(6)(a)	25,000	16,750	–	8,250	–	8,500
	31 March 2021	31 March 2021 to 30 March 2024(7)(a)	25,000	25,000	–	8,250	–	16,750
	24 March 2022	24 March 2022 to 23 March 2025(8)(a)	25,000	–	25,000	–	–	25,000

Number of the share awards					Changed during the Reporting Period			
Name of Director	Date of grant	Vesting period	Number of granted Shares	Unvested as at 1 January 2022	Granted during the Reporting Period	Vested during the Reporting Period [10]	Lapsed/ cancelled during the Reporting Period [11]	Unvested as at 31 December 2022
Lee Kai-Fu	4 May 2017	4 May 2017 to 2 May 2020[3]	35,000	–	–	–	–	–
	28 March 2018	28 March 2018 to 27 March 2021[4]	25,000	–	–	–	–	–
	27 March 2019	27 March 2019 to 26 March 2022[5][a]	25,000	8,500	–	8,500	–	–
	1 April 2020	1 April 2020 to 31 March 2023[6][a]	25,000	16,750	–	8,250	–	8,500
	31 March 2021	31 March 2021 to 30 March 2024[7][a]	25,000	25,000	–	8,250	–	16,750
	24 March 2022	24 March 2022 to 23 March 2025[8][a]	25,000	–	25,000	–	–	25,000
Tsang King Suen Katherine	31 March 2021	31 March 2021 to 30 March 2024[7][a]	25,000	25,000	–	8,250	–	16,750
	24 March 2022	24 March 2022 to 23 March 2025[8][a]	25,000	–	25,000	–	–	25,000
Sub-total			**28,557,400**	**8,461,400**	**12,407,400**	**3,617,450**	**–**	**17,251,350**
Other grantees:								
– Other employee participant	26 March 2015	26 March 2015 to 24 March 2018[1]	3,800,000	–	–	–	–	–
	1 April 2016	1 April 2016 to 30 March 2019[2]	4,185,000	–	–	–	–	–
	4 May 2017	4 May 2017 to 2 May 2020[3]	3,870,000	–	–	–	–	–
	28 March 2018	28 March 2018 to 27 March 2021[4]	4,112,000	–	–	–	–	–
	27 March 2019	27 March 2019 to 26 March 2022[5][a]	4,568,000	1,129,480	–	1,109,420	20,060	–
	28 August 2019	28 August 2019 to 27 August 2022[5][b]	420,000	61,200	–	61,200	–	–
	1 April 2020	1 April 2020 to 31 March 2023[6][a]	4,511,000	2,750,350	–	1,319,010	113,160	1,318,180
	28 August 2020	28 August 2020 to 27 August 2023[6][b]	70,000	20,100	–	9,900	–	10,200
	31 March 2021	31 March 2021 to 30 March 2024[7][a]	7,585,000	7,525,000	–	2,461,800	172,200	4,891,000
	25 August 2021	25 August 2021 to 24 August 2024[7][b]	265,000	265,000	–	47,850	160,200	56,950
	24 March 2022	24 March 2022 to 23 March 2025[8][a]	17,480,000	–	17,480,000	–	100,000	17,380,000
		24 March 2022 to 23 March 2023[8][b]	2,776,000	–	2,776,000	–	–	2,776,000
	31 August 2022	31 August 2022 to 30 August 2025[9][a]	1,070,000	–	1,070,000	–	20,000	1,050,000
		31 August 2022 to 30 August 2023[9][b]	1,531,800	–	1,531,800	–	–	1,531,800
– Related entity participants	–	–	–	–	–	–	–	–
– Service providers	–	–	–	–	–	–	–	–
Total			**84,801,200**	**20,212,530**	**35,265,200**	**8,626,630**	**585,620**	**46,265,480**

Notes:

(1) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 26 March 2015 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	Vesting Period
33%	25 March 2016	26 March 2015 to 24 March 2016
33%	25 March 2017	26 March 2015 to 24 March 2017
34%	25 March 2018	26 March 2015 to 24 March 2018

(2) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 1 April 2016 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	Vesting Period
33%	31 March 2017	1 April 2016 to 30 March 2017
33%	31 March 2018	1 April 2016 to 30 March 2018
34%	31 March 2019	1 April 2016 to 30 March 2019

(3) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 4 May 2017 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	Vesting Period
33%	3 May 2018	4 May 2017 to 2 May 2018
33%	3 May 2019	4 May 2017 to 2 May 2019
34%	3 May 2020	4 May 2017 to 2 May 2020

(4) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 28 March 2018 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	Vesting Period
33%	28 March 2019	28 March 2018 to 27 March 2019
33%	28 March 2020	28 March 2018 to 27 March 2020
34%	28 March 2021	28 March 2018 to 27 March 2021

(5) (a) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 27 March 2019 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	Vesting Period
33%	27 March 2020	27 March 2019 to 26 March 2020
33%	27 March 2021	27 March 2019 to 26 March 2021
34%	27 March 2022	27 March 2019 to 26 March 2022

(b) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 28 August 2019 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	Vesting Period
33%	28 August 2020	28 August 2019 to 27 August 2020
33%	28 August 2021	28 August 2019 to 27 August 2021
34%	28 August 2022	28 August 2019 to 27 August 2022

(6) (a) Subject to the satisfaction of the vesting criteria and conditions of the 2015 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	Vesting Period
33%	1 April 2021	1 April 2020 to 31 March 2021
33%	1 April 2022	1 April 2020 to 31 March 2022
34%	1 April 2023	1 April 2020 to 31 March 2023

(b) Subject to the satisfaction of the vesting criteria and conditions of the 2015 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	Vesting Period
33%	28 August 2021	28 August 2020 to 27 August 2021
33%	28 August 2022	28 August 2020 to 27 August 2022
34%	28 August 2023	28 August 2020 to 27 August 2023

(7) (a) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 31 March 2021 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	Vesting Period
33%	31 March 2022	31 March 2021 to 30 March 2022
33%	31 March 2023	31 March 2021 to 30 March 2023
34%	31 March 2024	31 March 2021 to 30 March 2024

(b) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 25 August 2021 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	Vesting Period
33%	25 August 2022	25 August 2021 to 24 August 2022
33%	25 August 2023	25 August 2021 to 24 August 2023
34%	25 August 2024	25 August 2021 to 24 August 2024

(8) (a) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 24 March 2022 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	Vesting Period
33%	24 March 2023	24 March 2022 to 23 March 2023
33%	24 March 2024	24 March 2022 to 23 March 2024
34%	24 March 2025	24 March 2022 to 23 March 2025

(b) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 24 March 2022 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	Vesting Period
100%	24 March 2023	24 March 2022 to 23 March 2023

(9) (a) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 31 August 2022 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	Vesting Period
33%	31 August 2023	31 August 2022 to 30 August 2023
33%	31 August 2024	31 August 2022 to 30 August 2024
34%	31 August 2025	31 August 2022 to 30 August 2025

(b) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 31 August 2022 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	Vesting Period
100%	31 August 2023	31 August 2022 to 30 August 2023

(10) The weighted average closing price of the Shares immediately before the dates on which awards were vested during the Reporting Period was HKD8.55.

(11) 585,620 Award Shares were lapsed and expired during the Reporting Period and the Group did not cancel any Award Share during the Reporting Period.

(12) Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Listing Rules.

(13) The purchase price for all award shares is nil.

Except for independent non-executive Directors which are not subject to the performance assessment system of the Company, each of the Selected Participants have satisfied their respective performance targets (the "**Performance Targets**") for the previous financial year before the Grant Date. In general, the performance assessment of the Selected Participants are classified into three broad categories: (i) individual performance, (ii) group performance, and (iii) performance of business segments, business lines and/or functional departments managed by the Selected Participants.

1) The Performance Targets applicable to the seven directors, including Mr. Guo Guangchang, Mr. Wang Qunbin, Mr. Chen Qiyu, Mr. Xu Xiaoliang, Mr. Qin Xuetang, Mr. Gong Ping and Mr. Huang Zhen, include: revenue, profit, cash flow, credit rating, PB ratio and improvement of ESG performance.

2) For other employee participants, given that the industry nature, business development stage and strategic goal of the business segments, business lines and/or functional departments managed by the Selected Participants are different, the Performance Targets applicable to other employee participants are individualized with different assessment criteria and weighting based on their different roles and functions.

    a. Individual performance: The assessment criteria are based on, among others, their management ability and efficiency and their contribution to enhancing the performance of the respective business segments or business lines such as ability to introduce key talents, risk control and quality operation system, digitalization and entrepreneurship;

    b. Group performance: The assessment criteria are based on, among others, revenue, profit, cash flow, improvement of ESG performance and organization evolution of the Group; and

    c. Performance of business segments, business lines and/or functional departments managed by the Selected Participants: The assessment criteria are based on a wide range of factors which are important to the long-term development of such business segments, business lines and/or functional departments depending on their respective industry nature, business development stage and strategic goals, such as segment financial performance, industry ranking, customer satisfaction, risk control, digital transformation, production safety, expense management and human resource planning.

SHARE OPTION SCHEMES

2007 Share Option Scheme of the Company

The Company adopted its share option scheme on 19 June 2007 and it was expired on 18 June 2017 (the "**2007 Share Option Scheme**"). Hence, no further options will be available for grant under the 2007 Share Option Scheme. All outstanding options granted under the 2007 Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the 2007 Share Option Scheme. The major terms of the 2007 Share Option Scheme are as follows:

1) The purpose of the 2007 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 2007 Share Option Scheme are any Director (including independent non-executive Director), employee (whether full-time or part-time), consultant or advisor who in the sole discretion of the Board has contributed or will contribute to the Group.

3) The maximum entitlement of each participant under the 2007 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.

4) The exercise period of any option granted under the 2007 Share Option Scheme must not be more than 10 years commencing on the date of grant.

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

6) The exercise price determined by the Board shall be at least the highest of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (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; and (iii) the nominal value of a Share.

7) Subject to earlier termination by the Company in a general meeting or by the Board, the 2007 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 2007 Share Option Scheme and expiring on the last day of the ten-year-period.

8) Except for the vesting period, there is no minimum period for which an option must be held before it can be exercised.

2017 Share Option Scheme of the Company

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

1) The purpose of the 2017 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 2017 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 2017 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 2017 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 2017 Share Option Scheme, unless separate shareholders' approval has been obtained. The total of 857,897,014 Shares available for issue under the 2017 Share Option Scheme, representing approximately 10.44% of the total issued Shares as at 21 April 2023. The number of options available for grant under the scheme mandate at (i) the beginning of the Reporting Period was 719,911,914 and (ii) the end of the Reporting Period was 672,650,164.

4) The maximum entitlement of each participant under the 2017 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 2017 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 2017 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 2017 Share Option Scheme and expiring on the last day of the ten-year-period. The 2017 Share Option Scheme has been terminated and a new share option scheme of the Company has been adopted in the extraordinary general meeting held on 16 March 2023 (the "**2023 Share Option Scheme**"). For details of the 2023 Share Option Scheme, please refer to the circular of the Company dated 27 February 2023.

9) Except for the vesting period, there is no minimum period for which an option must be held before it can be exercised.

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 2017 Share Option Scheme to the global core management staff, outstanding employees and newly-joined key 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 24 March 2022, subject to the acceptance of relevant grantees, the Company has decided to grant 59,300,000 share options to subscribe for an aggregate of 59,300,000 Shares under the 2017 Share Option Scheme (the "**2022 First Share Options**"). The closing price of the Shares, immediately before the grant date was HKD8.85. The aggregate fair value of such 59,300,000 share options at the date of grant amounted to approximately HKD72,882,000.

The Board announced that on 31 August 2022, subject to the acceptance of relevant grantees, the Company has decided to grant 180,000 share options to subscribe for an aggregate of 180,000 Shares under the 2017 Share Option Scheme (the "**2022 Second Share Options**"). The aggregate fair value of such 180,000 share options at the date of grant amounted to approximately HKD87,000. The closing price of the Shares, immediately before the grant date was HKD5.95.

As at the end of the Reporting Period, the Company has granted accumulated 426,621,000 options to subscribe for an aggregate of 426,621,000 Shares under the 2007 Share Option Scheme and the 2017 Share Option Scheme, and 274,916,850 effective options under the 2007 Share Option Scheme and the 2017 Share Option Scheme were outstanding except for the exercised, expired, lapsed or cancelled options. 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 fair value of options is estimated at grant date using a binomial model modified to reflect the International Financial Reporting Standards 2 Share-based Payment requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of each option. The fair 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 2007 Share Option Scheme and the 2017 Share Option Scheme during the Reporting Period.

		Number of the options							
Name of Grantee	Date of grant of the options	Outstanding as at 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period[7]	Outstanding as at 31 December 2022	Vesting period of the options	Exercise period of the options	Exercise price of the options per Share (HKD)
Chen Qiyu	8 January 2016	9,000,000	–	–	1,500,000	7,500,000	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	1,500,000	–	–	150,000	1,350,000	4 May 2017 to 3 May 2024[1]	4 May 2022 to 3 May 2027[1]	11.75
	1 April 2020	1,500,000	–	–	–	1,500,000	1 April 2020 to 31 March 2025[6]	1 April 2023 to 31 March 2030[6]	8.79
	31 March 2021	1,500,000	–	–	–	1,500,000	31 March 2021 to 30 March 2026[6]	31 March 2024 to 30 March 2031[6]	10.91
	24 March 2022	–	2,000,000	–	–	2,000,000	24 March 2022 to 23 March 2027[6]	24 March 2025 to 23 March 2032[6]	8.71
Xu Xiaoliang	8 January 2016	9,000,000	–	–	1,500,000	7,500,000	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	1,500,000	–	–	150,000	1,350,000	4 May 2017 to 3 May 2024[1]	4 May 2022 to 3 May 2027[1]	11.75
	1 April 2020	1,500,000	–	–	–	1,500,000	1 April 2020 to 31 March 2025[6]	1 April 2023 to 31 March 2030[6]	8.79
	31 March 2021	1,500,000	–	–	–	1,500,000	31 March 2021 to 30 March 2026[6]	31 March 2024 to 30 March 2031[6]	10.91
	24 March 2022	–	2,000,000	–	–	2,000,000	24 March 2022 to 23 March 2027[6]	24 March 2025 to 23 March 2032[6]	8.71
Qin Xuetang	8 January 2016	9,000,000	–	–	1,500,000	7,500,000	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	31 March 2021	1,000,000	–	–	–	1,000,000	31 March 2021 to 30 March 2026[6]	31 March 2024 to 30 March 2031[6]	10.91
	24 March 2022	–	1,200,000	–	–	1,200,000	24 March 2022 to 23 March 2027[6]	24 March 2025 to 23 March 2032[6]	8.71
Gong Ping	8 January 2016	3,600,000	–	–	600,000	3,000,000	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	4,900,000	–	–	490,000	4,410,000	4 May 2017 to 3 May 2024[1]	4 May 2022 to 3 May 2027[1]	11.75
	31 March 2021	1,000,000	–	–	–	1,000,000	31 March 2021 to 30 March 2026[6]	31 March 2024 to 30 March 2031[6]	10.91
	24 March 2022	–	1,200,000	–	–	1,200,000	24 March 2022 to 23 March 2027[6]	24 March 2025 to 23 March 2032[6]	8.71
Huang Zhen	24 March 2022	–	600,000	–	–	600,000	24 March 2022 to 23 March 2027[6]	24 March 2025 to 23 March 2032[6]	8.71

Name of Grantee	Date of grant of the options	Number of the options					Vesting period of the options	Exercise period of the options	Exercise price of the options per Share (HKD)
		Outstanding as at 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period[7]	Outstanding as at 31 December 2022			
Other grantees: – Other employee participants	8 January 2016	36,700,000	–	–	6,000,000	30,700,000	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	30,200,000	–	–	3,330,000	26,870,000	4 May 2017 to 3 May 2024[1]	4 May 2022 to 3 May 2027[1]	11.75
	28 March 2018	12,242,600	–	–	552,000	11,690,600	28 March 2018 to 27 March 2025[2,3]	28 March 2019 to 27 March 2028[2,3]	17.58
	27 March 2019	57,605,000	–	–	3,523,750	54,081,250	27 March 2019 to 26 March 2026[2,4]	27 March 2020 to 26 March 2029[2,4]	12.86
	28 August 2019	1,450,000	–	–	1,000,000	450,000	28 August 2019 to 27 August 2023[5]	28 August 2020 to 27 August 2029[5]	9.95
	1 April 2020	14,707,500	–	–	1,887,500	12,820,000	1 April 2020 to 31 March 2025[4,6]	1 April 2021 to 31 March 2030[4,6]	8.79
	28 August 2020	90,000	–	–	–	90,000	28 August 2020 to 27 August 2024[4]	28 August 2021 to 27 August 2030[4]	8.86
	31 March 2021	33,400,000	–	–	2,805,000	30,595,000	31 March 2021 to 30 March 2026[4,6]	31 March 2022 to 30 March 2031[4,6]	10.91
	25 August 2021	780,000	–	–	67,500	712,500	25 August 2021 to 24 August 2025[4]	25 August 2022 to 24 August 2031[4]	9.90
	24 March 2022	–	52,100,000	–	2,292,500	49,807,500	24 March 2022 to 23 March 2027[4,6]	24 March 2023 to 23 March 2032[4,6]	8.71
	31 August 2022	–	180,000	–	90,000	90,000	31 August 2022 to 30 August 2026[4]	31 August 2023 to 30 August 2032[4]	5.95

Name of Grantee	Date of grant of the options	Number of the options: Outstanding as at 1 January 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period[7]	Outstanding as at 31 December 2022	Vesting period of the options	Exercise period of the options	Exercise price of the options per Share (HKD)
– Related entity participants[(9)]	8 January 2016	–	–	–	–	–	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	–	–	–	–	–	4 May 2017 to 3 May 2024[1]	4 May 2022 to 3 May 2027[1]	11.75
	28 March 2018	–	–	–	–	–	28 March 2018 to 27 March 2025[2,3]	28 March 2019 to 27 March 2028[2,3]	17.58
	27 March 2019	9,000,000	–	–	–	9,000,000	27 March 2019 to 26 March 2026[2]	27 March 2024 to 26 March 2029[2]	12.86
	28 August 2019	–	–	–	–	–	28 August 2019 to 27 August 2023[5]	28 August 2020 to 27 August 2029[5]	9.95
	1 April 2020	–	–	–	–	–	1 April 2020 to 31 March 2025[4,6]	1 April 2021 to 31 March 2030[4,6]	8.79
	28 August 2020	–	–	–	–	–	28 August 2020 to 27 August 2024[4]	28 August 2021 to 27 August 2030[4]	8.86
	31 March 2021	200,000	–	–	–	200,000	31 March 2021 to 30 March 2026[6]	31 March 2024 to 30 March 2031[6]	10.91
	25 August 2021	–	–	–	–	–	25 August 2021 to 24 August 2025[4]	25 August 2022 to 24 August 2031[4]	9.90
	24 March 2022	–	200,000	–	–	200,000	24 March 2022 to 23 March 2027[6]	24 March 2025 to 23 March 2032[6]	8.71
	31 August 2022	–	–	–	–	–	31 August 2022 to 30 August 2026[4]	31 August 2023 to 30 August 2032[4]	5.95
– Service providers		–	–	–	–	–			
Total		**242,875,100**	**59,480,000**	**–**	**27,438,250**	**274,916,850**			

Notes:

1. Subject to the satisfaction of the vesting criteria and conditions set out in the respective grant letters, the options under the 2007 Share Option Scheme are vested and become 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 "**2007 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 2007 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 2007 Option Period.

2. Subject to the satisfaction of the vesting criteria and conditions set out in the respective grant letters, the options, being granted to the global core management staff under the 2017 Share Option Scheme are vested and become 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 10th year period commencing from the date of grant of the options (the "**2017 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 2017 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 2017 Option Period.

3. Subject to the satisfaction of the vesting criteria and conditions set out in the respective grant letters, the options, being granted to the employees of the Group under the 2017 Share Option Scheme are vested and become 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 2017 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 2017 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 2017 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 2017 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 2017 Option Period.

4. Subject to the satisfaction of the vesting criteria and conditions set out in the respective grant letters, the options, being granted to the employees of the Group under the 2017 Share Option Scheme are vested and become 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 2017 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 2017 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 2017 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 2017 Option Period.

5. Subject to the satisfaction of the vesting criteria and conditions set out in the respective grant letters, the options, being granted to the newly-joined management staff and the intelligent technology professionals of the Group under the 2017 Share Option Scheme are vested and become exercisable in either one of the exercising schedules as set out 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 2017 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 2017 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 2017 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 2017 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 2017 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 2017 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 2017 Option Period.

6. Subject to the satisfaction of the vesting criteria and conditions set out in the respective grant letters, the options, being granted to the global core management staff under the 2017 Share Option Scheme are vested and become 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 2017 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 2017 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 2017 Option Period.

7. 27,438,250 share options were lapsed and expired during the Reporting Period and the Group did not cancel any share options during the Reporting Period.

8. Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Listing Rules.

9. Related entity participants were employees of the Group before the Reporting Period, and become related participants during the Reporting Period due to changes in positions and job responsibilities.

Each of the grantees is required to meet their performance assessment targets (the "**Performance Targets**") during the vesting period. In general, the Performance Targets of the grantees are classified into three broad categories: (i) individual performance, (ii) group performance, and (iii) performance of business segments, business lines and/or functional departments managed by the grantees.

1) The Performance Targets applicable to the seven directors, including Mr. Guo Guangchang, Mr. Wang Qunbin, Mr. Chen Qiyu, Mr. Xu Xiaoliang, Mr. Qin Xuetang, Mr. Gong Ping and Mr. Huang Zhen, include: revenue, profit, cash flow, improvement of ESG performance and organization evolution of the Group.

2) Unless the Performance Targets are met, the options granted to the grantees will lapse.

3) For other participants, given that the industry nature, business development stage and strategic goal of the business segments, business lines and/or functional departments managed by the other participants are different, the Performance Targets applicable to other participants are individualized with different assessment criteria and weighting based on their different roles and functions.

    a. Individual performance: The assessment criteria are based on, among others, their management ability and efficiency and their contribution to enhancing the performance of the respective business segments or business lines such as ability to introduce key talents, risk control and quality operation system, digitalization and entrepreneurship;

    b. Group performance: The assessment criteria are based on, among others, revenue, profit, cash flow, improvement of ESG performance and organization evolution of the Group; and

    c. Performance of business segments, business lines and/or functional departments managed by the Option Grantees: The assessment criteria are based on a wide range of factors which are important to the long-term development of such business segments, business lines and/or functional departments depending on their respective industry nature, business development stage and strategic goals, such as segment financial performance, industry ranking, customer satisfaction, risk control, digital transformation, production safety, expense management and human resource planning.

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 2022, the Company's reserves available for distribution, calculated in accordance with the provisions of sections 291, 297 and 299 of the Hong Kong Companies Ordinance (Cap. 622), amounted to RMB5,204,657,000 of which RMB102,803,592 has been proposed as a final dividend for 2022.

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[Note]

The Directors during the Reporting Period were:

Executive Directors

Mr. Guo Guangchang *(Chairman)*
Mr. Wang Qunbin *(Co-Chairman)*
Mr. Chen Qiyu *(Co-Chief Executive Officer)*
Mr. Xu Xiaoliang *(Co-Chief Executive Officer)*
Mr. Qin Xuetang
Mr. Gong Ping
Mr. Huang Zhen *(has been appointed as an executive Director with effect from 23 March 2022)*

Non-Executive Directors

Ms. Chen Shucui *(resigned as a non-executive Director with effect from 4 November 2022)*
Mr. Zhuang Yuemin
Mr. Yu Qingfei
Mr. Li Shupei *(has been appointed as a non-executive Director with effect from 4 November 2022)*

Independent Non-Executive Directors

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

Note:

During the end of the Reporting Period and up to the date of this report, changes of the board are as follows:

1. Mr. Qin Xuetang resigned as an executive Director with effect from 17 February 2023;
2. Mr. Zhuang Yuemin resigned as a non-executive Director with effect from 2 February 2023;
3. Mr. Pan Donghui has been appointed as an executive Director with effect from 29 March 2023; and
4. Mr. Li Fuhua has been appointed as a non-executive Director with effect from 2 February 2023.

DIRECTORS OF SUBSIDIARIES

As at 31 December 2022, the names of all the directors who serve the board of subsidiaries of the Company or act as the sole director of subsidiaries of the Company are published on the Company's website.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

All Directors have entered into service contracts with the Company. The service contract of Mr. Yu Qingfei, Mr. Li Shupei and Mr. Li Fuhua are effective respectively from 9 December 2022, 4 November 2022 and 2 February 2023 for a term of 1 year. The service contract of Mr. Huang Zhen is effective from 23 March 2022 for a term of 3 years. The service contract of Mr. Pan Donghui is effective from 29 March 2023 for a term of 3 years; and the service contracts of other Directors are effective from 28 March 2021 for a term of 3 year. None of the Directors (including the Director proposed for re-election in the AGM) 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

Remuneration Policy

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 and approval by the Shareholders to ensure that the levels of their remuneration and compensation are appropriate. Such remuneration is determined with reference to expertise and industry experience of the Directors and senior management, performance and profitability of the Group, market conditions, remuneration standards of the industry as well as the business development of the Company.

The objective of remunerating Non-Executive Directors is to ensure that there is an appropriate level of remuneration to attract and retain experienced and high calibre talents to oversee the business development of the Company while avoiding to pay more than necessary for this purpose.

In addition, the Board members may be granted a certain number of share options and award shares under the share option schemes and share award schemes of the Company, respectively from time to time. Such securities may be granted upon the recommendation of the Remuneration Committee and will be subject to approval by the Board and the Shareholders (if required).

The remuneration of the Board members is thus composed of a fixed salary, performance bonus and certain securities of the Company, which makes Board compensation simple, transparent and easy for Shareholders to understand.

Details of the Directors remuneration for the year ended 31 December 2022 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
RMB2,500,001 – RMB3,000,000	1
	1

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 2022 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 change	Original position	Current position
Xu Xiaoliang	FTG	November 2022	Non-Executive Director	Executive Director and Chairman
Xu Xiaoliang	Hainan Mining	November 2022	Non-Independent Director	–
Huang Zhen	FTG	December 2022	–	Non-Executive Director
Huang Zhen	Jinhui Liquor	December 2022	Director	–
Li Shupei	the Company	November 2022	–	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 change	Original position	Current position
Huang Zhen	Zhaojin Mining	November 2022	Non-Executive Director	–

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

None of the Directors or an entity connected with the Directors (as defined under section 486 of the Hong Kong Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement and contract of significance in relation to the Group subsisting during or as at the end of the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2022, 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 2022, 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 and Underlying Shares of the Company

Name of Director/ chief executive	Class of Shares	Number of Shares and/or underlying shares	Type of interests	Approximate percentage of Shares in issue
Guo Guangchang	Ordinary	6,044,246,673[(1)]	Corporate	73.53%
	Ordinary	738,000	Individual	0.01%
Wang Qunbin	Ordinary	704,000	Individual	0.01%
Chen Qiyu	Ordinary	27,006,400	Individual	0.33%
Xu Xiaoliang	Ordinary	23,402,000	Individual	0.28%
Qin Xuetang[(2)]	Ordinary	18,035,440	Individual	0.22%
Gong Ping	Ordinary	13,059,800	Individual	0.16%
Huang Zhen	Ordinary	1,565,200	Individual	0.02%
Zhuang Yuemin[(3)]	Ordinary	50,000	Individual	0.00%
Yu Qingfei	Ordinary	50,000	Individual	0.00%
Zhang Shengman	Ordinary	100,250	Individual	0.00%
Zhang Huaqiao	Ordinary	505,000	Individual	0.01%
David T. Zhang	Ordinary	205,000	Individual	0.00%
Lee Kai-Fu	Ordinary	160,000	Individual	0.00%
Tsang King Suen Katherine	Ordinary	50,000	Individual	0.00%

(2) Long Positions in the Shares and Underlying Shares 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 and/or underlying shares	Type of interests	Approximate percentage in relevant class of shares
Guo Guangchang	Fosun Holdings	Ordinary	1[(4)]	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	85.29%
	Fosun Pharma	A shares[(5)]	114,075	Individual	0.01%
		A shares[(5)]	885,595,955[(4)]	Corporate	41.77%
		H shares	77,533,500[(4)]	Corporate	14.05%
	Sisram Med	Ordinary	331,911,200[(4)]	Corporate	71.03%
	FTG	Ordinary	984,023,932[(4)]	Corporate	79.26%
	Shanghai Henlius	Domestic shares	291,365,387[(4)]	Corporate	80.00%
		H shares	34,160,639[(4)]	Corporate	20.90%
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	14.71%
	Fosun Pharma	A shares[(5)]	114,075	Individual	0.01%
Chen Qiyu	Fosun Pharma	A shares[(5)]	114,075	Individual	0.01%
	FTG	Ordinary	501,478	Individual	0.04%
Xu Xiaoliang	FTG	Ordinary	552,328	Individual	0.04%
Qin Xuetang[(2)]	FTG	Ordinary	200,000	Individual	0.02%
Gong Ping	FTG	Ordinary	200,988	Individual	0.02%
Huang Zhen	Fosun Pharma	A shares[(5)]	45,500	Individual	0.00%
	FTG	Ordinary	58,000	Individual	0.00%
	Yuyuan	A shares[(5)]	1,301,000	Individual	0.03%

(3) Interests in Debentures of the Company's Associated Corporations (Within the Meaning of Part XV of The SFO)

Name	Name of associated corporation	Type of interests	Debentures (USD)
Wang Qunbin	Fortune Star (BVI) Limited	Individual	1,773,889
Chen Qiyu	Fortune Star (BVI) Limited	Individual	1,478,241
Xu Xiaoliang	Fortune Star (BVI) Limited	Individual	6,356,437
Gong Ping	Fortune Star (BVI) Limited	Individual	1,478,241
Huang Zhen	Fortune Star (BVI) Limited	Individual	739,121

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) Mr Qin Xuetang resigned as an executive director of the Company with effective from 17 February 2023.

(3) Mr Zhuang Yuemin resigned as a non-executive director of the Company with effective from 2 February 2023.

(4) 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.

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

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

As at 31 December 2022, 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]	73.53%
Fosun International Holdings[1]	6,044,246,673[2][3]	73.53%

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 2022, 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, the underlying shares of the Company or debentures 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 (including those for the provision of services to the Group) 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 2022, the Company entered into the following connected transactions:

1. On 24 March 2022, the Board resolved to award an aggregate of 30,979,000 award shares (the "**First Award Shares 2022**") to 143 selected participants, including Directors and directors of significant subsidiaries of the Company who are connected persons of the Company, under the Share Award Scheme. Upon issuance and allotment of the First Award Shares 2022, the Trustee will hold the First Award Shares 2022 on trust for the Selected Participants and such First Award Shares 2022 shall be transferred to the Selected Participants upon satisfaction of their respective vesting conditions. The number of First Award Shares 2022 granted to each of the Selected Participants was determined in accordance with their respective contributions to the Group. The selected participants include: (i) Directors and directors of significant subsidiaries of the Company; (ii) the Group's business and functional backbone employees; and (iii) senior management of the Group's core affiliated enterprises. Out of the 30,979,000 First Award Shares 2022 granted to the 143 Selected Participants, 20,052,000 First Award Shares 2022 were granted to the connected persons of the Company. Based on the closing price of HKD8.71 per Share as quoted on the Hong Kong Stock Exchange on 24 March 2022, the market value of the 20,052,000 First Award Shares 2022 awarded is HKD174,652,920. No funds will be raised by the Company as a result of the issue and allotment of the First Award Shares 2022. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee (in its capacity as trustee of the Trust) is an associate of connected persons of the Company and the issue of the First Award Shares 2022 to the Trustee shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As at the end of the Reporting Period, the First Award Shares 2022 have been fully issued to the Trustee. The purpose and further details about the Share Award Scheme are set out in the section headed "Share Award Schemes" under the "Directors' Report" in this annual report, the announcement dated 24 March 2022 and the circular dated 27 April 2022 of the Company. The capitalized terms set out in this paragraph shall have the same meanings as defined in this circular unless the context otherwise requires.

2. On 31 August 2022, the Board resolved to award an aggregate of 4,286,200 award shares (the "**Second Award Shares 2022**") to 31 selected participants, including Directors and directors of significant subsidiaries of the Company who are connected persons of the Company, under the Share Award Scheme. Upon issuance and allotment of the Second Award Shares 2022, the Trustee will hold the Second Award Shares 2022 on trust for the Selected Participants and such Second Award Shares 2022 shall be transferred to the Selected Participants upon satisfaction of their respective vesting conditions. The number of Second Award Shares 2022 granted to each of the Selected Participants was determined in accordance with their respective contributions to the Group. The selected participants include: (i) Directors and directors of significant subsidiaries of the Company; (ii) the Group's business and functional backbone employees; and (iii) senior management of the Group's core affiliated enterprises. Out of the 4,286,200 Second Award Shares 2022 granted to the 31 Selected Participants, 2,915,500 Second Award Shares 2022 were granted to the connected persons of the Company. Based on the closing price of HKD5.79 per Share as quoted on the Hong Kong Stock Exchange on 31 August 2022, the market value of the 2,915,500 Second Award Shares 2022 awarded is HKD16,880,745. No funds will be raised by the Company as a result of the issue and allotment of the Second Award Shares 2022. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee (in its capacity as trustee of the Trust) is an associate of connected persons of the Company and the issue of the Second Award Shares 2022 to the Trustee shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As at the end of the Reporting Period, the Second Award Shares 2022 have been fully issued to the Trustee. The purpose and further details about the Share Award Scheme are set out in the section headed "Share Award Schemes" under the "Directors' Report" in this annual report, the announcement dated 31 August 2022 and the circular dated 29 September 2022 of the Company. The capitalized terms set out in this paragraph shall have the same meanings as defined in this circular unless the context otherwise requires.

MATERIAL TRANSACTIONS AND SIGNIFICANT INVESTMENTS HELD

For the year ended 31 December 2022, the Company entered into the following material transactions:

1. On 21 March 2022, Zhejiang Fosun Commerce Development Limited* (浙江復星商業發展有限公司, a subsidiary of the Company, "**Zhejiang Fosun**") entered into a share transfer agreement with Zhongrong International Trust Co. Ltd.* (中融國際信託有限公司, "**ZRT**"), pursuant to which Zhejiang Fosun agreed to purchase, and ZRT agreed to dispose of 50% equity interest in Shanghai Fosun Bund Commercial Co., Ltd.* (上海復星外灘商業有限公司, "**Fosun Bund Commercial**", formerly known as 上海復星外灘置業有限公司, with principal business of holding the property of BFC) for a consideration of RMB6,342,187,500. The transaction was completed as at the end of the Reporting Period and Fosun Bund Commercial became a subsidiary of the Company. For details of the above discloseable transaction, please refer to the announcement of the Company dated 21 March 2022.

2. On 23 March 2022, Fosun Fashion Group (Cayman) Limited (an associate of the Company "**FFG**"), Lanvin Group, Lanvin Group Heritage I Limited, Lanvin Group Heritage II Limited (each a subsidiary of the Company) and Primavera Capital Acquisition Corporation (the "**SPAC**") entered into, among others, a business combination agreement (the "**Business Combination Agreement**"). The transactions contemplated under the Business Combination Agreement involve, among other things, the acquisition of FFG by Lanvin Group from FFG's existing shareholders, through the three-step mergers, pursuant to which new shares of Lanvin Group will be allotted and issued to, among others, the respective existing shareholders of FFG and of the SPAC. It is intended that Lanvin Group will become the new registrant of the U.S. Securities and Exchange Commission (the "**SEC**") and a listed company on the NYSE subject to, among other things, the regulatory approval of the SEC. The Business Combination Agreement was amended on 17 October 2022, 20 October 2022, 28 October 2022 and 2 December 2022, respectively. The mergers and other transactions contemplated by the Business Combination Agreement, as amended, have been completed as at the end of the Reporting Period, and Lanvin Holdings was listed on the NYSE on 15 December 2022. FFG became a wholly owned subsidiary of Lanvin Holdings, and an indirect non-wholly owned subsidiary of the Company through Fosun Fashion Holdings (Cayman) Limited's shareholding in Lanvin Holdings. For details of the above discloseable transaction, please refer to the announcement of the Company dated 23 March 2022 and 16 December 2022.

3. On 12 April 2022, Miracle Nova (UK) Limited (a subsidiary of the Company, "**Miracle Nova**") entered into a membership interest purchase agreement with the Company and Accident Fund Insurance Company of America ("**AFICA**"), pursuant to which Miracle Nova agreed to sell, and AFICA agreed to purchase, 100% of the equity interest in Miracle Nova I (US), LLC for a consideration of USD740 million (subject to adjustment). Upon completion, the Group will no longer hold any equity interest in Miracle Nova I (US), LLC and its subsidiaries (including AmeriTrust Group, Inc.). The transaction has been completed as at the end of the Reporting Period. For details of the above discloseable transaction, please refer to the announcement of the Company dated 12 April 2022.

4. On 30 May 2022, Fosun Industrial Holdings Limited (a subsidiary of the Company, "**Fosun Industrial**") entered into a placing agreement with UBS AG Hong Kong Branch (the "**Agent**"), pursuant to which Fosun Industrial has agreed to sell, and the Agent has agreed to procure the purchasers to purchase, or failing which, to purchase itself, 47,593,626 H shares of Tsingtao Brewery held by Fosun Industrial subject to the terms and conditions set forth in the placing agreement (the "**Disposal by Fosun Industrial**"). Pursuant to the placing agreement and the pricing notice delivered by the Agent, the placement price per H share of Tsingtao Brewery under the Disposal by Fosun Industrial is HKD62.00 and the gross proceeds of the Disposal by Fosun Industrial is approximately HKD2,951 million. From 3 September 2021 to 3 May 2022, during 12 months before the date of the Disposal by Fosun Industrial, an aggregate of 33,096,000 H shares of Tsingtao Brewery were disposed by Fosun Industrial (the "**Previous Disposal by Fosun Industrial**"). The aggregate gross proceeds of the Previous Disposal by Fosun Industrial is approximately HKD2,182 million (exclusive of transaction costs). The Previous Disposal by Fosun Industrial and the Disposal by Fosun Industrial were completed as at the end of the Reporting Period. For details of the above discloseable transaction, please refer to the announcement of the Company dated 30 May 2022.

5. On 20 July 2022, Fosun Pharma and 10 investors (which include equity investment fund management companies, securities companies, asset management companies, qualified foreign institutional investors and other qualified investors which meet the requirements of the China Securities Regulatory Commission, the "**Subscribers**") entered into subscription agreements, pursuant to which the Subscribers have agreed to subscribe for, and Fosun Pharma agreed to issue to the Subscribers, an aggregate of 106,756,666 new A shares of Fosun Pharma at RMB42.00 per new A share of Fosun Pharma for a total of RMB4,483,779,720.00 (the "**Non-Public Issuance of A Shares**"). The Non-Public Issuance of A Shares is deemed as a disposal of the equity interest in Fosun Pharma held by the Company. The shareholding of the Company directly and indirectly in Fosun Pharma is diluted from approximately 39.63% as at the signing date of the subscription agreements to approximately 38.04% as at the date of completion of the Non-Public Issuance of A Shares. The Company is still the controlling shareholder of Fosun Pharma. The Non-Public Issuance of A Shares has been completed as at the end of the Reporting Period. For details of the above discloseable transaction, please refer to the joint announcement of the Company and Fosun Pharma dated 20 July 2022.

6. On 6 November 2022, Yuyuan (a subsidiary of the Company) entered into a share transfer agreement with Gold Mountains (H.K.) International Mining Company Limited (the "**Gold Mountains Mining**"), pursuant to which Yuyuan has agreed to sell, and Gold Mountains Mining has agreed to purchase 654,078,741 H shares of Zhaojin Mining Industry Company Limited* (招金礦業股份有限公司, "**Zhaojin Mining**") (the "**Disposal**"). The price of per H share of Zhaojin Mining is HKD6.72 under the Disposal and the total consideration is HKD4,395,409,139.52. From 22 March 2022 to 1 September 2022, during 12 months before the date of the Disposal, an aggregate of 126,242,000 H shares of Zhaojin Mining were disposed (the "**Previous Disposal**") by (i) Fosun Industrial Investment through a series of on-market transactions at the price range between HKD7.61 and HKD6.55 per H share of Zhaojin Mining and (ii) by Yuyuan by way of a share transfer agreement with a third party at the price of HKD5.77 per H share of Zhaojin Mining. The aggregate gross proceeds of the Previous Disposal is approximately HKD809 million (exclusive of transaction costs). The Previous Disposal and the Disposal were completed as at the end of the Reporting Period. For details of the above discloseable transaction, please refer to the announcement of the Company dated 6 November 2022.

7. On 14 October 2022, Fosun High Technology, Fosun Industrial Investment and Fosun Industrial Development (the subsidiaries of the Company) with Shagang Group, entered into a framework agreement, pursuant to which, it was intended that Fosun High Technology, Fosun Industrial Investment and Fosun Industrial Development will dispose of, and Shagang Group will acquire 60% equity interest in Nanjing Nangang (the "**Target Interest**"). Pursuant to this framework agreement, within 2 Business Days after the date of the framework agreement, Shagang Group has paid the earnest money of RMB8 billion (the "**Earnest Money**") to the Sellers. On 14 March 2023, Shagang Group and Shagang Investment (the "**Previous Purchasers**"), and Fosun High Technology, Fosun Industrial Investment and Fosun Industrial Development (the "**Sellers**"), entered into a equity transfer agreement (the "**Previous ETA**"), pursuant to which, the Sellers agreed conditionally to dispose of, and the Previous Purchasers agreed conditionally to acquire the Target Interest (the "**Previous Disposal**"), at a consideration of RMB13.58 billion (subject to adjustment). As at the signing date of the Previous ETA, Nanjing Iron & Steel Group is a shareholder of Nanjing Nangang holding 40% equity interest in Nanjing Nangang. In accordance with the Company Law of the PRC and articles and association of the Nanjing Nangang, Nanjing Iron & Steel Group is entitled to the right of first-refusal to purchase the Target Interest on equivalent terms and conditions offered by the Previous Purchasers to the Sellers under the Previous ETA (the "**Right of First Refusal**"). As such, it was a condition precedent to the completion of the Previous Disposal pursuant to the Previous ETA to obtain the shareholder approval of Nanjing Nangang to waive the Right of First Refusal. As a result of Nanjing Iron & Steel Group's exercise of the Right of First Refusal, on 2 April 2023, the Sellers entered into a new equity transfer agreement with Nanjing Iron & Steel Group, pursuant to which the Sellers agreed to conditionally dispose of, and the New Purchaser agreed to conditionally acquire the Target Interest (the "**New Disposal**"). The consideration of the New Disposal shall be the sum of RMB13.58 billion and the capital costs (the interests of the Earnest Money were paid by Sellers to Shagang Group) (subject to adjustment). Upon completion of the New Disposal, the Group will cease to have any equity interest in Nanjing Nangang. As at the end of the Report, the New Disposal has not been completed. For details of the above major transaction, please refer to the announcements of the Company dated 19 October 2022, 14 March 2023 and 2 April 2023.

Save for those disclosed in this report, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period. Apart from those disclosed in this report, there was no plan authorized by the Board for other material investments or additions of capital assets as at the end of the Reporting Period.

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 and in the section headed "Material Transactions and Significant Investments Held" under "Directors' Report".

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 2021 that specified the management requirements on water, energy and climate change, biodiversity, etc., and required companies under the Group to implement the policy.

To ensure the implementation of the policy, the Group has established the EHSQ Department to supervise the implementation of EHS&Q by each member company and to inspect 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. In order to strictly implement the national objectives of energy conservation and emission reduction, carbon reduction and environmental protection, the Group has established a Carbon Neutralization Committee and EHS Committee, which require member companies to strictly implement the requirements of laws and regulations, integrate the concept of sustainable development into each level, take quantitative indicators as the assessment indicators of management and employees, and further clarify the incentive and guarantee system,

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 the Group's business and the impact of the Group's business on climate change; and responsibly protecting natural resources and biodiversity. In 2021, the Group put forward the goal of carbon neutralization: "comprehensively implement the carbon neutralization policy and strive to achieve carbon neutralization by 2050". At the same time, the Group carried out research and deployment on biodiversity and the use of water resources, strengthened the management and control of resource utilization and carbon emission, proactively promoted green transformation and enabled the sustainable development of enterprises.

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 Fosun Foundation in November 2012 to actively participate in social welfare undertakings such as global emergency relief, rural revitalization, health, education, culture and art, and caring for children and adolescents. Since the COVID-19 outbreak in early 2020, Fosun immediately initiated the global deployment of medical supplies and has continued to contribute to the fight against the pandemic in China and overseas. Fosun firmly adheres to its globalization strategy and not only leverages its Global + Local resources, but also tries to increase empathy and unites the world to fight the pandemic. Fosun wishes it could do its bit to make the world a community of common interests, common responsibility and common destiny.

Fosun's two anti-epidemic treasures, "drug + vaccine" demonstrate the Group's social responsibility contributions to the fight against the pandemic. At the beginning of the outbreak, Fosun partnered with BioNTech, a German biotechnology company, to develop the Comirnaty (mRNA COVID-19 vaccine). Comirnaty (mRNA COVID-19 vaccine) was included in the government vaccination programs in Hong Kong and Macau in March 2021, and vaccination was commenced in the Taiwan region in September 2021. Comirnaty BNT162b2 (i.e. mRNA COVID-19 vaccine BNT162b2) and Comirnaty Bivalent Vaccine (i.e. mRNA COVID-19 Original/Omicron BA.4/BA.5-adapted bivalent vaccine) have been officially registered as drugs/products in Hong Kong and approved as regular imported vaccines in Macau, fully covering the public and private markets. Since its launch to the end of February 2023, more than 31 million doses had been administered in Hong Kong, Macau and Taiwan region. Following the rollout of self-paid vaccination service of Comirnaty BNT162b2 original vaccine in Macau in 2022, the self-paid vaccination service for Comirnaty Bivalent Vaccine has been rolled out in Hong Kong and Macau in the first quarter of 2023, providing more vaccine options for people in need and helping to build a health protection barrier.

As regards Azvudine tablets, it is the first domestically developed small molecule oral medication for COVID-19. In July 2022, Fosun Pharma and Genuine Biotech entered into an agreement in relation to the strategic collaboration on the joint development and Fosun Pharma's exclusive commercialization of Azvudine tablets. The COVID-19 oral medication, Azvudine tablets, is now included in the medical insurance scheme in 31 provinces, autonomous regions, and municipalities across the country and is now available in primary healthcare institutions in many provinces. The accessibility of Azvudine tablets has been greatly enhanced. In response to the infection peak season of COVID-19 in rural areas that may be brought about by people returning home during Chinese New Year, Fosun Foundation cooperated with Fosun Pharma and Genuine Biotech in early January 2023 to donate RMB100 million worth of the oral medication for COVID-19 Azvudine tablets to China's central and western rural areas, covering more than 250 counties, helping the grassroots to weather the epidemic.

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 is provided. Our employees are also encouraged to attend charitable activities for upholding Fosun's value and brand. In addition, the Company has actively promoted member companies to carry out occupational health and safety management in accordance with ISO45001 system standards to provide its employees with a healthy and safe working environment.

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 competitiveness. 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. The supply chain digital platform (www.onelinkplus.com) empowers the supply chain management of the Group and member companies more simple, 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 Version 2.0 (《復星集團供應商行為準則V2.0》), based on V1.0, to further advocate and regulate the business ethics of suppliers. During the Reporting Period, the seminar in the theme of "Ecosystem Synergy and Responsible Growth" was held. The Group jointly discussed and promoted responsible procurement with its suppliers, 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 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 *2022 Environmental, Social and Governance Report* published on the websites of the Hong Kong Stock Exchange and the Company or visit the Company's Sustainability Page: https://en.fosun.com/development/.

EQUITY-LINKED AGREEMENTS

The Company has adopted share award schemes and share option schemes with further details set out in the section headed "Share Award Schemes" and "Share Option Schemes" under the "Directors' Report" in this annual report and note 62 to the consolidated financial statements.

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.

DONATIONS

Details of donations of the Group during the Reporting Period are set out in the *2022 Environmental, Social and Governance Report* of the Company.

MAJOR RISKS AND RESPONSIVE MEASURES

The Group adopts a prudent approach in the course of investment and operation, and minimizes 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. In order to further strengthen risk management and control at the group level, the Group has comprehensively improved the enterprise risk management system in the aspects of, among other things, governance structure, rules and regulations, management tools and workflows 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 deviation from expectations may also be encountered in the course of integrating global industrial resources and promoting synergy.

The Group formulates long-term development strategies on the basis of thorough research on the development trends of domestic and overseas markets and national industrial policies to ensure the strategic objectives of the Company and its subsidiaries are coordinated with each other. By reviewing the development strategies of the Group periodically, the Group makes dynamic adjustments to the strategies in a timely manner according to changes in external conditions as well. The Group drives the implementation of the established strategies through the annual budgeting process and operation plannings. Accomplishments status of the plans are tracked by monthly meetings, operation analysis meetings and post-investment risk alert mechanism, and 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 "Profound 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 multilayer market risk management system 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 the Group's annual investments are prepared by incorporating the Group's 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, and receivables for operating business, etc..

The Group has established a multilayer credit risk management system. Guidelines for internal credit scoring, 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. In terms of funding and treasury policies, the Company's 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 in the daily business activities.

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, stress testing and empirical analysis, 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 spanning the globe, 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 the background of tightened supervision and regulation over the global financial industry, the Group has strengthened its tracking on regulatory changes and issued 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.

While promoting global operation capability, 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 the Overseas Operation Committee, various types of measures are also adopted to enhance cultural identity, manage and control operation risk.

8. Reputation Risk

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

The Group has established the Crisis Management Committee to coordinate the crisis management work of the headquarters, industrial groups and core enterprises, formed a reputation risk management mechanism comprising pre-event warning, responsive measures to risk events, post-event risk review and reputation restoration. The Crisis Management Committee is also responsible for coordinating the Group's internal and external resources for reputation risk management, supervising the Group to evolve its crisis management mechanism, and enhancing the Group's crisis management capabilities, with a view to safeguarding the Group's production and operation and serving its global family customers.

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 and C-ROSS, 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 a 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 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

There has been no change in auditor of the Company during the three years prior to the date of this report. 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.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and the directors and officers liability insurance ("**D&O Insurance**") taken out by the Company throughout the year, every Director shall be entitled to be indemnified out of the assets of the Company against losses or liabilities incurred by him or her in the execution of the duties of his or her office or in relation thereto. The relevant provisions in the Articles of Association and the D&O Insurance were in force during the Reporting Period and as of the date of approval of this report.

On Behalf of the Board

Guo Guangchang
Chairman

29 March 2023

Awards and Recognition

AWARDS RECEIVED BY FOSUN IN 2022

January	Fosun International ranked fourth in the Hurun Research Institute's ranking of the "2021 Hurun China Private Companies SDG Readiness 100", listing 100 Chinese private companies that best meet the 17 sustainable development goals of the United Nations.
May	Fosun International was ranked No. 589 on "Forbes Global 2000" by the U.S. magazine *Forbes*.
June	Fosun International achieved third place in "Best ESG" (buy-side) at *Institutional Investor's* "2022 All-Asia Executive Team" Rankings.
	Fosun International was awarded the "GBA ESG Inheritage Award 2022" in the 2022 GBA Awards Presentation Ceremony organized by the Guangdong-Hong Kong-Macao-Bay Area (GBA) Economic And Trade Association.
	In the 18th New Fortune Gold Board Secretary and the 5th New Fortune Best IR of Hong Kong Listed Company Selection Ceremony, Fosun International was awarded "Best IR of Hong Kong Listed Company".
July	Fosun International was ranked No. 86 on 2022 "China's Fortune 500" by *Fortune China*.
	Fosun International was granted "5 Year Plus Caring Company" logo and certificate by The Hong Kong Council of Social Service.
August	Fosun International listed in *Forbes* "2022 China ESG 50" list.
	Fosun International was awarded the Silver Award of "ESG Benchmark Awards – ESG Leader" in "ESG Achievement Awards 2021/2022" organized by Institute of ESG & Benchmark and honorary supported by Heng Seng Indexes Company Limited.
	Fosun International was selected as one of the "2022 China Best Managed Companies". The program is organized by Deloitte China together with Bank of Singapore, HKUST Business School and *Harvard Business Review* (Chinese version). Fosun International is one of the Year 3 Winners of the program.
October	Fosun International was granted "Excellence Award in Environmental, Social and Governance Reporting" at the Hong Kong Management Association (HKMA) 2022 Best Annual Reports Awards.
	Fosun International was granted the certificate of "Recognition for ESG Disclosure" from the Hong Kong ESG Reporting Awards (HERA) 2022 which was supported by the Environment Bureau and InvestHK under the Government of the Hong Kong Special Administrative Region and organized by Hong Kong ESG Reporting Awards.
	Fosun International ranked No. 141 on 2022 "World's Best Employers" by *Forbes*.
November	Fosun International was granted the "IP SHANGHAI Global Communications Corporate Case Best Practice Award" by IP SHANGHAI, in recognition of Fosun International's outstanding practices in global public health, including anti-malaria and anti-epidemic efforts.
	Fosun Foundation's Pramerica Fosun Spirit of Community Awards program won the "Second CEIBS Alumni Public Welfare Awards-Deepen Award" at the Second Annual CEIBS Alumni Public Welfare Meeting and the Second CEIBS Alumni Public Welfare Awards Ceremony, which were jointly organized by China Europe International Business School (CEIBS) and China Europe Alumni Association, and undertaken by China Europe Alumni Caring Alliance.

Southern Weekend Public Welfare Research Center released the China Public Welfare Brand Monitoring Report (2021-2022) and the 2022 China Public Welfare Brand List. The "Rural Doctors Program" of Fosun Foundation ranked third in the list of corporate-initiated public welfare programs.

At the Seventh Social Value Co-creation Forum and the "Social Value Co-creation" China CSR Excellence Award Ceremony, which was initiated by Shanghai SiMUN CSR Promotion Center with academic support from the School of Management of Fudan University, the global emergency relief mechanism of Fosun won the "2022 Seventh Social Value Co-creation – Scientific Disaster Relief Excellence Award".

In the first "Shanghai Charity Award" organized by Shanghai Municipal Government and undertaken by Shanghai Civil Affairs Bureau, Fosun Foundation won the "Shanghai Charity Award – Charity Project and Charity Trust Award" for its "Rural Doctors Program".

Fosun International was awarded the title of "Top 10 Private Corporations in China CSR Development Index 2022" and received a certificate issued by the CSR Blue Book (2022) Group of the Chinese Academy of Social Sciences at the Fifth Beijing Responsibility Exhibition and the launch of CSR Blue Book (2022), which was organized by the China Social Responsibility 100 Forum and the Responsibility Cloud Research Institute and more than 40 board members of the 100 Forum.

December

Fosun International was granted the "ESG Leading Enterprise Awards" in the Category I – Market capitalization over HK$20 billion and "ESG Leading Social Initiative Award" by the *Bloomberg Businessweek/Chinese Edition*.

Fosun International was awarded the "Best Sustainable Development Company Asia 2022", "Best CSR Company Asia 2022" and "Holding Group Brand of the Year Awards Asia 2022" by *Global Banking and Finance Review*, a UK leading financial magazine.

Fosun International was awarded the "Best Global Innovation-Driven Consumer Group Asia 2022" and "Best CSR Company Asia 2022" by *International Business Magazine*, a Dubai, UAE based financial magazine.

Fosun International was granted the "Asia's Best CSR" and "Best Corporate Communications" in the 12th Asian Excellence Award by *Corporate Governance Asia*.

Fosun International won the "Best ESG Company Hong Kong 2022" award from *Finance Derivative*, an international leading financial magazine.

Fosun International was awarded the "Best ESG" and "Best PR Team" awards in The Seventh Capital Markets Forum and Award Ceremony organized by *Zhitongcaijing.com ("智通財經")*.

Under the guidance of Shanghai Municipal Civil Affairs Bureau (Shanghai Social Organization Administration), Shanghai Social Organization Service Center held the 2022 Shanghai Brand Social Organization Program Exhibition. The "Rural Doctors Program" of Fosun Foundation was selected as one of the 2022 Shanghai Brand Social Organization Programs.

Fosun has won the "China Model Employer – A Model of Talent Attraction and Retention" award from www.51job.com ("前程無憂"), a renowned human resources service provider in China.

Fosun International was awarded "Best Employer in ESG" by Aon, a renowned global professional services firm.

Fosun International was granted "Best Employer" award by LinkedIn, a globally well-known workplace social media.

Independent Auditor's Report

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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 125 to 332, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, 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.

EY 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
Fair value measurement of investment properties	
As at 31 December 2022, the carrying amount of investment properties, which are stated at fair value, amounted to approximately RMB95,743 million. Management engages 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 note 2.4 Summary of significant accounting policies and note 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.

To the members of Fosun International Limited
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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 2022, the carrying values 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 RMB63,931 million, RMB62,332 million and RMB25,172 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 2022 of financial assets applying the overlay approach amounted to RMB15,313 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 had been applied and impairment losses had been 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 note 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 undertakes, including frequency and reasons for the sale of these financial assets, and reviewed the supporting evidence on a sampling basis. We obtained an understanding of and evaluated the internal controls over identifying and designating eligible financial assets under overlay approach and the Group's impairment tests process as if HKAS 39 had been applied to those assets. We selected samples to test the eligibility of the financial assets applying 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 analyzing 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 recognized for the designated eligible financial assets under overlay approach.

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To the members of Fosun International Limited
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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 RMB69,950 million as at 31 December 2022. 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 note 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 recognized as at 31 December 2022.	In our audit, we performed audit procedures on the underlying data used in 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
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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.

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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.

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To the members of Fosun International Limited
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- 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
29 March 2023

Consolidated Statement of Profit or Loss

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
REVENUE	6	175,393,419	161,291,184
Cost of sales		(118,012,916)	(105,639,791)
Gross profit		57,380,503	55,651,393
Other income and gains	6	22,698,314	27,397,190
Selling and distribution expenses		(24,249,965)	(23,155,878)
Administrative expenses		(29,352,311)	(27,328,993)
Other expenses		(9,945,433)	(6,912,265)
Finance costs	7	(10,886,682)	(9,889,745)
Amount reported in profit or loss applying the overlay approach	24	1,526,410	121,262
Share of profits of:			
Joint ventures		966,290	3,241,598
Associates		4,398,499	5,519,242
PROFIT BEFORE TAX	8	12,535,625	24,643,804
Tax	10	(7,922,713)	(7,564,728)
PROFIT FOR THE YEAR		4,612,912	17,079,076
Attributable to:			
Owners of the parent		538,715	10,084,505
Non-controlling interests		4,074,197	6,994,571
		4,612,912	17,079,076
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year (RMB)	12	0.06	1.21
Diluted			
– For profit for the year (RMB)	12	0.06	1.21

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	2022 RMB'000	2021 RMB'000 (Restated)
PROFIT FOR THE YEAR	**4,612,912**	17,079,076
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 loss applying the overlay approach	**(1,526,410)**	(121,262)
– Income tax effect	**213,011**	(23,675)
	(1,313,399)	(144,937)
Debt investments at fair value through other comprehensive loss:		
Changes in fair value	**(7,924,118)**	(2,244,430)
Changes in allowance for expected credit losses	**120**	(122,488)
Reclassification adjustments for losses/(gains) on disposal included in the consolidated statement of profit or loss	**1,080,969**	(8,859)
– Income tax effect	**1,859,593**	298,586
	(4,983,436)	(2,077,191)
Change in other life insurance contract liabilities due to potential losses on financial assets	**190,795**	151,039
– Income tax effect	**(40,067)**	19,207
	150,728	170,246
Fair value adjustments of hedging instruments in cash flow hedges	**134,453**	147,958
– Income tax effect	**(24,045)**	(47,600)
	110,408	100,358
Fair value adjustments of hedging of a net investment in a foreign operation	**159,102**	(425,599)
– Income tax effect	**(37,024)**	97,428
	122,078	(328,171)
Share of other comprehensive income of joint ventures	**14,952**	49,620
Share of other comprehensive (loss)/income of associates	**(3,502,526)**	230,286
Exchange differences on translation of foreign operations	**655,396**	(3,663,521)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(8,745,799)**	(5,663,310)

	Note	2022 RMB'000	2021 RMB'000 (Restated)
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*	**9,003**	5,305
– Income tax effect		**(1,027)**	(1,313)
		7,976	3,992
Actuarial reserve relating to employee benefits		**407,434**	41,168
– Income tax effect		**(77,986)**	2,207
		329,448	43,375
Equity investments designated at fair value through other comprehensive income:			
Change in fair value		**(84,210)**	(58,158)
– Income tax effect		**16,263**	7,166
		(67,947)	(50,992)
Share of other comprehensive income/(loss) of associates		**83,581**	(16,371)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**353,058**	(19,996)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(8,392,741)**	(5,683,306)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(3,779,829)**	11,395,770
Attributable to:			
Owners of the parent		**(7,048,911)**	6,168,471
Non-controlling interests		**3,269,082**	5,227,299
		(3,779,829)	11,395,770

Consolidated Statement of Financial Position

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	**45,668,203**	42,387,533
Investment properties	14	**95,743,357**	67,229,732
Right-of-use assets	15	**21,297,657**	18,608,758
Exploration and evaluation assets	16	**584,684**	411,330
Mining rights	17	**480,763**	496,997
Oil and gas assets	18	**1,890,258**	1,959,612
Intangible assets	19	**34,278,110**	27,116,359
Goodwill	20	**27,413,654**	24,804,818
Investments in joint ventures	21	**9,903,075**	33,395,605
Investments in associates	22	**68,653,959**	92,808,915
Financial assets at fair value through profit or loss	24	**24,502,903**	27,599,749
Equity investments designated at fair value through other comprehensive income	23	**387,955**	535,491
Debt investments at fair value through other comprehensive income	25	**53,942,871**	61,654,863
Debt investments at amortised cost	26	**14,887,995**	19,664,789
Properties under development	27	**5,467,663**	13,201,244
Due from related companies	28	**370,449**	1,470,128
Prepayments, other receivables and other assets	29	**5,478,551**	4,541,722
Deferred tax assets	30	**8,910,321**	6,972,801
Policyholder account assets in respect of unit-linked contracts	32	**21,422,360**	10,658,853
Insurance and reinsurance debtors	33	**97,603**	79,879
Reinsurers' share of insurance contract provisions	34	**1,035,726**	4,286,097
Term deposits	35	**492,737**	501,471
Placements with and loans to banks and other financial institutions		**37,115**	36,099
Loans and advances to customers	36	**1,070,416**	1,324,555
Derivative financial instruments	37	**658,270**	1,544,894
Finance lease receivables	38	**458,354**	226,315
Other long-term assets	41	**1,786,557**	–
Total non-current assets		**446,921,566**	463,518,609

	Notes	2022 RMB'000	2021 RMB'000
CURRENT ASSETS			
Cash and bank balances	35	100,071,263	96,278,048
Financial assets at fair value through profit or loss	24	37,828,775	42,528,438
Equity investments designated at fair value through other comprehensive income	23	8,214	–
Debt investments at fair value through other comprehensive income	25	9,592,013	19,253,551
Debt investments at amortised cost	26	10,283,828	6,319,685
Derivative financial instruments	37	2,879,068	1,512,688
Trade and notes receivables	39	13,200,451	10,618,340
Contract assets and other assets	40	610,268	36,125
Prepayments, other receivables and other assets	29	28,585,593	30,819,560
Inventories	31	25,649,708	22,263,338
Completed properties for sale		15,028,738	14,781,146
Properties under development	27	56,611,465	38,007,620
Due from related companies	28	12,558,844	16,739,960
Policyholder account assets in respect of unit-linked contracts	32	1,854,480	2,049,768
Insurance and reinsurance debtors	33	20,727,691	17,118,624
Reinsurers' share of insurance contract provisions	34	7,261,959	7,404,807
Placements with and loans to banks and other financial institutions		17,895	389,384
Loans and advances to customers	36	15,092,528	15,469,317
Finance lease receivables	38	331,208	612,374
		358,193,989	342,202,773
Non-current assets/assets of a disposal group classified as held for sale	41	18,030,509	556,217
Total current assets		376,224,498	342,758,990

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	42	106,279,027	105,227,290
Contract liabilities	43	23,966,338	20,315,595
Trade and notes payables	44	24,393,592	21,406,410
Accrued liabilities and other payables	45	53,527,569	37,872,829
Tax payable		12,078,193	11,896,130
Deposits from customers	47	76,849,980	71,742,751
Due to related companies	28	2,098,906	3,836,309
Assets sold under agreements to repurchase	46	151,868	1,467,606
Derivative financial instruments	37	2,120,706	3,027,559
Accounts payable to brokerage clients		3,828	421,560
Unearned premium provisions	48	11,024,957	9,859,032
Provision for outstanding claims	49	27,768,667	24,577,492
Provision for unexpired risks		608,614	513,322
Financial liabilities for unit-linked contracts	50	109,810	109,911
Investment contract liabilities	50	13,274,724	9,571,295
Other life insurance contract liabilities	51	609,035	1,088,504
Insurance and reinsurance creditors	52	11,800,233	9,070,251
Financial liabilities at fair value through profit or loss	53	4,306,876	4,078,714
Due to banks and other financial institutions	54	1,141,108	1,541,056
Placements from banks and other financial institutions		149,062	122,735
		372,263,093	337,746,351
Liabilities directly associated with the assets classified as held for sale	41	117,467	27,151
Total current liabilities		372,380,560	337,773,502
NET CURRENT ASSETS		3,843,938	4,985,488
TOTAL ASSETS LESS CURRENT LIABILITIES		450,765,504	468,504,097

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	42	120,640,124	131,892,195
Deposits from customers	47	85,962	108,641
Derivative financial instruments	37	1,028,037	2,713,232
Deferred income	55	1,231,069	971,999
Other long term payables	56	22,101,247	18,967,634
Deferred tax liabilities	30	22,821,399	16,771,734
Provision for outstanding claims	49	10,293,662	18,842,918
Financial liabilities for unit-linked contracts	50	23,167,030	12,598,710
Investment contract liabilities	50	26,627,538	36,319,428
Other life insurance contract liabilities	51	19,645,603	19,805,347
Insurance and reinsurance creditors	52	–	160,993
Contract liabilities	43	366,099	626,871
Due to banks and other financial institutions	54	–	2,834,815
Due to the holding company	28	122,606	2,770,224
Due to related companies	28	3,005,313	–
Total non-current liabilities		251,135,689	265,384,741
Net assets		199,629,815	203,119,356
EQUITY			
Equity attributable to owners of the parent			
Share capital	57	37,146,381	36,919,889
Treasury shares		(353,338)	(254,519)
Other reserves		84,727,833	94,329,654
		121,520,876	130,995,024
Non-controlling interests		78,108,939	72,124,332
Total equity		199,629,815	203,119,356

Guo Guangchang
Director

Gong Ping
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

2022	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 2021 and 1 January 2022 (As previously reported)	36,919,889	(254,519)	(443,540)	16,601,416	(814,779)	6,131,977	77,084,283	(4,154,821)	131,069,906	72,143,992	203,213,898
Effect of changes in accounting policies (note 2.2)	–	–	–	–	–	–	(82,500)	7,618	(74,882)	(19,660)	(94,542)
At 1 January 2022 (As restated)	36,919,889	(254,519)	(443,540)*	16,601,416*	(814,779)*	6,131,977*	77,001,783*	(4,147,203)*	130,995,024	72,124,332	203,119,356
Profit for the year	–	–	–	–	–	–	538,715	–	538,715	4,074,197	4,612,912
Other comprehensive income for the year:											
Equity investments designated at fair value through other comprehensive income											
Changes in fair value, net of tax	–	–	–	–	(51,419)	–	–	–	(51,419)	(16,528)	(67,947)
Financial assets designated under the overlay approach											
Amount recorded in other comprehensive income applying the overlay approach, net of tax	–	–	–	–	(1,167,339)	–	–	–	(1,167,339)	(146,060)	(1,313,399)
Debt investments at fair value through other comprehensive income											
Gains on fair value adjustment, net of tax	–	–	–	–	(5,126,227)	–	–	–	(5,126,227)	(999,149)	(6,125,376)
Changes in allowance for expected credit losses	–	–	–	–	(83,788)	–	–	–	(83,788)	(9,287)	(93,075)
Reclassification adjustments for loss on disposal included in the consolidated statement of profit or loss, net of tax	–	–	–	–	1,190,780	–	–	–	1,190,780	44,235	1,235,015
Share of other comprehensive loss of associates	–	–	–	–	(3,233,993)	–	–	–	(3,233,993)	(184,952)	(3,418,945)
Share of other comprehensive income of joint ventures	–	–	–	–	14,952	–	–	–	14,952	–	14,952
Change in other life insurance contract liabilities due to potential loss on financial assets, net of tax	–	–	–	–	–	129,907	–	–	129,907	20,821	150,728
Fair value adjustments of the hedging instruments in cash flow hedges, net of tax	–	–	–	–	–	52,542	–	–	52,542	57,866	110,408
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	–	–	–	–	–	–	–	103,762	103,762	18,316	122,078
Revaluation gains upon transfer from owner-occupied property to investment property, net of tax	–	–	–	–	–	4,705	–	–	4,705	3,271	7,976
Actuarial reserve relating to employee benefits, net of tax	–	–	–	–	–	287,493	–	–	287,493	41,955	329,448
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	290,999	290,999	364,397	655,396
Total comprehensive income for the year	–	–	–	–	(8,457,034)	474,647	538,715	394,761	(7,048,911)	3,269,082	(3,779,829)

2022	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))	–	–	–	–	–	–	–	–	–	1,381,058	1,381,058
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	563,820	563,820
Distribution paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(2,784,757)	(2,784,757)
Final 2021 dividends	–	–	–	–	–	–	(2,148,152)	–	(2,148,152)	–	(2,148,152)
Transfer from retained earnings	–	–	–	357,033	–	–	(357,033)	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	(172,236)	–	–	(172,236)	(10,925)	(183,161)
Share of other reserve of joint ventures	–	–	–	–	–	818	–	–	818	(292)	526
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	857,549	–	–	857,549	3,561,701	4,419,250
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	25,371	–	–	25,371	4,032,131	4,057,502
Fair value adjustment on the share redemption option granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	(150,693)	–	–	(150,693)	(74,755)	(225,448)
Equity-settled share-based payments of the Company (note 62)**	226,492	(142,292)	–	–	–	30,756	–	–	114,956	–	114,956
Equity-settled share-based payment of subsidiaries	–	–	–	–	–	–	–	–	–	198,378	198,378
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(418,993)	–	–	(418,993)	(1,012,945)	(1,431,938)
Disposal of subsidiaries (note 60(b))	–	–	–	–	–	–	–	–	–	(3,137,889)	(3,137,889)
Re-purchase of shares	–	43,473	–	–	–	–	(577,330)	–	(533,857)	–	(533,857)
At 31 December 2022	37,146,381	(353,338)	(443,540)*	16,958,449*	(9,271,813)*	6,779,196*	74,457,983*	(3,752,442)*	121,520,876	78,108,939	199,629,815

* These reserve accounts comprise the consolidated other reserves of RMB84,727,833,000 (31 December 2021: RMB94,329,654,000 (Restated)) in the consolidated statement of financial position.

** According to the share award scheme announced by the Company, during the year of 2022, the Company issued and the employee benefit trust established by the Company allotted 35,265,200 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the year, 8,626,630 shares were vested.

2021	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 2020 and 1 January 2021											
(As previously reported)	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
Retrospective adjustments of business combination under common control	–	–	–	–	–	21,309	(23,365)	42	(2,014)	(89)	(2,103)
Effect of changes in accounting policies (note 2.2)	–	–	–	–	–	–	(77,083)	–	(77,083)	(20,514)	(97,597)
At 1 January 2021 (As restated)	36,785,936	(163,600)	(443,540)	14,662,667	469,333	6,206,439	71,444,868	(1,229,174)	127,732,929	65,253,998	192,986,927
Profit for the year	–	–	–	–	–	–	10,084,505	–	10,084,505	6,994,571	17,079,076
Other comprehensive income for the year:											
Equity investments designated at fair value through other comprehensive income											
Changes in fair value, net of tax	–	–	–	–	(53,230)	–	–	–	(53,230)	2,238	(50,992)
Financial assets designated under the overlay approach											
Amount recorded in other comprehensive income applying the overlay approach, net of tax	–	–	–	–	(37,254)	–	–	–	(37,254)	(107,683)	(144,937)
Debt investments at fair value through other comprehensive income											
Gains on fair value adjustment, net of tax	–	–	–	–	(1,343,454)	–	–	–	(1,343,454)	(598,616)	(1,942,070)
Changes in allowance for expected credit losses	–	–	–	–	(40,320)	–	–	–	(40,320)	(65,847)	(106,167)
Reclassification adjustments for (gain)/loss on disposal included in the consolidated statement of profit or loss, net of tax	–	–	–	–	(34,088)	–	–	–	(34,088)	5,134	(28,954)
Share of other comprehensive income of associates	–	–	–	–	174,614	–	–	–	174,614	39,301	213,915
Share of other comprehensive income of joint ventures	–	–	–	–	49,620	–	–	–	49,620	–	49,620
Change in other life insurance contract liabilities due to potential loss on financial assets, net of tax	–	–	–	–	–	144,702	–	–	144,702	25,544	170,246
Fair value adjustments of the hedging instruments in cash flow hedges, net of tax	–	–	–	–	–	103,520	–	–	103,520	(3,162)	100,358
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	–	–	–	–	–	–	–	(277,964)	(277,964)	(50,207)	(328,171)
Revaluation gains upon transfer from owner-occupied property to investment property, net of tax	–	–	–	–	–	1,702	–	–	1,702	2,290	3,992
Actuarial reserve relating to employee benefits, net of tax	–	–	–	–	–	36,183	–	–	36,183	7,192	43,375
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(2,640,065)	(2,640,065)	(1,023,456)	(3,663,521)
Total comprehensive income for the year	–	–	–	–	(1,284,112)	286,107	10,084,505	(2,918,029)	6,168,471	5,227,299	11,395,770

2021	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))	–	–	–	–	–	–	–	–	–	621,856	621,856
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	1,190,223	1,190,223
Distribution paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(2,779,306)	(2,779,306)
Final 2020 dividends	–	–	–	–	–	–	(1,530,429)	–	(1,530,429)	–	(1,530,429)
Transfer from retained earnings	–	–	–	1,938,749	–	–	(1,938,749)	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	77,457	–	–	77,457	65,702	143,159
Share of other reserve of Joint ventures	–	–	–	–	–	4,330	–	–	4,330	–	4,330
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	804,791	–	–	804,791	3,028,975	3,833,766
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	256,175	–	–	256,175	1,756,833	2,013,008
Fair value adjustment on the share redemption option granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	(422,108)	–	–	(422,108)	(1,070,971)	(1,493,079)
Equity-settled share-based payments of the Company (note 62)*	133,953	(67,869)	–	–	–	81,196	–	–	147,280	–	147,280
Equity-settled share-based payment of subsidiaries	–	–	–	–	–	–	–	–	–	406,408	406,408
Business combination under common control	–	–	–	–	–	(260,000)	–	–	(260,000)	–	(260,000)
Deemed acquisition of additional interests in subsidiaries	–	–	–	–	–	(25,021)	–	–	(25,021)	40,466	15,445
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(877,389)	–	–	(877,389)	(1,142,746)	(2,020,135)
Disposal of subsidiaries (note 60(b))	–	–	–	–	–	–	–	–	–	(474,405)	(474,405)
Re-purchase of shares	–	(23,050)	–	–	–	–	(1,058,412)	–	(1,081,462)	–	(1,081,462)
At 31 December 2021	36,919,889	(254,519)*	(443,540)*	16,601,416*	(814,779)*	6,131,977*	77,001,783*	(4,147,203)*	130,995,024	72,124,332	203,119,356

* According to the share award scheme announced by the Company, during the year of 2021, the Company issued and the employee benefit trust established by the Company allotted 12,790,000 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the year, 5,902,820 shares were vested.

Consolidated Statement of Cash Flows

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**12,535,625**	24,643,804
Adjustments for:			
Depreciation of items of property, plant and equipment	*8*	**3,589,760**	3,257,330
Depreciation of right-of-use assets	*8*	**2,670,621**	2,438,440
Amortisation of intangible assets	*8*	**2,229,944**	1,845,683
Amortisation of mining rights	*8*	**16,234**	15,827
Amortisation of oil and gas assets	*8*	**500,396**	368,548
Exploration expensed and written off	*16*	**139,480**	317,372
Provision for impairment of oil and gas assets	*8*	**174,145**	–
Provision for impairment of right of use assets	*8*	**3,882**	20,002
Provision for impairment of items of property, plant and equipment	*8*	**57,870**	155,181
Provision for impairment of intangible assets	*8*	**149,703**	240,449
Provision for impairment of goodwill	*8*	**197,511**	172,556
Reversal of impairment of debt investments at fair value through other comprehensive income	*6*	**(120)**	(122,488)
Provision for impairment of investments in associates	*8*	**1,908,093**	1,393,451
Provision for impairment of receivables	*8*	**632,680**	184,544
Reversal of impairment of insurance and reinsurance debtors	*6*	**(22,113)**	–
Provision for impairment of debt investments at amortised cost	*8*	**33,453**	14,299
Provision for inventories	*8*	**472,050**	421,411
Provision for impairment of completed properties for sale	*8*	**14,259**	4,976
Provision for impairment of finance lease receivables	*8*	**13,093**	32,881
Provision for/(reversal of) impairment of loans and advances to customers	*8*	**30,648**	(137,720)
Amount reported in profit or loss applying the overlay approach	*24*	**(1,526,410)**	(121,262)
Gain on disposal of subsidiaries	*6*	**(1,253,732)**	(2,903,575)
Gain on bargain purchase of subsidiaries	*6*	**(306,277)**	(1,207,500)
Loss/(gain) on disposal/partial disposal of associates	*8*	**2,080,507**	(2,029,335)
Gain on deemed disposal of associates	*6*	**(35,337)**	(431,459)
Subtotal carried forward		**24,305,965**	28,573,415

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES *(Continued)*			
Gain on disposal of right-of-use assets	*15c*	**(14,132)**	–
Gain on disposal of items of property, plant and equipment	*6*	**(89,157)**	(68,130)
Gain on disposal of investment properties	*6*	**–**	(71,491)
Gain on remeasurement of previously held interests in step acquisitions of subsidiaries	*6*	**(1,408,718)**	–
Loss/(gain) on disposal of debt investments at fair value through other comprehensive income	*8*	**235,429**	(295,788)
Gain on disposal of intangible assets	*6*	**(330,755)**	(119,309)
Loss/(gain) on fair value adjustment of financial assets at fair value through profit or loss	*8*	**1,608,131**	(8,965,253)
Gain on fair value adjustment of investment properties	*6*	**(8,843,358)**	(980,707)
Loss on derivative financial instruments	*8*	**1,198,406**	1,651,132
COVID-19-related rent concessions from lessors	*15b*	**(148,452)**	(268,733)
Interest expenses	*7*	**10,464,836**	9,521,347
Interest income	*6*	**(960,883)**	(1,244,839)
Dividends and interest from equity investments designated at fair value through other comprehensive income	*6*	**(1,068)**	(5,400)
Dividends and interest from debt investments at fair value through other comprehensive income	*6*	**(2,099,712)**	(2,002,546)
Dividends and interest from financial assets at fair value through profit or loss	*6*	**(1,844,398)**	(1,617,384)
Share of profits and losses of associates		**(4,398,499)**	(5,519,242)
Share of profits and losses of joint ventures		**(966,290)**	(3,241,598)
Gain on disposal of joint ventures	*6*	**(468,590)**	–
Equity-settled share-based payments	*8*	**253,790**	513,818
Subtotal carried forward		**16,492,545**	15,859,292

	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES *(Continued)*		
CASH INFLOW BEFORE WORKING CAPITAL CHANGES	**16,492,545**	15,859,292
Decrease in properties under development	**2,791,602**	2,577,652
Increase in completed properties held for sale	**(261,851)**	(4,665,528)
Increase in trade and notes receivables	**(2,288,389)**	(1,791,351)
Increase in prepayments, other receivables and other assets	**(267,673)**	(4,594,727)
Increase in inventories	**(4,947,679)**	(3,148,801)
(Increase)/decrease in insurance and reinsurance debtors	**(7,531,718)**	181,947
Decrease/(increase) in reinsurers' share of insurance contract provisions	**3,393,219**	(1,008,726)
Increase in amounts due from related companies and the holding company	**(3,217,582)**	(3,039,495)
Decrease/(increase) in loans and advances to customers	**600,280**	(194,443)
Increase in trade and notes payables	**2,353,615**	3,862,074
Increase/(decrease)in accrued liabilities and other payables	**2,087,345**	(1,909,422)
Decrease in assets sold under agreements to repurchase	**(1,223,507)**	(1,312,849)
Increase/(decrease) in deferred income	**279,843**	(149,355)
(Decrease)/increase in other long-term payables	**(1,224,826)**	2,293,209
(Decrease)/increase in amounts due to related companies and the holding company	**(293,029)**	1,638,459
Decrease in accounts payable to brokerage clients	**(417,732)**	(763,318)
Increase in placements with and loans to banks and other financial institutions	**370,473**	217,879
Increase/(decrease) in placements from banks and other financial institutions	**26,327**	(202,628)
Decrease in amounts due to banks and other financial institutions	**(3,527,702)**	(1,083,875)
Increase in deposits from customers	**5,084,550**	8,010,274
(Increase)/decrease in restricted pre-sale proceeds of properties	**(1,544,651)**	351,807
Increase in required reserve deposits	**(227,202)**	(24,442)
Changes in derivative financial instruments	**(1,003,468)**	1,093,862
Decrease in finance lease receivables	**36,034**	724,902
Increase in unearned premium provisions	**1,829,770**	560,907
(Decrease)/increase in provision for outstanding claims	**(7,912,067)**	5,204,959
Increase/(decrease) in insurance and reinsurance creditors	**2,842,614**	(1,171,113)
Increase in provision for unexpired risks	**11,509,301**	141,715
Decrease in other life insurance contract liabilities	**(1,237,411)**	(1,007,993)
Decrease in investment contract liabilities	**(6,935,144)**	(11,267,525)
(Increase)/decrease in contract assets and other assets	**(574,143)**	73,851
Increase/(decrease) in contract liabilities	**3,124,058**	(3,456,081)
CASH GENERATED FROM OPERATIONS	**8,185,802**	2,001,117
Tax paid	**(6,422,088)**	(5,322,424)
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**1,763,714**	(3,321,307)

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(6,652,726)**	(5,964,775)
Prepayment for the addition of right-of-use assets		**(121,887)**	(156,042)
Increase of investment properties		**(2,383,755)**	(4,992,496)
Purchase of intangible assets		**(4,208,253)**	(2,447,749)
Purchase of exploration and evaluation assets		**(129,709)**	(175,974)
Purchase of oil and gas assets		**(432,941)**	(174,565)
Purchase of financial assets at fair value through profit or loss		**(125,070,186)**	(131,356,329)
Purchase of equity investments designated at fair value through other comprehensive income		**(6,930)**	(44,396)
Purchase of debt investments at fair value through other comprehensive income		**(13,795,361)**	(25,334,110)
Purchase of debt investments at amortised cost		**(7,062,498)**	(5,282,053)
Increase in deposits included in prepayments, other receivables and other assets		**(43,865)**	(6,288,658)
Proceeds from disposal of financial assets at fair value through profit or loss		**135,457,071**	131,908,366
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**70,961**	198,631
Proceeds from disposal of debt investments at fair value through other comprehensive income		**16,198,339**	26,107,904
Proceeds from maturity of debt investments at amortised cost		**7,187,593**	9,224,266
Proceeds from disposal of items of property, plant and equipment		**1,456,729**	941,788
Proceeds from disposal of intangible assets		**377,507**	425,259
Disposal of subsidiaries	*60(b)*	**4,255,885**	3,468,007
Proceeds from disposal of associates and disposal of partial interests in associates		**13,496,306**	6,468,073
Proceeds from disposal of joint ventures		**552,099**	–
Proceeds from disposal of assets of a disposal group classified as held for sale		**529,057**	815,033
Acquisition of subsidiaries	*60(a)*	**(305,016)**	(586,321)
Acquisition of associates		**(854,133)**	(2,063,524)
Acquisition of joint ventures		**(185,110)**	(4,274,639)
Dividends and interest received from debt investments		**2,323,699**	2,120,838
Dividends and interest received from equity investments		**1,734,796**	1,622,784
Dividends received from associates		**1,555,568**	1,484,344
Dividends received from joint ventures		**3,075,344**	401,997
(Increase)/decrease in pledged bank balances and time deposits with original maturity of more than three months		**(2,698,535)**	2,112,274
Prepayments for proposed acquisitions of long-term assets		**(778,211)**	(814,536)
Proceeds received from disposal of investment properties		**2,111,628**	969,758
Deposits advanced received from disposal of equity investments		**9,029,000**	–
Interest received		**892,595**	1,149,886
NET CASH FLOWS GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**35,575,061**	(536,959)

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercising of the share options of the Company		–	3,984
Capital contribution from non-controlling shareholders of subsidiaries		5,756,881	3,870,111
New bank and other borrowings		103,564,175	138,162,253
Principal portion of lease payments		(2,734,351)	(2,615,025)
Repayment of bank and other borrowings		(128,696,614)	(126,985,624)
Decrease in loans from non-controlling shareholders		–	(311,958)
Distribution paid to non-controlling shareholders of subsidiaries		(2,750,513)	(2,481,230)
Acquisition of additional interests in subsidiaries		(1,873,536)	(2,085,356)
Disposal of partial interests in a subsidiary without losing control		4,032,131	2,013,008
Dividends paid to shareholders		(3,514,093)	(942,433)
Repurchase of shares		(543,935)	(1,081,462)
Interest paid		(12,207,034)	(10,944,749)
Purchase of financial liabilities at fair value through profit or loss		843,819	–
Business combination under common control		–	(260,000)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(38,123,070)	(3,658,481)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(784,295)	(7,516,747)
Cash and cash equivalents at beginning of year		86,257,727	93,774,474
CASH AND CASH EQUIVALENTS AT END OF YEAR	35	85,473,432	86,257,727

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, certain financial assets and liabilities (including derivative instruments) which have been measured at fair value, and insurance contract liabilities, which have been measured primarily based on actuarial methods. 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 2022. A subsidiary is an entity (collectively referred to as the "**Group**"), 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).

Generally, there is a presumption that a majority of voting rights results in control.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 following revised HKFRSs for the first time for the current year's financial statements.

The nature and impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 *Reference to the Conceptual Framework*

Amendments to HKFRS 3 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* (the "Conceptual Framework") 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 has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. The amendments did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 *Property, Plant and Equipment: Proceeds before Intended Use*

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, as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on after 1 January 2021. The amendments did not have any significant impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 *Onerous Contracts — Cost of Fulfilling a Contract*

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 Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022. The amendments did not have any significant impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

(d) ***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 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. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year,the amendment did not have any significant impact on the financial position or performance of the Group.

- 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.

(e) **IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38** ***Intangible Assets*****, which is equivalent to HKAS 38)**

In IFRIC Update March 2021, the IFRS Interpretations Committee ("IFRIC") published its agenda decision on Configuration or Customisation Costs under a Software as a Service ("SaaS") contract ("IFRIC Agenda Decision"). The IFRIC Agenda Decision states that in most cases, in application of IAS 38 (which is equivalent to HKAS 38), configuration or customisation costs in a cloud computing arrangement should be treated as expenses, not intangible assets, since the entity does not control the software and the configuration/customisation activities do not generate a resource that is controlled by the customer independently of the software.

In application of this IFRIC Agenda Decision, configuration or customisation costs for SaaS which were previously capitalised were charged to expense. The changes in accounting policy have been accounted for retrospectively and the comparative figures for the corresponding comparative prior periods have been restated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

(e) IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 *Intangible Assets*, which is equivalent to HKAS 38) *(Continued)*

The table below illustrates the application of the IFRIC Agenda Decision as at 31 December 2021 and 1 January 2021.

	Before restated 31 December 2021 RMB'000	Impact of restatements RMB'000	After restated 31 December 2021 RMB'000
Assets			
Intangible assets	27,243,823	(127,464)	27,116,359
Deferred tax assets	6,939,879	32,922	6,972,801
Total non-current assets	463,613,151	(94,542)	463,518,609
Total assets less current liabilities	468,598,639	(94,542)	468,504,097
Net assets	203,213,898	(94,542)	203,119,356
Equity			
Other Reserves	94,404,536	(74,882)	94,329,654
Non-controlling interests	72,143,992	(19,660)	72,124,332
Total equity	203,213,898	(94,542)	203,119,356

	Before restated 1 January 2021 RMB'000	Impact of restatements RMB'000	After restated 1 January 2021 RMB'000
Assets			
Intangible assets	26,223,404	(131,591)	26,091,813
Deferred tax assets	6,323,426	33,994	6,357,420
Total non-current assets	454,244,558	(97,597)	454,146,961
Total assets less current liabilities	472,095,516	(97,597)	471,997,919
Net assets	193,084,524	(97,597)	192,986,927
Equity			
Other Reserves	91,187,676	(77,083)	91,110,593
Non-controlling interests	65,274,512	(20,514)	65,253,998
Total equity	193,084,524	(97,597)	192,986,927

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

(e) IFRIC Agenda Decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 *Intangible Assets*, which is equivalent to HKAS 38) *(Continued)*

	Before restated 2021 RMB'000	Impact of restatements RMB'000	After restated 2021 RMB'000
Administrative expenses	(27,319,917)	(9,076)	(27,328,993)
PROFIT BEFORE TAX	24,652,880	(9,076)	24,643,804
TAX	(7,567,067)	2,339	(7,564,728)
PROFIT FOR THE YEAR	17,085,813	(6,737)	17,079,076
Attributable to:			
Owners of the parent	10,089,922	(5,417)	10,084,505
Non-controlling interests	6,995,891	(1,320)	6,994,571
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic			
– For profit for the year (RMB)	1.21	–	1.21
Diluted			
– For profit for the year (RMB)	1.21	–	1.21
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(3,673,313)	9,792	(3,663,521)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods:	(5,673,102)	9,792	(5,663,310)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(5,693,098)	9,792	(5,683,306)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	11,392,715	3,055	11,395,770
Attributable to:			
Owners of the parent	6,166,270	2,201	6,168,471
Non-controlling interests	5,226,445	854	5,227,299
CASH FLOWS FROM OPERATING ACTIVITIES			
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(3,286,076)	(35,231)	(3,321,307)
CASH FLOWS FROM INVESTING ACTIVITIES			
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(572,190)	35,231	(536,959)

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 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1,5]
Amendments to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-Current (the "2020 Amendments")*[2,4]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion
5 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
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

With effect from 2023, the Group will apply HKFRS 17. Other than these standards, the other amendments are not expected to have any significant impact on the Group's financial statements.

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

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 resulting from a downstream transaction 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.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

HKFRS 17 Insurance Contracts

HKFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, and is replacing the existing HKFRS 4 Insurance Contracts Standard. In contrast to the requirements in HKFRS 4, which were largely based on grandfathering previous local accounting policies for measurement purposes, HKFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related contracts, and the premium allocation approach mainly for short-duration contracts which typically applies to certain non-life insurance contracts which have a coverage period of 1 year or less. The main features of the new accounting model for insurance contracts is as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, re-measured at the end of every reporting period (the fulfilment cash flows).
- A Contractual Service Margin ("**CSM**") that represents the unearned profitability of the (re)insurance contracts and is recognised in profit or loss over the coverage period.
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining coverage period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by the accounting policy choice at the level of portfolios of insurance contracts.
- The recognition of insurance revenue and insurance service expenses in the consolidated statement of profit or loss based on the insurance contract services provided during the year.
- Insurance revenue and insurance service expenses shall exclude any investment components (the amounts that an insurance contract requires the insurer to repay to a policyholder, regardless of whether an insured event occurs).
- Insurance finance income/expense, which comprises the change in carrying amount of the insurance contracts arising from effect and changes in effect of time value of money and financial risks, is presented separately from insurance service results.
- Extensive disclosures are required to provide information on the insurance contracts.

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

HKFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures restated. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. The classification overlay approach may be applied to presentation of comparative figures for any financial assets that had been derecognised before 1 January 2023 based on how the entity expects the financial assets would be classified on initial adoption of HKFRS 17.

Upon the adoption of HKFRS 17, the Group ceased to apply the overlay approach for designated eligible financial assets in accordance with Amendments to HKFRS 4.

Insurance contract balances remeasured under HKFRS 17 principles require derecognition of the related assets and liabilities, and previously reported balances that would not have existed if HKFRS 17 had always been applied. These include, among others, reinsurance receivables and payables and other balance sheet items that are attributable to existing HKFRS 4 related insurance contracts. Under HKFRS 17, these are included in the measurement of the insurance contracts as part of the fulfilment cash flows. Insurance revenue will no longer be measured by premium, but recognised by the provision of services throughout the coverage period of the contracts.

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. 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. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

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

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

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

Buildings	2 to 50 years
Plant and machinery	3 to 20 years
Office equipment	2 to 30 years
Motor vehicles	2 to 10 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill) *(Continued)*

TRADEMARKS

Trademarks with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives of not exceeding 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 and technical know-how with finite useful lives are measured initially at cost and are amortised on the straight-line basis over the respective estimated useful lives. 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.

RESEARCH AND DEVELOPMENT COSTS

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

CUSTOMER RELATIONSHIP

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation assets

FOR MINING RIGHTS

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

FOR OIL AND GAS ASSETS

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

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

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

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

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

Mining rights

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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	20 to 50 years
Buildings	1 to 48 years
Machinery	1 to 10 years
Furniture, fixtures and other equipment	1 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".

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

GROUP AS A LESSEE *(Continued)*

(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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

INITIAL RECOGNITION AND MEASUREMENT *(Continued)*

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.

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.

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 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group 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. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

GENERAL APPROACH *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

DESIGNATED ELIGIBLE FINANCIAL ASSETS UNDER THE OVERLAY APPROACH *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

SUBSEQUENT MEASUREMENT *(Continued)*

The subsequent measurement of financial liabilities depends on their classification as follows: *(Continued)*

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 AGREEMENTS TO REPURCHASE

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

The Group uses derivative financial instruments, such as forward currency contracts 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT *(Continued)*

FAIR VALUE HEDGES (Continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties under development

Properties under development are stated at cost which includes all development expenditures, including land costs, 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

REVENUE FROM OTHER SOURCES *(Continued)*

(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).

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments

The Company and certain subsidiaries of the Group operate share incentive schemes and a share option scheme for the purpose of providing incentives and rewards to their employees (including directors). Employees (including directors) receive remuneration in the form of share-based payments, whereby employees (including directors) render services in exchange 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

(II) OTHER EMPLOYEE BENEFITS TO QUALIFIED SOE EMPLOYEES AND QUALIFIED RETIREES *(Continued)*

QUALIFIED RETIREES

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

The Group recognises the liability taken over as a non-current liability at initial recognition, and subsequent payments of the retirement benefits to Qualified SOE Employees and Qualified Retirees are debited against the non-current liability. Payments are made by the Group to Qualified SOE Employees and Qualified Retirees, but the use of the fund is monitored and supervised jointly by the former parent company of the Former SOEs and the union. Except for the payment of the retirement benefits of the Qualified SOE Employees and the Qualified Retirees, the fund cannot be used for any other purpose including the transfer to the Group's consolidated statement of profit or loss or reserve without the joint approval from the former parent company of the Former SOEs, the union and the Municipal Labour & Social Security Bureau. The most recent actuarial valuation of the present value of the Qualified Retirees was carried out on December 31, 2022 by Towers Watson Consulting (Shenzhen) Co., Ltd., using expected cumulative benefit unit method. The key actuarial assumptions adopted in the actuary report are discount rate, mortality rate, annual increase rate of the basic salary, annual increase rate of social insurance and housing fund company contributions and percentage of eligible actives that will actually be internal retirees. The Group has no plan assets for Qualified Retirees. As such, there does not exist any significant surplus or deficiency as shown by the market value of the plan assets, the contribution level expressed in percentage on the day of assessment or valuation.

(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.

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

(V) EMPLOYEE BENEFITS TO ALL ELIGIBLE EMPLOYEES OF THE SUBSIDIARIES IN PORTUGAL *(Continued)*

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). The most recent actuarial valuations of the present value of the mainly defined benefit plans were carried out on December 31, 2022 by Willis Towers-Watson, using project unit credit method. The key actuarial assumptions adopted in the actuary report are discount rate and expected rate of salary increase. The Group has no plan assets for the defined benefit plans of the subsidiary in France. As such, there does not exist any significant surplus or deficiency as shown by the market value of the plan assets, the contribution level expressed in percentage on the day of assessment or valuation.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the average exchange rates for the year.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(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.

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(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 36.0% equity interest as at 31 December 2022. The remaining 64.0% 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 and no expectation that the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

The Group considers that it controls Hainan Mining Co., Ltd. ("Hainan Mining") even though it owns less than 50% of the voting rights. This is because the Group is the largest shareholder of Hainan Mining with a 45.9% equity interest as at 31 December 2022. The Group holds relatively larger voting rights than other shareholders. Since the date of Hainan Mining's domestic shares being listed on the Shanghai Stock Exchange, there has been no history and no expectation that the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements *(Continued)*

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: *(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 2022, 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 2022 was RMB27,413,654,000 (31 December 2021: RMB24,804,818,000). Further details are given in note 20 to the financial statements.

(II) IMPAIRMENT OF NON-FINANCIAL ASSETS (OTHER THAN GOODWILL)

The Group assesses whether there are any indicators of impairment for all non-financial assets (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 2022, impairment losses in the amount of RMB2,293,693,000 (2021: RMB1,809,083,000) have been recognised as set out in note 8 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

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: *(Continued)*

(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 2022, the carrying amount of designated eligible financial assets under the overlay approach (including current and non-current portions) was RMB15,313,068,000 (2021: RMB18,139,956,000). For the year ended 31 December 2022, impairment losses in the amount of RMB118,449,000 (2021: RMB138,998,000) 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 2022 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.

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 2022 was RMB95,743,357,000 (31 December 2021: RMB67,229,732,000). Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

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: *(Continued)*

(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, etc, 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.

(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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

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: *(Continued)*

(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 2022 was RMB3,086,433,000 (31 December 2021: RMB2,852,651,000). The amount of unrecognised tax losses and deductible temporary differences as at 31 December 2022 was RMB 38,702,978,000 (31 December 2021: RMB44,523,910,000). 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.

(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 2022, the total carrying amount of insurance contract liabilities was RMB69,950,538,000 (2021: RMB74,686,615,000), which included unearned premium provisions amounting to RMB11,024,957,000 (2021: RMB9,859,032,000), provision for outstanding claims amounting to RMB38,062,329,000 (2021: RMB43,420,410,000), provision for unexpired risks amounting to RMB608,614,000 (2021: RMB513,322,000) and other life insurance contract liabilities amounting to RMB20,254,638,000 (2021: RMB20,893,851,000).

(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 2022 are set out below:

Name of company	Place of incorporation/ registration and place of business	Issued ordinary/ registered share 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, China	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, China	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	RMB200,000,000	–	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
上海復星外灘商業有限公司# (Shanghai Fosun Bund Commercial Co., Ltd.)	PRC/Chinese Mainland	RMB7,000,000,000	–	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, China	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

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 2022 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Asset Management segment (Continued)						
Hauck Aufhäuser Lampe Privatbank AG	Germany	EUR28,913,628	–	99.7%	99.7%	Private banking and financial services
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	RMB2,672,156,611	0.2%	35.8%	36.0%	Investment holding
上海復星醫藥產業發展有限公司# (Shanghai Fosun Pharmaceutical Industrial Development Company Limited)	PRC/Chinese Mainland	RMB2,253,308,000	–	100.0%	36.0%	Investment holding
上海復星健康科技(集團)有限公司# (Shanghai Fosun Health Technology (Group) Co., Ltd.)	PRC/Chinese Mainland	RMB3,804,350,000	–	100.0%	36.0%	Medical consultation
江蘇萬邦生化醫藥集團有限責任公司# (Jiangsu Wanbang Biopharmaceutical Co., Ltd.)	PRC/Chinese Mainland	RMB480,455,400	–	100.0%	36.0%	Manufacture and trading of medicine
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%	18.4%	Manufacture and trading of medicine
重慶藥友製藥有限責任公司# (YaoPharma Co., Ltd.)	PRC/Chinese Mainland	RMB196,540,000	–	61.0%	22.0%	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	–	96.5%	34.8%	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 2022 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Health segment (Continued)						
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%	36.0%	Manufacture and trading of medicine
復星實業(香港)有限公司 (Fosun Industrial Co., Limited)	Hong Kong, China	USD601,446,075	–	100.0%	36.0%	Investment holding
佛山復星禪城醫院有限公司# (Foshan Fosun Chancheng Hospital Company Limited)	PRC/Chinese Mainland	RMB50,000,000	–	87.4%	31.5%	Provision of healthcare services
蘇州二葉製藥有限公司# (Suzhou Erye Pharmaceutical Co. Ltd.)	PRC/Chinese Mainland	RMB 238,420,000	–	90.0%	32.4%	Manufacture and trading of medicine
Gland Pharma Limited ("Gland")	India	Not Applicable	–	57.9%	20.9%	Manufacture and trading of medicine
Luz Saúde, S.A.	Portugal	EUR95,542,254	–	99.9%	84.8%	Provision of healthcare services
Intelligent Manufacturing Segment						
海南礦業股份有限公司*# (Hainan Mining Co., Ltd.)	PRC/Chinese Mainland	RMB 2,034,496,729	–	45.9%	45.9%	Sale of iron and steel products
上海翌耀科技股份有限公司# (Shanghai Easun Technology Co., Ltd.)	PRC/Chinese Mainland	RMB 600,000,000	–	59.1%	48.4%	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 2022 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Issued ordinary/ registered share 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%	78.0%	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%	78.0%	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	RMB3,899,930,914	–	61.8%	61.8%	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%	77.1%	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%	61.8%	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%	40.8%	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%	61.8%	Retail of jewelry
ST Hubert SAS	France	EUR166,334,210	–	98.1%	50.0%	Manufacturing and trading of dairy products
Lanvin Group Holdings Limited	Cayman Islands/ Chinese Mainland	USD50,000	–	64.9%	63.2%	Investment holding

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 2022 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Insurance segment						
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong, China	USD789,062,934	–	86.7%	86.7%	Reinsurance
Fidelidade – Companhia de Seguros, S.A.	Portugal	EUR509,263,524	–	85.0%	85.0%	Underwriting of life and non-life insurance
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%	17.7%	Distribution of pharmaceutical products
Banco Comercial Português, S.A.	Portugal	EUR4,725,000,000	–	30.0%	30.0%	Banking and financial services
天津建龍鋼鐵實業有限公司#/@ (Tianjin Jianlong Iron & Steel Industrial Co.,Ltd.) ("Tianjin Jianlong")	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.) ("Nanjing Nangang")	PRC/Chinese Mainland	RMB3,000,000,000	–	60.0%	60.0%	Manufacture and sale of iron and steel products
四川沱牌舍得集團有限公司#/& (Sichuan Tuopai Shede Group Co., Ltd.)	PRC/Chinese Mainland	RMB232,240,000	–	70.0%	43.2%	Manufacture and trading of wine and beverage

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 2022 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. Further details of the debt securities of the principal subsidiaries of the Company are contained in note 42.

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 36.0% as at 31 December 2022.

Hainan Mining Co., Ltd. continues to be accounted for as a subsidiary because the Group continues to be the largest major shareholder of Hainan Mining Co., Ltd. and holds relatively larger voting rights than other shareholders, despite the fact that the Group's equity interest in this company was 45.9% as at 31 December 2022.

These companies are registered as limited liability companies under PRC law.

& Although the Group held a 60% equity interest in Nanjing Nangang as at 31 December 2022, 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.

The Group, through Yuyuan held 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd. ("Tuopai Shede") as at 31 December 2022. The remaining 30% equity interest is held by the People's Government of Shehong County. According to the articles of association of Tuopai Shede, the resolutions on the relevant activities required 100% shareholders' approval and Tuopai Shede was accounted for as a joint venture of the Group.

@ As at 31 December 2022, the Group's investments in Tianjin Jianlong and Nanjing Nangang are classified as held for sale, details are set out at note 41.

^ Wholly foreign-owned enterprise under PRC law.

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.

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 utilization 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 utilization of the financing.

Inter-segment sales and transfers are transacted with reference to the fair selling prices used for sales made to third parties at the then prevailing market prices.

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2022

	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	47,209,068	70,455,461	32,427,064	14,946,190	10,355,636	–	175,393,419
Inter-segment sales	792,197	284,068	698	348,477	–	(1,425,440)	–
Total revenue	48,001,265	70,739,529	32,427,762	15,294,667	10,355,636	(1,425,440)	175,393,419
Segment results							
Profit before tax	4,948,437	5,237,348	(423,003)	1,399,638	1,462,948	(89,743)	12,535,625
Tax	(672,447)	(2,571,991)	(726,856)	(3,901,061)	(50,358)	–	(7,922,713)
Profit/(loss) for the year	4,275,990	2,665,357	(1,149,859)	(2,501,423)	1,412,590	(89,743)	4,612,912
Segment and total assets	120,454,202	200,117,980	196,321,146	269,113,047	47,424,454	(10,284,765)	823,146,064
Segment and total liabilities	59,223,893	147,602,416	181,167,118	225,380,343	17,299,410	(7,156,931)	623,516,249
Other segment information:							
Interest and dividend income	347,074	248,996	3,507,980	905,151	61,744	(164,884)	4,906,061
Other income and gains (excluding interest and dividend income)	1,098,443	6,733,348	2,051,975	7,835,098	95,462	(22,073)	17,792,253
Amount reported in profit or loss applying the overlay approach	–	–	1,526,410	–	–	–	1,526,410
Impairment losses recognised in the statement of profit or loss, net	(343,852)	(80,844)	(14,810)	(2,766,240)	(459,408)	–	(3,665,154)
Finance costs	(1,175,476)	(2,985,439)	(1,676,972)	(4,936,469)	(270,545)	158,219	(10,886,682)
Share of profits and losses of							
– Joint ventures	(233,925)	656,997	(288,825)	47,605	798,094	(13,656)	966,290
– Associates	2,026,082	(757,487)	193,476	2,603,506	388,392	(55,470)	4,398,499
Depreciation and amortisation	(2,545,503)	(4,082,175)	(674,917)	(713,475)	(990,885)	–	(9,006,955)
Research and development costs	(4,305,647)	(234,710)	(6,567)	(37,081)	(327,664)	–	(4,911,669)
Fair value (loss)/gains on fair value adjustments of investment properties	–	(3,891)	347,710	8,499,539	–	–	8,843,358
Fair value (loss)/gain on financial assets at fair value through profit or loss	(319,035)	432,255	(2,374,314)	619,656	32,581	726	(1,608,131)
Investments in joint ventures	250,606	6,287,576	1,099,385	2,707,710	–	(442,202)	9,903,075
Investments in associates	25,260,181	6,950,696	1,926,563	34,859,852	2,011,399	(2,354,732)	68,653,959
Capital expenditure*	5,819,005	3,536,590	1,835,362	1,160,282	1,466,418	–	13,817,657

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2021 (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	43,242,573	66,741,794	32,149,316	11,420,607	7,736,894	–	161,291,184
Inter-segment sales	737,180	156,528	–	129,459	–	(1,023,167)	–
Total revenue	43,979,753	66,898,322	32,149,316	11,550,066	7,736,894	(1,023,167)	161,291,184
Segment results							
Profit before tax	6,244,861	2,704,064	3,059,709	8,694,168	4,043,535	(102,533)	24,643,804
Tax	(1,049,856)	(3,139,955)	(914,801)	(2,178,586)	(281,530)	–	(7,564,728)
Profit (loss)/ for the year	5,195,005	(435,891)	2,144,908	6,515,582	3,762,005	(102,533)	17,079,076
Segment and total assets	107,245,951	194,480,737	208,579,832	259,246,571	47,755,786	(11,031,278)	806,277,599
Segment and total liabilities	51,848,370	138,408,998	185,589,288	220,157,048	16,346,353	(9,191,814)	603,158,243
Other segment information:							
Interest and dividend income	371,285	255,611	3,260,145	1,103,239	28,793	(148,904)	4,870,169
Other income and gains (excluding interest and dividend income)	3,754,634	2,018,122	4,951,338	11,301,325	510,663	(9,061)	22,527,021
Amount reported in profit or loss applying the overlay approach	–	–	121,262	–	–	–	121,262
Impairment losses recognised in the statement of profit or loss, net	(937,147)	(272,771)	96,481	(30,375)	(1,235,730)	–	(2,379,542)
Finance costs	(1,046,990)	(2,557,464)	(1,643,130)	(4,489,578)	(301,406)	148,823	(9,889,745)
Share of profits and losses of							
– Joint ventures	(244,806)	788,086	(77,133)	816,549	1,966,134	(7,232)	3,241,598
– Associates	2,097,223	(340,174)	835,559	830,595	2,165,929	(69,890)	5,519,242
Depreciation and amortisation	(1,888,341)	(4,078,905)	(653,541)	(646,125)	(658,916)	–	(7,925,828)
Research and development costs	(3,841,046)	(155,393)	–	(14,165)	(182,468)	–	(4,193,072)
Fair value gains on fair value adjustments of investment properties	38,453	164,133	430,720	347,401	–	–	980,707
Fair value gain on financial assets at fair value through profit or loss	421,865	254,973	514,745	7,467,958	304,896	816	8,965,253
Investments in joint ventures	292,030	6,037,024	1,378,107	11,743,636	14,352,514	(407,706)	33,395,605
Investments in associates	25,129,547	10,927,410	11,107,012	37,971,494	9,944,504	(2,271,052)	92,808,915
Capital expenditure*	4,457,699	4,871,076	3,068,378	830,116	605,999	–	13,833,268

* 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

	2022 RMB'000	2021 RMB'000
Chinese Mainland	**98,036,428**	93,586,513
Portugal	**16,022,796**	17,014,614
Other countries and regions	**61,334,195**	50,690,057
	175,393,419	161,291,184

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

(B) NON-CURRENT ASSETS

	2022 RMB'000	2021 RMB'000 (Restated)
Chinese Mainland	**200,882,005**	221,784,082
Portugal	**24,191,381**	24,741,786
Other countries and regions	**93,573,105**	80,436,757
	318,646,491	326,962,625

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 2022 and 2021.

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	2022 RMB'000	2021 RMB'000
Revenue			
Revenue from contracts with customers			
– Sale of goods	*(1)*	107,463,860	100,247,012
– Rendering of services	*(2)*	33,604,587	27,478,023
		141,068,447	127,725,035
Revenue from other sources			
– Insurance revenue	*(3)*	32,020,282	31,762,618
– Rental income		2,036,566	1,831,460
– Interest income		1,007,790	786,511
		35,064,638	34,380,589
Others			
– Less: Government surcharges		(739,666)	(814,440)
		175,393,419	161,291,184

(1) Sale of goods:

	2022	2021
Pharmaceuticals and medical products	37,488,585	34,385,885
Properties	16,530,005	21,843,006
Gold and jewelleries	33,071,111	27,443,246
Ore products	1,720,890	2,826,494
Oil and gas	1,577,917	1,137,246
Others	17,075,352	12,611,135
	107,463,860	100,247,012

(2) Rendering of services:

	2022	2021
Tourism	12,869,940	7,280,970
Healthcare	9,676,880	8,224,878
Property agency	225,618	389,308
Property management	1,612,579	1,549,251
Asset management	711,361	881,971
Fee and commission income	2,211,621	2,077,363
Others	6,296,588	7,074,282
	33,604,587	27,478,023

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

An analysis of revenue, other income and gains is as follows: *(Continued)*

		2022 RMB'000	2021 RMB'000
(3)	Insurance revenue:		
	Gross premiums written	**43,170,902**	39,566,145
	Less: Premiums ceded to reinsurers and retrocessionaires	**(9,016,227)**	(7,055,028)
	Net premiums written	**34,154,675**	32,511,117
	Change in unearned premium provisions, net of reinsurance	**(2,134,393)**	(748,499)
	Net earned premiums	**32,020,282**	31,762,618

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 180 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:

Segments:

For the year ended 31 December 2022

	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	**37,231,061**	**53,043,180**	**1,287**	**6,855,966**	**10,332,366**	**107,463,860**
Rendering of services	**10,122,643**	**17,618,105**	**406,362**	**5,352,221**	**105,256**	**33,604,587**
	47,353,704	**70,661,285**	**407,649**	**12,208,187**	**10,437,622**	**141,068,447**
Timing of revenue recognition						
Goods transferred at a point in time	**37,231,061**	**53,043,180**	**1,287**	**6,855,966**	**10,332,366**	**107,463,860**
Services transferred over time	**10,122,643**	**17,618,105**	**406,362**	**5,352,221**	**105,256**	**33,604,587**
	47,353,704	**70,661,285**	**407,649**	**12,208,187**	**10,437,622**	**141,068,447**

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 2021

	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	33,977,485	54,759,726	2	3,810,189	7,699,610	100,247,012
Rendering of services	9,351,186	11,951,165	387,918	5,643,345	144,409	27,478,023
	43,328,671	66,710,891	387,920	9,453,534	7,844,019	127,725,035
Timing of revenue recognition						
Goods transferred at a point in time	33,977,485	54,759,726	2	3,810,189	7,699,610	100,247,012
Services transferred over time	9,351,186	11,951,165	387,918	5,643,345	144,409	27,478,023
	43,328,671	66,710,891	387,920	9,453,534	7,844,019	127,725,035

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

An analysis of revenue, other income and gains is as follows: *(Continued)*

	2022 RMB'000	2021 RMB'000
Other income		
Interest income	960,883	1,244,839
Dividends and interest from financial assets at fair value through profit or loss	1,844,398	1,617,384
Dividends from equity investments designated at fair value through other comprehensive income (note 23)	1,068	5,400
Interest income from debt investments at fair value through other comprehensive income	2,099,712	2,002,546
Rental income	548,998	549,206
Government grants	788,809	987,136
Fee income relating to investment contracts and reinsurance profit sharing	1,591,815	712,209
Others	1,615,426	1,181,481
	9,451,109	8,300,201
Gains		
Gain on disposal of subsidiaries (note 60(b))	1,253,732	2,903,575
Gain on bargain purchase of subsidiaries	306,277	1,207,500
Gain on remeasurement of previously held interests in step acquisitions of subsidiaries	1,408,718	–
Gain on disposal/partial disposal of associates	–	2,029,335
Gain on deemed disposal of associates	35,337	431,459
Gain on disposal of joint ventures	468,590	–
Gain on disposal of debt investments at fair value through other comprehensive income	–	295,788
Gain on disposal of items of property, plant and equipment	89,157	68,130
Gain on disposal of items of intangible assets	330,755	119,309
Gain on disposal of investment properties	–	71,491
Gain on fair value adjustment of financial assets at fair value through profit or loss	–	8,965,253
Gain on fair value adjustment of investment properties (note 14)	8,843,358	980,707
Gain on reversal of impairment of insurance and reinsurance debtors	22,113	–
Gain on reversal of impairment of loans and advances to customers	–	137,720
Gain on reversal of impairment of debt investments measured at fair value through other comprehensive income	120	122,488
Gain on rent concessions as a result of the COVID-19 pandemic	96,697	149,734
Exchange gain, net	392,351	1,614,500
	13,247,205	19,096,989
Other income and gains	22,698,314	27,397,190

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2021 RMB'000
Interest on bank and other borrowings (including convertible bonds)	**11,568,294**	10,602,746
Incremental interest on other long term payables (note 56)	**5,609**	6,199
Interest on lease liabilities (note 15)	**642,346**	617,347
	12,216,249	11,226,292
Less: Interest capitalised, in respect of bank and other borrowings (note 13 and note 27)	**(1,751,413)**	(1,704,945)
Interest expenses, net	**10,464,836**	9,521,347
Interest on discounted notes	**9,440**	16,577
Bank charges and other financial costs	**412,406**	351,821
Total finance costs	**10,886,682**	9,889,745

8. PROFIT BEFORE TAX

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

	2022 RMB'000	2021 RMB'000 (Restated)
Cost of sales:		
Cost of inventories sold	**73,177,657**	65,256,752
Cost of services provided	**44,835,259**	40,383,039
	118,012,916	105,639,791
Staff costs (including directors' and chief executive's remuneration and five highest paid employees as set out in note 9):		
Wages and salaries	**20,499,130**	19,903,903
Accommodation benefits:		
Defined contribution fund	**892,772**	793,455
Retirement costs:		
Defined contribution fund	**1,169,586**	936,048
Defined benefit fund	**103,667**	195,381
Equity-settled share-based payments (note 62)	**253,790**	513,818
Total staff costs	**22,918,945**	22,342,605

8. PROFIT BEFORE TAX *(Continued)*

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

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Research and development costs		**4,911,669**	4,193,072
Auditor's remuneration		**11,350**	10,800
Depreciation of items of property, plant and equipment	*13*	**3,589,760**	3,257,330
Depreciation of right-of-use assets	*15*	**2,670,621**	2,438,440
Amortisation of mining rights	*17*	**16,234**	15,827
Amortisation of oil and gas assets	*18*	**500,396**	368,548
Amortisation of intangible assets	*19*	**2,229,944**	1,845,683
Impairment of financial assets, net:			
– Impairment of receivables		**632,680**	184,544
– Provision for/(reversal of) loans and advances to customers		**30,648**	(137,720)
– Provision for impairment of debt investments at amortised cost		**33,453**	14,299
– Impairment of finance lease receivables	*38*	**13,093**	32,881
Provision for inventories		**472,050**	421,411
Provision for impairment of oil and gas assets	*18*	**174,145**	–
Provision for impairment of completed properties for sale		**14,259**	4,976
Provision for impairment of items of property, plant and equipment	*13*	**57,870**	155,181
Loss/(gain) on fair value adjustment of financial assets at fair value through profit or loss		**1,608,131**	(8,965,253)
Loss/(gain) on disposal/partial disposal of associates		**2,080,507**	(2,029,335)
Loss/(gain) on disposal of debt investments at fair value through other comprehensive income		**235,429**	(295,788)
Provision for impairment of investments in associates		**1,908,093**	1,393,451
Provision for impairment of intangible assets	*19*	**149,703**	240,449
Provision for impairment of right of use assets	*15*	**3,882**	20,002
Provision for impairment of goodwill	*20*	**197,511**	172,556
Lease payment not included in the measurement of lease liabilities		**346,215**	269,647
Loss on derivative financial instruments		**1,198,406**	1,651,132

* At 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2021: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION 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:

	2022 RMB'000	2021 RMB'000
Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	40,586	31,388
Performance related bonus*	133,879	107,298
Equity-settled share award scheme expense	92,556	61,230
Pension scheme contributions	435	395
	267,456	200,311

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

During 2021 and 2022, 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 or receivable by the directors or past 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 (2021: Nil). The other emoluments including the equity-settled share award scheme expenses of independent non-executive directors during the year were as follows:

	2022 RMB'000	2021 RMB'000
Zhang Shengman	870	814
Zhang Huaqiao	870	814
David T. Zhang	870	814
Lee Kai-Fu	870	814
Tsang King Suen Katherine	827	685
	4,307	3,941

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION 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 scheme expenses RMB'000	Total remuneration RMB'000
31 December 2022						
Executive directors:						
Guo Guangchang	–	6,599	29,818	78	3,842	40,337
Wang Qunbin	–	6,456	28,757	78	3,665	38,956
Chen Qiyu	–	6,153	24,558	78	29,253	60,042
Xu Xiaoliang*	–	5,948	26,099	55	25,357	57,459
Qin Xuetang	–	3,943	11,091	68	12,416	27,518
Gong Ping	–	3,713	8,224	78	11,454	23,469
Huang Zhen*(appointed as executive director on 23 March 2022)	–	3,630	5,332	–	5,323	14,285
	–	36,442	133,879	435	91,310	262,066
Non-executive directors:						
Yu Qingfei	–	603	–	–	79	682
Zhuang Yuemin**	–	322	–	–	79	401
Li Shupei (appointed as non-executive director on 4 November 2022)	–	–	–	–	–	–
	–	925	–	–	158	1,083
	–	37,367	133,879	435	91,468	263,149
31 December 2021						
Executive directors:						
Guo Guangchang	–	5,250	20,104	72	–	25,426
Wang Qunbin	–	5,090	19,310	72	–	24,472
Chen Qiyu	–	4,860	28,395	57	21,535	54,847
Xu Xiaoliang	–	4,670	21,576	50	20,941	47,237
Qin Xuetang	–	3,890	8,896	72	9,425	22,283
Gong Ping	–	3,476	9,017	72	8,294	20,859
	–	27,236	107,298	395	60,195	195,124
Non-executive directors:						
Zhuang Yuemin	–	623	–	–	–	623
Yu Qingfei	–	623	–	–	–	623
Chen Shucui (resigned as a non-executive director on 4 November 2022)	–	–	–	–	–	–
	–	1,246	–	–	–	1,246
	–	28,482	107,298	395	60,195	196,370

* RMB363,000 included in salaries, allowances, and benefits in kind was paid to Mr. Xu Xiaoliang by subsidiaries in 2022.

* RMB2,399,000 included in equity-settled share award scheme expenses of Mr. Huang Zhen was recognized for his service for subsidiaries in 2022.

** Mr. Zhuang Yuemin resigned as a non-executive director on 2 February 2023. Mr. Li Fuhua was appointed as non-executive director on the same day.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(iii) Five highest paid employees

The five highest paid employees during the year included five directors (2021: five directors), details of whose remuneration are set out in note 9(ii) above. There are nil highest paid employees who are neither a director nor chief executive of the Company for the year of 2022 (2021: Nil).

During 2022, no non-director highest paid employees (2021: Nil) were granted share award and share option 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.

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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% (2021: 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% (2021: 6.0%).

The provision for income tax of Fidelidade – Companhia de Seguros, S.A., and its subsidiaries incorporated in Portugal, is based on a rate of 31.5% (2021: 31.5%).

The provision for income tax of AmeriTrust Group, Inc. and its subsidiaries incorporated in the United States which were disposed by the end of the year is based on a rate of 21% (2021: 21%).

The provision for income tax of Club Med Holding and its subsidiaries incorporated in France is based on a rate of 25.83% (2021: 28.41%).

The provision for income tax of Hauck Aufhäuser Lampe Privatbank AG ("HAL") and its subsidiaries which was incorporated in Germany is based on a rate of 31.88% (2021: 31.77%).

The provision for income tax of Gland Pharma Limited ("Gland"), which was incorporated in India, is based on a statutory rate of 25.17% in 2022 (2021: 25.17%).

The provision for income tax of entities incorporated in the Chinese Mainland was based on a statutory rate of 25% (2021: 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 2022 and 2021 are as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Current – Portugal, Hong Kong and others	**2,453,181**	2,519,116
Current – Chinese Mainland		
– Income tax in the Chinese Mainland for the year	**2,254,921**	2,846,846
– LAT in the Chinese Mainland for the year	**1,295,651**	2,828,797
Deferred (note 30)	**1,918,960**	(630,031)
Tax expenses for the year	**7,922,713**	7,564,728

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
2022			
(Loss)/Profit before tax excluding share of profits and losses of associates and joint ventures	(2,122,876)	9,293,712	7,170,836
Tax at the applicable tax rate	189,213	2,373,359	2,562,572
Different tax rates for specific entities	46,843	(178,601)	(131,758)
Tax effect of:			
Income not subject to tax	(446,545)	(629,373)	(1,075,918)
Influence of the change of tax rate on the deferred income tax balance	35,330	12	35,342
Expenses not deductible for tax	2,470,942	505,334	2,976,276
Tax losses and temporary differences not recognised	407,970	2,267,667	2,675,637
Tax losses utilised	(723,298)	(380,269)	(1,103,567)
Under-provision in prior years	39,510	13,773	53,283
Tax incentives on eligible expenditures	(78,248)	(314,044)	(392,292)
Tax impact recognized for disposal associated with certain subsidiaries, joint ventures and associates	75,266	2,435,888	2,511,154
Reversal of deferred tax liabilities for tax impact on certain investment	(1,128,187)	-	(1,128,187)
Subtotal	888,796	6,093,746	6,982,542
Provision for LAT for the year	-	889,692	889,692
Deferred tax effect of provision for LAT	-	(222,353)	(222,353)
Prepaid LAT for the year	-	405,959	405,959
Tax effect of prepaid LAT	-	(101,489)	(101,489)
Decrease in deferred LAT in deferred tax liabilities (note 30)	-	(31,638)	(31,638)
Tax expenses	888,796	7,033,917	7,922,713

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: *(Continued)*

	Portugal, Hong Kong and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2021 (Restated)			
Profit before tax excluding share of profits and losses of associates and joint ventures	7,284,597	8,598,367	15,882,964
Tax at the applicable tax rate	1,666,368	2,159,437	3,825,805
Different tax rates for specific entities	141,870	(934,016)	(792,146)
Tax effect of:			
Income not subject to tax	(1,002,305)	(95,649)	(1,097,954)
Influence of the change of tax rate on the deferred income tax balance	(3,667)	53,661	49,994
Expenses not deductible for tax	906,322	128,385	1,034,707
Tax losses and temporary differences not recognised	1,212,608	2,134,022	3,346,630
Tax losses utilised	(255,937)	(331,009)	(586,946)
Under-provision in prior years	95,270	12,949	108,219
Tax incentives on eligible expenditures	(110,561)	(226,871)	(337,432)
Subtotal	2,649,968	2,900,909	5,550,877
Provision for LAT for the year	–	1,904,411	1,904,411
Deferred tax effect of provision for LAT	–	(475,772)	(475,772)
Prepaid LAT for the year	–	924,386	924,386
Tax effect of prepaid LAT	–	(214,019)	(214,019)
Decrease in deferred LAT in deferred tax liabilities (note 30)	–	(125,155)	(125,155)
Tax expenses	2,649,968	4,914,760	7,564,728

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 RMB405,959,000 (2021: RMB924,386,000).

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 RMB889,692,000 (2021: RMB1,904,411,000) 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, there was no unpaid LAT provision (2021: Nil) 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

	2022 RMB'000	2021 RMB'000
2021 final dividend declared in 2022 – HKD0.3 per ordinary share (2020 final dividend declared in 2021 – HKD0.22 per ordinary share)	**2,148,152**	1,530,429

A final dividend of HKD0.3 per ordinary share for the year ended 31 December 2021 was declared and approved by the shareholders at the annual general meeting of the Company on 2 June 2022, amounting to a total of approximately HKD2,502,828,000.

The directors did not recommend the payment of an interim dividend in respect of the year.

On 29 March 2023, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2022 of HKD0.014 per ordinary share, amounting to a total of approximately HKD115,083,000, 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 8,265,002,799 (2021: 8,345,347,770) 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. 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	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent	**538,715**	10,084,505
Less: Cash dividends distributed to the share award scheme	**(11,324)**	(3,941)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**527,391**	10,080,564
Cash dividends distributed to the share award scheme	**11,324**	3,941
	538,715*	10,084,505

	Number of shares	
	2022	2021
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**8,265,002,799**	8,345,347,770
Effect of dilution – weighted average number of ordinary shares:		
– Share award scheme	**12,543,677**	9,114,780
– Share option scheme	**–**	1,477,959
	8,277,546,476*	8,355,940,509
Basic earnings per share (RMB)	**0.06**	1.21
Diluted earnings per share (RMB)	**0.06**	1.21

* Because the diluted earnings per share amount is increased when taking the share award scheme into account, the share award scheme had an anti-dilutive effect on the basic earnings per share for the year ended 31 December 2022 and were ignored in the calculation of diluted earnings per share. The potential ordinary shares of the share option scheme are excluded from the calculation of diluted earnings per share, because the exercise price of the share option scheme is higher than the average market price of the ordinary shares of the Company for the year ended 31 December 2022. Therefore, the diluted earnings per share amount is based on the profit for the year ended 31 December 2022 of RMB527,391,000, and the weighted average number of ordinary shares of 8,265,002,799 in issue for the year ended 31 December 2022.

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 2021	29,920,033	9,520,665	2,799,667	453,326	914,020	1,342,064	5,479,171	50,428,946
Additions	422,469	838,920	329,033	40,701	542,780	–	3,908,511	6,082,414
Transfer from construction in progress	1,311,004	1,162,708	46,576	5,276	33,296	–	(2,558,860)	–
Transfer from investment properties (note 14)	48,009	–	–	–	–	–	–	48,009
Transfer to investment properties (note 14)	(102,152)	–	–	–	–	–	–	(102,152)
Transfer to properties under development	–	–	–	–	–	–	(560,000)	(560,000)
Acquisition of subsidiaries	21,941	65,497	6,739	513	28,123	–	258,955	381,768
Disposal of subsidiaries (note 60(b))	(9,101)	(53,241)	(122,594)	(8,744)	(16,279)	–	(425,118)	(635,077)
Disposals	(303,569)	(570,636)	(202,413)	(62,061)	(347,431)	(3,512)	(617,371)	(2,106,993)
Included in assets classified as held for sale (note 41)	(329,948)	(52,311)	–	–	–	–	–	(382,259)
Exchange realignment	(1,093,248)	(322,717)	(139,684)	(33,068)	(246,544)	–	(33,028)	(1,868,289)
At 31 December 2021 and 1 January 2022	**29,885,438**	**10,588,885**	**2,717,324**	**395,943**	**907,965**	**1,338,552**	**5,452,260**	**51,286,367**
Additions	**299,639**	**1,082,587**	**409,487**	**53,205**	**492,618**	**–**	**4,452,210**	**6,789,746**
Transfer from construction in progress	**1,106,122**	**803,373**	**141,565**	**3,858**	**71,580**	**1,284**	**(2,127,782)**	**–**
Transfer from investment properties (note 14)	**319,514**	**–**	**–**	**–**	**–**	**–**	**–**	**319,514**
Transfer to investment properties (note 14)	**(22,952)**	**–**	**–**	**–**	**–**	**–**	**–**	**(22,952)**
Acquisition of subsidiaries (note 60(a))	**2,302,666**	**265,288**	**69,802**	**1,740**	**149,895**	**–**	**401,933**	**3,191,324**
Disposal of subsidiaries (note 60(b))	**(2,720,023)**	**(361,446)**	**(159,614)**	**(28,705)**	**(26,331)**	**–**	**(36,177)**	**(3,332,296)**
Disposals	**(1,476,671)**	**(759,367)**	**(159,303)**	**(75,421)**	**(273,724)**	**(42,979)**	**(446,100)**	**(3,233,565)**
Included in assets classified as held for sale (note 41)	**–**	**(242,235)**	**–**	**–**	**–**	**–**	**–**	**(242,235)**
Exchange realignment	**410,072**	**113,244**	**55,007**	**11,075**	**206,516**	**–**	**11,884**	**807,798**
At 31 December 2022	**30,103,805**	**11,490,329**	**3,074,268**	**361,695**	**1,528,519**	**1,296,857**	**7,708,228**	**55,563,701**

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 2021	3,418,839	3,007,035	429,168	302,916	224,538	135,431	–	7,517,927
Charge for the year (note 8)	1,194,739	1,283,268	292,095	54,857	431,900	471	–	3,257,330
Transfer to investment properties (note 14)	(25,320)	–	–	–	–	–	–	(25,320)
Disposal of subsidiaries	(4,752)	(24,414)	(42,712)	(6,865)	(13,777)	–	–	(92,520)
Disposals	(180,881)	(437,039)	(157,986)	(23,513)	(330,418)	(913)	–	(1,130,750)
Included in assets classified as held for sale (note 41)	(228,768)	(48,767)	–	–	–	–	–	(277,535)
Exchange realignment	(265,153)	(226,799)	(58,239)	(36,217)	(184,957)	–	–	(771,365)
At 31 December 2021 and 1 January 2022	**3,908,704**	**3,553,284**	**462,326**	**291,178**	**127,286**	**134,989**	**–**	**8,477,767**
Charge for the year (note 8)	**1,255,105**	**1,501,713**	**322,048**	**71,874**	**425,748**	**13,272**		**3,589,760**
Transfer to investment properties (note 14)	**(9,014)**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,014)**
Disposal of subsidiaries (note 60(b))	**(774,118)**	**(212,415)**	**(111,464)**	**(20,339)**	**(15,839)**	**–**	**–**	**(1,134,175)**
Disposals	**(547,090)**	**(725,335)**	**(98,306)**	**(62,814)**	**(230,640)**	**(31,450)**	**–**	**(1,695,635)**
Included in assets classified as held for sale (note 41)	**–**	**(162,106)**	**–**	**–**	**–**	**–**	**–**	**(162,106)**
Exchange realignment	**189,075**	**94,324**	**43,229**	**8,210**	**95,512**	**–**	**–**	**430,350**
At 31 December 2022	**4,022,662**	**4,049,465**	**617,833**	**288,109**	**402,067**	**116,811**	**–**	**9,496,947**
Impairment loss								
At 1 January 2021	182,344	151,310	17,721	661	107	7,537	91,183	450,863
Charge for the year (note 8)	145,425	7,565	1,856	–	335	–	–	155,181
Transfer to investment properties (note 14)	(12,751)	–	–	–	–	–	–	(12,751)
Disposals	(90,296)	(5,056)	(7,042)	–	(191)	–	–	(102,585)
Included in assets classified as held for sale (note 41)	(568)	–	–	–	–	–	–	(568)
Exchange realignment	(59,380)	(3,638)	(5,705)	(41)	–	–	(309)	(69,073)
At 31 December 2021 and 1 January 2022	**164,774**	**150,181**	**6,830**	**620**	**251**	**7,537**	**90,874**	**421,067**
Charge for the year (note 8)	**47,366**	**9,133**	**1,132**	**239**	**–**	**–**	**–**	**57,870**
Transfer to investment properties (note 14)	**(834)**	**–**	**–**	**–**	**–**	**–**	**–**	**(834)**
Disposals	**(79,650)**	**(1,739)**	**–**	**–**	**–**	**(7,537)**	**–**	**(88,926)**
Exchange realignment	**7,820**	**1,063**	**237**	**(16)**	**270**	**–**	**–**	**9,374**
At 31 December 2022	**139,476**	**158,638**	**8,199**	**843**	**521**	**–**	**90,874**	**398,551**
Net book value:								
At 31 December 2022	**25,941,667**	**7,282,226**	**2,448,236**	**72,743**	**1,125,931**	**1,180,046**	**7,617,354**	**45,668,203**
At 31 December 2021	**25,811,960**	**6,885,420**	**2,248,168**	**104,145**	**780,428**	**1,196,026**	**5,361,386**	**42,387,533**

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):

	2022	2021
	RMB'000	RMB'000
Buildings	**9,160,988**	6,557,577
Plant and machinery	**8,811**	2,949
Construction in progress	**1,199,367**	378,548
	10,369,166	6,939,074

(2) Capitalised interest expenses included in construction in progress of the Group are as follows (note 7):

	2022	2021
	RMB'000	RMB'000
Interest expenses capitalised	**17,473**	24,481

(3) As at 31 December 2022, the Group was in the process of applying for property certificates of plant and office buildings with a net book value of approximately RMB575,590,000(31 December 2021: RMB784,326,000).

14. INVESTMENT PROPERTIES

		2022	2021
	Notes	**RMB'000**	RMB'000
Carrying amount at 1 January		**67,229,732**	65,688,473
Additions		**2,383,755**	4,992,496
Acquisition of subsidiaries	*60(a)*	**21,091,551**	199,848
Transfer from property, plant and equipment	*13*	**13,104**	64,081
Transfer to property, plant and equipment	*13*	**(319,514)**	(48,009)
Revaluation gain upon transfer from owner-occupied property recognised in other comprehensive income		**9,003**	5,305
Gain on fair value adjustments	*6*	**8,843,358**	980,707
Disposal of subsidiaries	*60(b)*	**(3,604,901)**	(1,792,921)
Disposal		**(2,111,628)**	(898,267)
Exchange realignment		**2,208,897**	(1,961,981)
Carrying amount at 31 December		**95,743,357**	67,229,732

The Group's investment properties consist of commercial properties, which are located in the Chinese Mainland, the United States of America, Japan, Italy, 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.

14. INVESTMENT PROPERTIES *(Continued)*

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 2022, the Group's certain investment properties with a net carrying amount of approximately RMB60,362,581,000 (2021: RMB29,926,806,000) 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 2022 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	**–**	**–**	**95,743,357**	**95,743,357**

	Fair value measurement as at 31 December 2021 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	–	–	67,229,732	67,229,732

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 (2021: Nil).

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Location of company	Valuation techniques	Significant unobservable inputs	2022 range/weighted average	2021 range/weighted average
The United States of America	Direct capitalisation approach and discounted cash flow approach	Terminal capitalisation rate	4.75% to 5.00%	4.75% to 5.00%
		Discount rate	6.25% to 6.50%	6.25% to 6.75%
		Market rent:		
		– per sq.ft. and per annual (Year 1) annum	USD36 to USD257	USD30 to USD225
		Occupancy rate	97%	90%
		Market rent growth rate	3%	3%
Chinese Mainland	Direct comparison approach, direct capitalisation approach and discounted cash flow approach	Term yield	5.5% to 6.5%	3.0% to 8.0%
		Market rent/Estimated rent:		
		– per sq.m. and per month	RMB66 to RMB4,713	RMB18 to RMB4,713
		– per slot of parking space/month	RMB237 to RMB4,240	RMB237 to RMB1,800
		Market rent growth rate	3%	3%
		Market yield/discount rate	6.0% to 7.0%	3.0% to 7.5%
		Occupancy rate	70% to 100%	70% to 100%
		Level adjustments	20% to 150%	20% to 150%
Japan	Direct comparison approach and direct capitalisation approach	Term yield	4.0% to 5.6%	4.5% to 5.5%
		Market rent:		
		– per sq.m. and per month	JPY4,211 to JPY27,176	JPY3,774 to JPY27,176
		Market yield	5.0% to 6.0%	5.0% to 6.0%
		Occupancy rate	70% to 100%	70% to 100%
The United Kingdom	Term and reversionary approach	Term yield	2.63% to 5.75%	0.99% to 9.39%
		Market yield	5.33% to 9.38%	5.28% to 9.20%
		Market rent:		
		– per sq.ft. and per annual	GBP10 to GBP52.5	GBP15 to GBP52.5
		Occupancy rate	80% to 100%	60% to 100%
		Reversionary period	2023/1/1 to 2034/11/22	2022/1/1 to 2034/11/22
Italy	Direct comparison approach and direct capitalisation approach	Terminal capitalisation rate:	4.1%	4.5%
		Discount rate	6.5%	6.5%
		Market rent:		
		– per sq.m. and per annum	EUR626 to EUR1,091	EUR522 to EUR1,047
		Occupancy rate	71% to 99%	70% to 99%

14. INVESTMENT PROPERTIES *(Continued)*

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 20 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 1 and 48 years, while leases of machinery generally have lease terms between 1 and 10 years. Furniture, fixtures and other equipment generally have lease terms of 1 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 2021	5,074,524	12,590,533	513,602	255,418	18,434,077
Additions	156,042	2,655,820	235,749	490,616	3,538,227
Acquisition of subsidiaries	24,149	662,352	–	10,257	696,758
Depreciation charge (note 8)	(93,547)	(1,984,079)	(147,995)	(212,819)	(2,438,440)
Disposals	(27,537)	(95,163)	(15,618)	(1,893)	(140,211)
Disposals of subsidiaries (note 60(b))	(189,736)	(6,524)	–	–	(196,260)
Impairment (note 8)	–	(20,002)	–	–	(20,002)
Transfer to properties under development	(6,780)	–	–	–	(6,780)
Transfer to non-current assets held for sale (note 41)	(32,483)	–	–	–	(32,483)
Exchange realignment	(64,668)	(1,103,682)	(48,624)	(9,154)	(1,226,128)
As at 31 December 2021 and 1 January 2022	**4,839,964**	**12,699,255**	**537,114**	**532,425**	**18,608,758**
Additions	**121,887**	**3,385,383**	**248,247**	**462,290**	**4,217,807**
Acquisition of subsidiaries (note 60(a))	**173,197**	**974,205**	**291**	**7,263**	**1,154,956**
Depreciation charge (note 8)	**(109,803)**	**(2,050,313)**	**(140,672)**	**(369,833)**	**(2,670,621)**
Disposals	**(7,406)**	**(181,982)**	**(43,203)**	**(6,270)**	**(238,861)**
Disposals of subsidiaries (note 60(b))	**(280,247)**	**(113,837)**	**(63,289)**	**(2,214)**	**(459,587)**
Impairment (note 8)	**–**	**(3,882)**	**–**	**–**	**(3,882)**
Exchange realignment	**(23,974)**	**616,214**	**26,426**	**70,421**	**689,087**
As at 31 December 2022	**4,713,618**	**15,325,043**	**564,914**	**694,082**	**21,297,657**

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(A) RIGHT-OF-USE ASSETS *(Continued)*

The net book values of right-of-use assets pledged as security for interest-bearing bank loans granted to the Group are as follows (note 42):

	2022 RMB'000	2021 RMB'000
Right-of-use assets	1,539,538	1,596,739
	1,539,538	1,596,739

(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:

	Notes	2022 RMB'000	2021 RMB'000
At 1 January		14,622,443	14,415,011
Additions		4,270,387	3,333,285
Acquisition of subsidiaries	*60(a)*	1,075,897	672,559
Disposals		(252,993)	(140,211)
Disposals of subsidiaries	*60(b)*	(127,237)	–
Accretion of interest recognised during the year	*7*	642,346	617,347
Covid-19-related rent concessions from lessors		(148,452)	(268,733)
Payments		(2,734,351)	(2,615,025)
Exchange realignment		513,715	(1,391,790)
At 31 December		17,861,755	14,622,443
Analysed into:			
Current portion	*45*	2,601,195	1,993,569
Non-current portion	*56*	15,260,560	12,628,874

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 RMB73,798,000 (2021: RMB89,189,000) and nil (2021: RMB109,118,000), respectively.

The Group has applied the practical expedient to all eligible rent concessions granted by the lessors for leases of the leasehold land, buildings,machinery, furniture,fixtures and other 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:

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	**642,346**	617,347
Depreciation charge of right-of-use assets	**2,670,621**	2,438,440
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2022 and low value leases	**328,002**	205,027
Variable lease payments not included in the measurement of lease liabilities	**18,213**	64,620
Covid-19-related rent concessions from lessors	**(148,452)**	(268,733)
Impairment of right-of-use assets	**3,882**	20,002
Gain on disposal of right-of-use assets	**(14,132)**	–
Total amount recognised in profit or loss	**3,500,480**	3,076,703

(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 RMB2,585,564,000 (2021: RMB2,380,666,000), details of which are included in note 6 to the financial statements.

At 31 December 2022, the undiscounted minimum lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	**1,804,959**	1,450,166
After one year but within two years	**1,472,112**	1,300,882
After two years but within three years	**1,503,204**	1,122,478
After three years but within four years	**1,522,708**	1,003,332
After four years but within five years	**1,588,645**	866,421
After five years	**5,895,498**	6,794,503
	13,787,126	12,537,782

16. EXPLORATION AND EVALUATION ASSETS

	2022 RMB'000	2021 RMB'000
At 1 January	**411,330**	555,489
Additions	**299,709**	175,974
Exploration assets expensed and written off	**(139,480)**	(317,372)
Exchange realignment	**13,125**	(2,761)
At 31 December	**584,684**	411,330

17. MINING RIGHTS

	2022 RMB'000	2021 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	**607,044**	591,217
Amortisation for the year (note 8)	**16,234**	15,827
At 31 December	**623,278**	607,044
Impairment loss:		
At 1 January and 31 December	**288,085**	288,085
Net book value:		
At 31 December	**480,763**	496,997
At 1 January	**496,997**	512,824

18. OIL AND GAS ASSETS

	2022 RMB'000	2021 RMB'000
Cost:		
At 1 January	4,136,243	3,221,817
Additions	432,941	174,565
Acquisition of subsidiaries	–	807,644
Exchange realignment	396,972	(67,783)
At 31 December	4,966,156	4,136,243
Accumulated amortisation:		
At 1 January	1,484,987	1,123,396
Amortisation for the year (note 8)	500,396	368,548
Exchange realignment	154,416	(6,957)
At 31 December	2,139,799	1,484,987
Impairment loss:		
At 1 January	691,644	710,876
Charge for the year (note 8)	174,145	–
Exchange realignment	70,310	(19,232)
At 31 December	936,099	691,644
Net book value:		
At 31 December	1,890,258	1,959,612
At 1 January	1,959,612	1,387,545

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 2021	2,030,023	12,146,882	2,377,051	5,296,584	2,963,333	6,007,805	30,821,678
Impact of change in accounting policy (note 2.2)	–	–	–	–	–	(176,365)	(176,365)
At 1 January 2021 (Restated)	2,030,023	12,146,882	2,377,051	5,296,584	2,963,333	5,831,440	30,645,313
Additions	28,226	5,060	62,181	18,967	1,335,962	957,423	2,407,819
Acquisition of subsidiaries	–	39,478	–	1,373,672	3,317	49,863	1,466,330
Disposals of subsidiaries (note 60(b))	–	–	–	(17,987)	–	(3,261)	(21,248)
Disposals	–	(11,884)	–	–	–	(369,206)	(381,090)
Transfer	538,459	–	–	291,457	(859,971)	30,055	–
Exchange realignment	(12,397)	(660,267)	24,918	23,250	(112,134)	(348,121)	(1,084,751)
At 31 December 2021 and 1 January 2022 (Restated)	2,584,311	11,519,269	2,464,150	6,985,943	3,330,507	6,148,193	33,032,373
Additions	56,380	9,192	10,105	599,656	1,467,791	1,768,382	3,911,506
Acquisition of subsidiaries (note 60(a))	–	5,633,343	184,619	387,996	–	769,405	6,975,363
Disposals of subsidiaries (note 60(b))	(4,325)	(1,537,171)	(589,820)	(18,822)	–	(607,121)	(2,757,259)
Disposals	–	–	(185,100)	(3,373)		(734,747)	(923,220)
Transfer	848,967	–	–	319,400	(1,168,367)	–	–
Exchange realignment	5,090	654,928	61,060	(65,374)	(22,807)	252,312	885,209
At 31 December 2022	3,490,423	16,279,561	1,945,014	8,205,426	3,607,124	7,596,424	41,123,972
Accumulated amortisation:							
At 1 January 2021	85,527	207,734	885,340	936,057	1,711	1,884,073	4,000,442
Impact of change in accounting policy (note 2.2)	–	–	–	–	–	(44,774)	(44,774)
At 1 January 2021 (Restated)	85,527	207,734	885,340	936,057	1,711	1,839,299	3,955,668
Provided during the year (note 8)	112,315	72,124	229,767	378,259	–	1,017,987	1,810,452
Disposals of subsidiaries (note 60(b))	–	–	–	(12,051)	–	(1,867)	(13,918)
Disposals	–	(9,868)	–	–	–	(320,782)	(330,650)
Exchange realignment	(37,763)	(99,707)	36,078	68,206	–	(299,420)	(332,606)
At 31 December 2021 and 1 January 2022 (Restated)	160,079	170,283	1,151,185	1,370,471	1,711	2,235,217	5,088,946
Provided during the year (note 8)	153,523	70,509	208,357	596,705	–	1,200,850	2,229,944
Disposals of subsidiaries (note 60(b))	(2,595)	–	(388,677)	(185,318)	–	(301,597)	(878,187)
Disposals	–	–	(144,640)	(253)	–	(620,051)	(764,944)
Exchange realignment	63,651	6,548	33,481	71,973	–	215,656	391,309
At 31 December 2022	374,658	247,340	859,706	1,853,578	1,711	2,730,075	6,067,068

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 2021	64,000	–	–	187,800	–	346,032	597,832
Charge for the year (note 8)	–	–	–	–	152,775	87,674	240,449
Exchange alignment	–	–	–	–	–	(11,213)	(11,213)
At 31 December 2021 and 1 January 2022	64,000	–	–	187,800	152,775	422,493	827,068
Charge for the year (note 8)	–	–	–	–	5,453	144,250	149,703
Disposals of subsidiaries (note 60(b))	–	–	–	–	–	(148,135)	(148,135)
Exchange alignment	–	–	–	–	–	(49,842)	(49,842)
At 31 December 2022	64,000	–	–	187,800	158,228	368,766	778,794
Net book value:							
At 31 December 2022	3,051,765	16,032,221	1,085,308	6,164,048	3,447,185	4,497,583	34,278,110
At 31 December 2021 (Restated)	2,360,232	11,348,986	1,312,965	5,427,672	3,176,021	3,490,483	27,116,359

At 31 December 2022, certain of the Group's intangible assets with a net carrying amount of approximately RMB341,569,000 (2021: RMB76,812,000) 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 ten years approved by management. The royalty rates applied in the relief from the royalty method range from 1.5% to 5.0%. 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 9.10% to 18.01% Cash flows beyond the period of the financial budget are extrapolated using the estimated long-term growth rates of 1.29% to 2.48% 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 14% to 17%. The growth rate used to extrapolate the cash flows beyond the forecast period is 2.3%, 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 17%. The growth rate used to extrapolate the cash flows beyond the forecast period is 2.3%, which is also an estimate of the rate of inflation.

Assumptions were used in the value-in-use calculation for 31 December 2022 and 31 December 2021. 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.

Growth 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

	Notes	2022 RMB'000	2021 RMB'000
Cost:			
At 1 January		**25,891,560**	25,393,337
Acquisition of subsidiaries	*60(a)*	**4,518,463**	1,296,913
Disposal of subsidiaries	*60(b)*	**(2,399,786)**	(24,241)
Exchange alignment		**687,670**	(774,449)
At 31 December		**28,697,907**	25,891,560
Accumulated impairment:			
At 1 January		**1,086,742**	914,186
Charge for the year	*8*	**197,511**	172,556
At 31 December		**1,284,253**	1,086,742
Net book value:			
At 31 December		**27,413,654**	24,804,818
At 1 January		**24,804,818**	24,479,151

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		Intelligent Manufacturing	
			Insurance	Asset management		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022	**13,398,621**	**9,981,242**	**890,892**	**964,221**	**2,178,678**	**27,413,654**
2021	12,377,745	8,193,820	1,211,060	849,972	2,172,221	24,804,818

20. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The recoverable amount of each cash-generating unit is determined based on a value-in-use or fair value less costs of disposal 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 6.3% to 19% (2021: 2.4% to 19%). Cash flows beyond the period of the financial budget are extrapolated using the estimated long-term growth rates of 1% to 3.5%. Discount rates and the estimated long-term growth rates used for each cash-generating unit within the major segments as at 31 December 2022 are as follows:

	Discount rates	Estimated long-term growth rates
Happiness segment	6.5%-16.5%	1.29%-2.48%
Health segment	6.3%-19%	1.5%-2.3%
Insurance segment	13%-18.1%	2%-3.5%
Intelligent Manufacturing segment	9.5%	1%

Assumptions were used in the value-in-use or fair value less costs of disposal calculation of the cash-generating units as at 31 December 2022. 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

	2022 RMB'000	2021 RMB'000
Share of net assets	9,844,575	33,337,105
Loans to joint ventures	58,500	58,500
	9,903,075	33,395,605

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.

Particulars of the Group's principal joint ventures of the Group are set out in note 4 to the financial statements.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2022 RMB'000	2021 RMB'000
Share of the joint ventures' profit for the year	966,290	3,241,598
Share of the joint ventures' other comprehensive income	14,952	49,620
Share of the joint ventures' total comprehensive income	981,242	3,291,218
Aggregate carrying amount of the Group's investments in the joint ventures	9,903,075	33,395,605

22. INVESTMENTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Measured using the equity method		
Share of net assets	54,196,285	77,704,570
Goodwill on acquisition	4,446,708	6,405,256
	58,642,993	84,109,826
Provision for impairment	(2,198,669)	(3,347,901)
	56,444,324	80,761,925
Measured at fair value through profit or loss	12,209,635	12,046,990
Total	68,653,959	92,808,915
Net book value pledged as security for bank loans (note 42)	11,844,320	14,043,753

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.

Sinopharm Industrial Investment Co., Ltd. ("Sinopharm") is considered a material associate of the Group and is accounted for using the equity method.

22. INVESTMENTS IN ASSOCIATES *(Continued)*

The following table illustrates the summarised financial information of Sinopharm adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2022 RMB'000	2021 RMB'000
Current assets	317,699,289	289,533,207
Non-current assets	47,019,848	45,821,744
Current liabilities	(234,896,225)	(219,240,569)
Non-current liabilities	(19,441,180)	(16,144,127)
Net assets	110,381,732	99,970,255
Net assets attributable to the owners of the parent	34,615,362	31,519,471

	2022 RMB'000	2021 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	16,961,527	15,444,541
Carrying amount of the investment	16,961,527	15,444,541
Revenues	552,147,550	521,051,235
Total comprehensive income for the year	14,337,009	13,054,245
Profit for the year attributable to owners of the parent	4,288,695	3,906,141
Other comprehensive income/(loss)	4,473	(4,306)
Dividend received	578,200	534,100

The following table illustrates the aggregate financial information of the Group's associates using the equity method that are not individually material:

	2022 RMB'000	2021 RMB'000
Share of the associates' profit for the year	2,297,078	3,605,215
Share of the associates' other comprehensive (loss)/income	(3,421,137)	216,025
Share of the associates' total comprehensive (loss)/income	(1,124,059)	3,821,240
Aggregate carrying amount of the Group's investments in the associates using the equity method	39,482,797	65,317,384

23. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 RMB'000	2021 RMB'000
Listed equity investments, at fair value	**297,282**	451,368
Unlisted equity investments, at fair value	**98,887**	84,123
	396,169	535,491
Portion classified as current assets	**8,214**	–
Non-current portion	**387,955**	535,491

In 2022 the Group disposed certain equity investments designated at fair value through other comprehensive income at the fair value of RMB143,901,000, resulting from adjustment in its investment strategy. The dividend income during 2022 of the equity instruments disposed of was nil.

The dividend income related to equity investments designated at fair value through other comprehensive income recognized for the year was RMB1,068,000 (2021: RMB5,400,000) as disclosed in note 6.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Listed investments, at fair value	**20,961,860**	33,061,797
Other unlisted investments, at fair value	**41,369,818**	37,066,390
	62,331,678	70,128,187
Analysed as:		
Equity investments	**50,810,365**	52,484,848
Debt investments	**11,521,313**	17,643,339
	62,331,678	70,128,187
Portion classified as current assets	**(37,828,775)**	(42,528,438)
Non-current portion	**24,502,903**	27,599,749

As at 31 December 2022, the Group's financial assets at fair value through profit or loss with a carrying amount of RMB3,859,468,000 (31 December 2021: RMB682,898,000) were pledged to secure bank loans, as set out in note 42 to the financial statements and financial liabilities at fair value through profit or loss as set out in note 53 to the financial statements.

As at 31 December 2022, the Group's debt investments at fair value through profit or loss with a carrying amount of RMB1,127,529,000 (31 December 2021: RMB1,334,040,000) were pledged to secure assets sold under agreements to repurchase, as set out in note 46 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 2022 are analysed below:

	2022	2021
	RMB'000	RMB'000
Equity investments	**14,851,450**	17,571,259
Debt investments	**461,618**	568,697
	15,313,068	18,139,956

During the year ended 31 December 2022, the total amount reported in profit or loss applying the overlay approach reclassified from other comprehensive income was derived from:

	2022	2021
	RMB'000	RMB'000
The amount of loss/(gains) reported in profit or loss for the designated financial assets under HKFRS 9	**3,545,759**	(468,242)
Less: the amount of loss/(gains) that would have been reported in profit or loss for the designated financial assets as if HKAS 39 had been applied	**2,019,349**	(589,504)
Amount reported in profit or loss applying the overlay approach	**1,526,410**	121,262

For the year ended 31 December 2022, impairment losses in the amount of RMB118,449,000 for the eligible financial assets (2021: RMB138,998,000) have been recognised in profit or loss as if HKAS 39 had been applied.

25. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 RMB'000	2021 RMB'000
Bonds		
Government bonds	**21,023,493**	24,497,611
Corporate bonds	**40,593,812**	49,355,996
Financial bonds	**1,259,176**	6,386,567
Notes receivable	**658,403**	668,240
	63,534,884	80,908,414
Listed debt investments, at fair value	**59,419,122**	75,938,313
Unlisted debt investments, at fair value	**4,115,762**	4,970,101
	63,534,884	80,908,414
Portion classified as current assets	**(9,592,013)**	(19,253,551)
Non-current portion	**53,942,871**	61,654,863

Analysis of the movements of allowance for ECLs:

	2022 RMB'000	2021 RMB'000
As at the beginning of the year	**697,044**	863,769
Charge for the year	**60,385**	115,641
Reversal	**–**	(167,135)
Amounts written off	**(60,505)**	(70,994)
Foreign exchange adjustments	**(3,686)**	(44,237)
At the end of the year	**693,238**	697,044

As at 31 December 2022, nil of the Group's debt investments at fair value through other comprehensive income (31 December 2021: RMB336,713,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

26. DEBT INVESTMENTS AT AMORTISED COST

	Note	2022 RMB'000	2021 RMB'000
Debt investments			
Bonds			
Government bonds		11,758,171	13,463,089
Financial bonds		7,984,958	7,715,383
Corporate bonds		542,314	444,024
Assets held under reverse repurchase agreements		13,870	257,967
Loans receivable	*(i)*	4,892,259	4,117,132
		25,191,572	25,997,595
Impairment allowance		(19,749)	(13,121)
		25,171,823	25,984,474
Portion classified as current assets		(10,283,828)	(6,319,685)
Non-current portion		14,887,995	19,664,789

At 31 December 2022, the Group's debt investments at amortised cost with a carrying amount of RMB769,773,000 (31 December 2021: RMB1,491,406,000) were pledged for refinancing operations and those of RMB6,117,110,000 (31 December 2021: RMB4,942,700,000) 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:

		2022			2021		
	Notes	**Effective interest rate (%)**	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current							
Loans receivable from related parties – unsecured	*(1)*	**0-3.5**	**On demand or mature in 2023**	**3,443,625**	0-10	On demand or mature in 2022	2,702,875
Loans receivable from third parties – secured		**10**	**On demand**	**32,600**	15	On demand	32,600
Loans receivable from third parties – unsecured		**0-9.5**	**On demand or mature in 2023**	**666,063**	0-9.5	On demand	722,608
				4,142,288			3,458,083
Non-current							
Loans receivable from related parties – unsecured	*(2)*	**4.73**	**2024**	**121,139**	–	–	–
Loans receivable from third parties – secured		**1-7.98**	**No fixed terms or 2024**	**516,625**	1-7.98	No fixed terms or 2024	515,976
Loans receivable from third parties – unsecured		**1-6**	**No fixed terms or from 2024 to 2040**	**112,207**	0-6	No fixed terms or from 2023 to 2040	143,073
				749,971			659,049
				4,892,259			4,117,132

Notes:

(1) As at 31 December 2022, the current portion of loans receivable to related parties comprises:

– a shareholders' loan of RMB612,487,000 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 2023;

– a shareholders' loan of RMB2,620,556,000 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 RMB210,582,000 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 2023.

(2) As at 31 December 2022, the non-current portion of loans receivable to related parties comprises:

– a shareholders' loan of RMB121,139,000 provided to Fosun Kite Biotechnology Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 4.73% per annum and is repayable in 2024.

27. PROPERTIES UNDER DEVELOPMENT

	2022 RMB'000	2021 RMB'000
Land cost	**43,518,798**	37,636,495
Construction costs	**11,796,912**	8,849,278
Capitalised finance costs	**6,763,418**	4,723,091
	62,079,128	51,208,864
Provision for impairment of properties under development	**–**	–
	62,079,128	51,208,864
Portion classified as current assets	**(56,611,465)**	(38,007,620)
	5,467,663	13,201,244

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2022 RMB'000	2021 RMB'000
Net book value pledged (note 42)	**34,365,862**	24,654,365
Additions to properties under development include:		
Interest expense capitalised in respect of bank and other borrowings (note 7)	**1,733,940**	1,680,464

The Group's properties under development are mainly situated in PRC.

28. BALANCES WITH SHAREHOLDERS AND RELATED COMPANIES

	Notes	2022 RMB'000	2021 RMB'000
Due from related companies:			
Associates	(i)/(ii)	**2,837,208**	3,572,813
Joint ventures	(iii)	**10,092,085**	14,628,615
Other related companies		**–**	8,660
		12,929,293	18,210,088
Portion classified as current assets		**(12,558,844)**	(16,739,960)
Non-current portion	(i)	**370,449**	1,470,128

Notes:

(i) As at 31 December 2022, the balances due from associates included the amount of RMB1,181,729 (2021: RMB1,220,934,000), which was non-trade in nature, unsecured, interest-free and repayable on demand. The balances due from associates also included an amount of nil (2021: RMB913,697,000) 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 balances due from associates included the amount of RMB370,449,000 (2021: RMB553,281,000), which was non-trade in nature, unsecured, interest-free and will not be repaid within one year.

(ii) As at 31 December 2022, the balances due from associates included an amount of RMB1,285,030,000 (2021: RMB884,901,000), which was trade in nature, interest-free and repayable on demand.

(iii) As at 31 December 2022, the balances due from joint ventures included an amount of RMB7,318,383,000 (2021: RMB11,799,428,000), which was non-trade in nature, unsecured, interest-free and repayable on demand.

As at 31 December 2022, the balances due from joint ventures included an amount of RMB2,747,711,000 (2021: RMB2,745,856,000), which was non-trade in nature, unsecured, bore interest at a fixed interest rate of 7.00%-8.00% per annum and repayable on demand. The balances due from joint ventures included an amount of RMB25,991,000 (2021: RMB80,181,000), which was trade in nature, interest-free and repayable on demand. The balances due from joint ventures as at 31 December 2022 included the amount of nil (2021: RMB3,150,000), which was non-trade in nature, interest-free and will not be repaid within one year.

	Notes	2022 RMB'000	2021 RMB'000
Due to the holding company	(iv)	**122,606**	2,770,224
Due to the related companies:			
Associates	(v)/(vi)	**3,596,714**	1,947,869
Joint ventures	(vii)	**1,507,505**	1,888,440
		5,104,219	3,836,309
Portion classified as current liabilities		**(2,098,906)**	(3,836,309)
Non-current portion	(v)/(vii)	**3,005,313**	–

(iv) As at 31 December 2022, the balances due to the holding company included an amount of RMB122,606,000(2021: RMB2,770,224,000), which was non-trade in nature, unsecured, interest-free and will not be repaid within one year.

(v) As at 31 December 2022, the balances due to associates included an amount of RMB232,031,000 (2021: RMB1,733,954,000), which was non-trade in nature, unsecured, interest-free and repayable on demand. The balances due to associates included an amount of RMB973,952,000 (2021: nil) which was non-trade in nature, unsecured, bore interest at a fixed interest rate of 7.80% per annum and will not be repaid within one year. The balances due to associates as at 31 December 2022 included the amount of RMB1,419,133,000 (2021: nil), which was non-trade in nature, unsecured, interest-free and will not be repaid within one year.

28. BALANCES WITH SHAREHOLDERS AND RELATED COMPANIES

(Continued)

(vi) The balances due to associates included an amount of RMB971,598,000 (2021: RMB213,915,000), which was trade in nature, interest-free and repayable on demand.

(vii) As at 31 December 2022, the balances due to joint ventures included an amount of RMB895,277,000(2021: RMB1,888,440,000), which was non-trade in nature, unsecured, interest-free and repayable on demand. The balances due to joint ventures as at 31 December 2022 included the amount of RMB 612,228,000 (2021: nil), which was non-trade in nature, interest-free and will not be repaid within one year.

29. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 RMB'000	2021 RMB'000
Prepayments consist of:		
Prepayments for purchase of pharmaceutical materials	**1,451,011**	1,538,536
Prepayments for purchase of construction materials	**88,402**	96,277
Prepayments for purchase of tourism services	**750,942**	696,867
Prepayments for purchase of equipment and others	**2,456,865**	1,144,046
Prepaid tax	**2,861,372**	2,948,263
Prepaid expenses	**1,559,943**	1,614,526
Deposits*	**3,554,265**	12,612,235
Other receivables consist of:		
Funding provided to third parties	**4,990,568**	5,214,785
Tax recoverable	**1,516,627**	1,202,644
Receivable for consideration of disposal of equity investments	**4,525,439**	669,777
Others	**10,455,071**	7,840,180
Prepayments for the proposed equity investments	**1,108,726**	660,190
Prepayments for the acquisition of the land	**7,600**	7,600
	35,326,831	36,245,926
Impairment allowance	**(1,262,687)**	(884,644)
	34,064,144	35,361,282
Classified as current assets portion	**(28,585,593)**	(30,819,560)
Non-current portion	**5,478,551**	4,541,722

* Includes various deposit for derivative transactions, property development business, and good faith deposit for investments, etc.

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 designated at fair value through other comprehensive income RMB'000	Additional LAT provisions RMB'000	Other (restated) RMB'000	Total (restated) RMB'000
Gross deferred tax assets at 1 January 2021 (as restated)	2,566,763	2,262,313	72,132	15,619	318,363	1,882,071	1,128,517	8,245,778
Changes in accounting policy (note 2.2)	–	–	–	–	–	–	33,994	33,994
Restated opening balance	2,566,763	2,262,313	72,132	15,619	318,363	1,882,071	1,162,511	8,279,772
Acquisition of subsidiaries	–	5,202	–	–	–	–	12,624	17,826
Disposal of subsidiaries (note 60(b))	(744)	(8,028)	–	–	–	(14,412)	(17,017)	(40,201)
Deferred tax credited/(charged) to reserves during the year	–	(4,758)	–	102,393	7,166	–	(21,613)	83,188
Deferred tax charged to reserves for financial assets applying the overlay approach during the year	–	–	75,435	–	–	–	–	75,435
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	379,539	326,856	(48,891)	(16,320)	–	247,939	9,519	898,642
Exchange realignment	(92,907)	(97,054)	(40,235)	(39,478)	(12,313)	(4,410)	(110,495)	(396,892)
Gross deferred tax assets at 31 December 2021 and 1 January 2022 (as restated)	2,852,651	2,484,531	58,441	62,214	313,216	2,111,188	1,035,529	8,917,770
Acquisition of subsidiaries (note 60(a))	**8,501**	**87,248**	**–**	**–**	**–**	**–**	**163,247**	**258,996**
Disposal of subsidiaries (note 60(b))	**(10,782)**	**(17,179)**	**–**	**(318,316)**	**–**	**–**	**(77,493)**	**(423,770)**
Deferred tax credited/(charged) to reserves during the year	**2,194**	**(93,524)**	**–**	**1,677,177**	**15,171**	**–**	**23,491**	**1,624,509**
Deferred tax charged to reserves for financial assets applying the overlay approach during the year	**–**	**–**	**64,980**	**–**	**–**	**–**	**–**	**64,980**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	**197,570**	**(174,878)**	**691,516**	**(42,577)**	**–**	**141,619**	**259,377**	**1,072,627**
Included in assets classified as held for sale (note 41)	**–**	**–**	**–**	**–**	**–**	**–**	**(32,010)**	**(32,010)**
Exchange realignment	**36,299**	**4,230**	**56,473**	**(152,465)**	**(3,688)**	**403**	**51,525**	**(7,223)**
Gross deferred tax assets at 31 December 2022	**3,086,433**	**2,290,428**	**871,410**	**1,226,033**	**324,699**	**2,253,210**	**1,423,666**	**11,475,879**

30. DEFERRED TAX *(Continued)*

Movements in deferred tax assets and liabilities are as follows: *(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 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	Others RMB'000	Total RMB'000
Gross deferred tax liabilities At 1 January 2021	8,640,956	2,346,588	663,218	3,032,660	1,886,175	197,236	1,809,972	18,576,805
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year (note 10)	(316,873)	636,595	–	2,740	194,769	(125,155)	(123,465)	268,611
Deferred tax credited to reserves during the year	–	–	(196,193)	(1,385)	–	–	18,405	(179,173)
Deferred tax credited to reserves for financial assets applying the overlay approach during the year	–	99,110	–	–	–	–	–	99,110
Acquisition of subsidiaries	233,189	455	–	–	–	–	150,600	384,244
Disposal of subsidiaries (note 60(b))	–	–	–	(3,971)	–	–	(1,695)	(5,666)
Exchange realignment	(176,024)	(40,770)	(68,105)	(93,976)	(20,507)	(1,099)	(26,747)	(427,228)
Gross deferred tax liabilities at 31 December 2021 and 1 January 2022	8,381,248	3,041,978	398,920	2,936,068	2,060,437	70,982	1,827,070	18,716,703
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year (note 10)	(448,847)	559,181	–	2,089,687	(698,642)	(31,638)	1,521,846	2,991,587
Deferred tax credited to reserves during the year	(3,222)	–	(183,508)	(2,267)	4,727	–	6,222	(178,048)
Deferred tax credited to reserves for financial assets applying the overlay approach during the year	–	(148,031)	–	–	–	–	–	(148,031)
Acquisition of subsidiaries (note 60(a))	3,959,941	–	–	–	–	–	116,858	4,076,799
Disposal of subsidiaries (note 60(b))	(501,967)	(42,601)	–	(121,909)	–	–	–	(666,477)
Exchange realignment	101,832	100,193	(4,166)	274,126	–	4,067	118,372	594,424
Gross deferred tax liabilities at 31 December 2022	11,488,985	3,510,720	211,246	5,175,705	1,366,522	43,411	3,590,368	25,386,957

30. DEFERRED TAX *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities amounting to RMB2,565,558,000 (2021: RMB1,944,969,000) 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:

	2022 RMB'000	2021 RMB'000 (Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	8,910,321	6,972,801
Net deferred tax liabilities recognised in the consolidated statement of financial position	22,821,399	16,771,734

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:

	2022 RMB'000	2021 RMB'000 (Restated)
Tax losses	35,060,148	40,879,336
Deductible temporary differences	3,642,830	3,644,574
	38,702,978	44,523,910

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 2022, 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 RMB3,326,061,000 at 31 December 2022 (2021: RMB3,069,823,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. INVENTORIES

	2022 RMB'000	2021 RMB'000
Raw materials	**4,287,710**	3,251,581
Work in progress	**10,764,528**	10,776,850
Finished goods	**10,827,321**	8,574,757
Spare parts and consumables	**192,196**	247,886
	26,071,755	22,851,074
Less: provision for inventories	**(422,047)**	(587,736)
	25,649,708	22,263,338
Portion classified as non-current assets	**–**	–
Current portion	**25,649,708**	22,263,338
The inventories pledged to banks to secure bank loans and other borrowings are as follows:		
Net book value pledged (note 42)	**929,883**	431,954

32. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED CONTRACTS

	2022 RMB'000	2021 RMB'000
Financial assets designated as at fair value through profit or loss:		
Debt instruments	**8,563,556**	4,542,394
Equity instruments	**974,333**	1,146,718
Investment funds	**11,778,320**	4,841,221
Other derivatives	**847,585**	880,552
Sight deposits	**789,594**	1,028,923
Term deposits	**7,856**	–
Others	**315,596**	268,813
	23,276,840	12,708,621
Portion classified as current assets	**(1,854,480)**	(2,049,768)
Non-current portion	**21,422,360**	10,658,853

The above assets are held for policyholders of unit-linked products.

33. INSURANCE AND REINSURANCE DEBTORS

	2022 RMB'000	2021 RMB'000
Amounts due from insurance customers and reinsurers	**21,099,364**	17,515,878
Provision for impairment	**(274,070)**	(317,375)
	20,825,294	17,198,503
Portion classified as current assets	**(20,727,691)**	(17,118,624)
Non-current portion	**97,603**	79,879

The following is an ageing analysis of the amounts due from insurance customers:

	2022 RMB'000	2021 RMB'000
Neither past due nor impaired	**11,665,491**	11,258,614
Past due but not impaired	**9,159,803**	5,939,889
Past due and impaired	**274,070**	317,375
	21,099,364	17,515,878

The amount of impaired debts is RMB274,070,000 (31 December 2021: RMB317,375,000). 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:

	2022 RMB'000	2021 RMB'000
At 1 January	**317,375**	439,497
Amount written off as uncollectible	**(27,022)**	(85,028)
Provision of impairment losses	**4,909**	–
Exchange realignment	**(21,192)**	(37,094)
At 31 December	**274,070**	317,375

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.

	2022 RMB'000	2021 RMB'000
Life insurance contract liabilities	235,823	208,969
Unearned premium provisions	1,919,356	1,458,766
Provision for outstanding claims	5,883,012	9,448,612
Others	259,494	574,557
	8,297,685	11,690,904
Portion classified as current assets	(7,261,959)	(7,404,807)
Non-current portion	1,035,726	4,286,097

35. CASH AND BANK BALANCES AND TERM DEPOSITS

	Notes	2022 RMB'000	2021 RMB'000
Cash on hand		27,344	406,109
Cash at banks, unrestricted		85,446,088	85,851,618
Cash and cash equivalents		85,473,432	86,257,727
Pledged bank balances	*(1)*	2,606,014	2,153,486
Time deposits with original maturity of more than three months		7,853,099	5,531,824
Restricted pre-sale proceeds	*(2)*	3,915,461	2,347,690
Required reserve deposits	*(3)*	715,994	488,792
		100,564,000	96,779,519
Portion classified as current assets		(100,071,263)	(96,278,048)
Non-current portion – term deposits		492,737	501,471

35. CASH AND BANK BALANCES AND TERM DEPOSITS *(Continued)*

Notes:

		2022 RMB'000	2021 RMB'000
(1)	Pledged bank balances to secure bank loans (note 42)	**1,041,172**	93,989
	Bank balances as various deposits	**1,564,842**	2,059,497

(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 RMB715,994,000 (2021: RMB488,792,000) 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 2022 was RMB32,075,000 (2021: RMB46,963,000).

(5) The Group has certain deposits in Banco Comercial Português, S.A., an associate of the Group. The balance as at 31 December 2022 was RMB164,903,000 (2021: RMB578,104,000).

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

	2022 RMB'000	2021 RMB'000
Corporate loans and advances		
– Loans and advances	**11,919,455**	13,574,019
Personal loans		
– Mortgages	**979,017**	500,913
– Other	**3,488,722**	2,910,615
	4,467,739	3,411,528
Total loans and advances	**16,387,194**	16,985,547
Allowance for impairment		
– Corporate loans and advances	**(78,551)**	(47,622)
– Personal loans	**(145,699)**	(144,053)
	(224,250)	(191,675)
Loans and advances to customers, net	**16,162,944**	16,793,872
Portion classified as current assets	**(15,092,528)**	(15,469,317)
Non-current portion	**1,070,416**	1,324,555

	2022 RMB'000	2021 RMB'000
Gross loans and advances to customers	**16,387,194**	16,985,547
Allowance for impairment		
– Individually assessed	**(179,067)**	(187,263)
– Collectively assessed	**(45,183)**	(4,412)
	(224,250)	(191,675)
Loans and advances to customers, net	**16,162,944**	16,793,872

The movements in the allowance for impairment of loans and advances to customers are as follows:

	2022 RMB'000	2021 RMB'000
As at 1 January	**191,675**	182,981
Allowance for impairment losses	**30,648**	16,340
Exchange differences	**1,927**	(7,646)
At 31 December	**224,250**	191,675

37. DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2022

	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	1,555,119	1,295,507
Interest rate derivatives		
Interest rate swaps	698,227	188,229
Interest rate futures	42,263	549
Interest rate options	44,877	44,877
Equity derivatives	122,374	573,962
Other derivatives	598,246	881,396
	3,061,106	2,984,520
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards, futures and swaps	381,210	134,870
Interest rate derivatives		
Interest rate swaps	95,022	29,353
	476,232	164,223
	3,537,338	3,148,743
Portion classified as current assets/liabilities	(2,879,068)	(2,120,706)
Non-current portion	658,270	1,028,037

37. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

31 December 2021

	Fair value	
	Assets	Liabilities
	RMB'000	RMB'000
Derivatives held for trading		
Currency derivatives		
Currency forwards, futures and swaps,and cross-currency interest rate swaps	1,096,292	2,173,726
Interest rate derivatives		
Interest rate swaps	1,514,115	1,484,019
Interest rate futures	15,940	8,635
Interest rate options	59,378	59,378
Equity derivatives	90,589	56,236
Other derivatives	161,110	1,449,534
	2,937,424	5,231,528
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards, futures and swaps	112,439	292,232
Interest rate derivatives		
Interest rate swaps	–	217,031
Interest rate options	7,719	–
	120,158	509,263
	3,057,582	5,740,791
Portion classified as current assets/liabilities	(1,512,688)	(3,027,559)
Non-current portion	1,544,894	2,713,232

38. FINANCE LEASE RECEIVABLES

Total future minimum lease receivables under finance leases and their present values are as follows:

	2022 RMB'000	2021 RMB'000
Gross lease receivables:		
Within one year	**331,210**	622,943
In the second year	**264,067**	369,484
In the third to fifth years, inclusive	**404,593**	129,844
Total minimum finance lease receivables	**999,870**	1,122,271
Unearned finance income	**(122,662)**	(113,365)
Future value-added tax	**(43,753)**	(134,645)
Provision for lease receivables	**(43,893)**	(35,572)
	789,562	838,689
Portion classified as current finance lease receivables	**(331,208)**	(612,374)
Non-current portion	**458,354**	226,315

As at 31 December 2022, the Group's finance lease receivables with a carrying amount of RMB129,044,000 (2021: RMB670,276,000) 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:

	2022 RMB'000	2021 RMB'000
At 1 January	**35,572**	66,915
Additions (note 8)	**13,093**	32,881
Written off	**(4,772)**	(64,224)
At 31 December	**43,893**	35,572

39. TRADE AND NOTES RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables	**12,298,558**	9,898,180
Notes receivable	**901,893**	720,160
	13,200,451	10,618,340

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

	2022 RMB'000	2021 RMB'000
Outstanding balances with ages:		
Within 90 days	**10,233,845**	6,932,049
91 to 180 days	**1,097,546**	1,542,199
181 to 365 days	**683,256**	1,072,648
1 to 2 years	**479,048**	458,445
2 to 3 years	**198,183**	239,691
Over 3 years	**179,687**	269,834
	12,871,565	10,514,866
Less: Loss allowance for trade receivables	**573,007**	616,686
	12,298,558	9,898,180

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**616,686**	384,631
Amount written off as uncollectible	**(228,945)**	(42,863)
Disposal of subsidiaries	**(12,902)**	(3,465)
Impairment losses, net	**190,936**	278,301
Exchange realignment	**7,232**	82
At the end of the year	**573,007**	616,686

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:

31 December 2022	Less than 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	**1.70%**	**6.45%**	**23.74%**	**59.03%**	
Gross carrying amount (RMB'000)	**11,331,391**	**683,256**	**479,048**	**377,870**	**12,871,565**
Expected credit losses (RMB'000)	**192,138**	**44,054**	**113,741**	**223,074**	**573,007**

31 December 2021	Less than 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	2.29%	5.49%	5.96%	65.99%	
Gross carrying amount (RMB'000)	8,474,248	1,072,648	458,445	509,525	10,514,866
Expected credit losses (RMB'000)	194,197	58,907	27,327	336,255	616,686

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

As at 31 December 2022, the Group's trade and notes receivables with a carrying amount of approximately RMB473,279,000 (31 December 2021: RMB343,442,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

40. CONTRACT ASSETS AND OTHER ASSETS

	2022 RMB'000	2021 RMB'000
Contract assets		
Sale of industrial products	**578,354**	–
Other Assets		
Right-of-return assets	**31,133**	35,344
Others	**781**	781
	610,268	36,125
Portion classified as current assets	**(610,268)**	(36,125)
Non-current portion	**–**	–

The expected timing of recovery or settlement for contract assets and other assets as at 31 December 2022 is as follows:

	2022 RMB'000	2021 RMB'000
Within one year	**610,268**	36,125
More than one year	**–**	–
	610,268	36,125

41. NON-CURRENT ASSETS/LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE AND OTHER LONG TERM ASSETS

	Note	2022 RMB'000	2021 RMB'000
Carrying amount of the assets classified as held for sale		**18,030,509**	556,217
Other long term assets		**1,786,557**	–
Liabilities directly associated with the assets classified as held for sale		**117,467**	27,151
Assets			
Investment in an joint venture	*(a)*	**12,810,608**	–
Investment in associates	*(b)/(c)*	**6,706,135**	419,578
Property, plant and equipment (note 13)		**80,129**	104,156
Right-of-use assets (note 15)		**–**	32,483
Prepayments, deposits and other receivables		**188,184**	–
Deferred tax assets (note 30)		**32,010**	–
		19,817,066	556,217
Analysed into:			
Current portion		**18,030,509**	556,217
Non-current portion	*(b)*	**1,786,557**	–
Liabilities			
Accrued liabilities and other payables		**117,467**	27,151
Liabilities directly associated with the assets classified as held for sale		**117,467**	27,151

41. NON-CURRENT ASSETS/LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE AND OTHER LONG TERM ASSETS *(Continued)*

(a) On 14 October 2022, Jiangsu Shagang Group Co., Ltd., ("Shagang Group"), and Shanghai Fosun High Technology (Group) Co., Ltd., Shanghai Fosun Industrial Investment Co., Ltd. and Shanghai Fosun Industry and Technology Development Co., Ltd., each being subsidiaries of the Company and as the sellers, entered into the framework agreement, pursuant to which, it is intended that the Sellers will dispose of, and the Shagang Group will acquire 60% equity interests in Nanjing Nangang (the "Nangang Disposal"). As at 31 December 2022, the carrying amount of the Group's investments in Nanjing Nangang amounted to RMB 12,810,608,000 was classified as non current assets classified as held for sale from investments in joint ventures.

On 14 March 2023, the Group's subsidiaries entered into equity transfer agreement with Shagang Group, details are set out in note 70 to the consolidated financial statements.

On 31 December 2022, the Group received RMB8,000,000,000 from Shagang Group as deposits for the Nangang Disposal which was included in accrued liabilities and other payables and the Group's 49% equity interests in Nanjing Nangang were pledged to Shagang Group.

(b) As stated in note 70 to the consolidated financial statements, the carrying amount of the Group's investments in target companies in Tianjin Jianlong Disposals were reclassified from investment in associates to non-current assets classified as held for sale as at 31 December 2022. According to the equity transfer agreement of the Tianjin Jianlong Disposals signed on 5 January 2023 and the detailed payment schedule as agreed in the supplemental agreement signed on 28 March 2023, amount of RMB3,800,000,000 was classified into current portion of non-current assets as held for sale and RMB1,786,557,000 was classified into other longterm assets. A non-current asset classified as held for sale should be measured at the lower of its carrying amount and fair value less costs to sell, which gave arise to an impairment loss of RMB1,908,093,000 recognised for investments in associates before the classification as held for sale in the Group's consolidated financial statements for the year ended 31 December 2022.

At 31 December 2022, the Group received RMB800,000,000 from Beijing Camdragon Heavy Industry Group Co., Ltd. ("Camdragon Heavy Industry") for the Tianjin Jianlong Disposals which was included in accrued liabilities and other payables and the Group's 8% equity interests in Tianjin Jianlong were pledged to Camdragon Heavy Industry.

(c) In August 2021, Fosun Pharma, a subsidiary of the Group, announced its board resolution to dispose the 25.00% equity share of Tianjin Pharmaceutical Group Co., Ltd. ("Tianjin Pharmaceutical") to a third party. The consideration of the disposal was RMB1,432,563,000. The transaction of disposal will be completed in three instalments, and 8.33% of the equity interest of Tianjin Pharmaceutical will be disposed equally. By 31 December 2021, Fosun Pharma had signed a legally binding transfer agreement and received advance payment amounted to RMB477,521,000 regarding to the disposal consideration of 8.33% equity interest of Tianjin Pharmaceuticals, which will be completed before December 31, 2023. The Group reclassified the carrying value of 8.33% equity investment of Tianjin Pharmaceuticals from investments in associates, amounted to RMB419,578,000 to non-current assets classified as held for sale as at 31 December 2022 corresponding to the second equity transfer.

42. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2022 RMB'000	2021 RMB'000
Bank loans:	*(1)*		
Guaranteed		**502,976**	450,175
Secured		**58,926,901**	45,076,757
Unsecured		**92,657,317**	86,359,841
		152,087,194	131,886,773
Corporate bonds and enterprise bonds	*(2)*	**20,333,046**	32,662,840
Private placement bonds	*(3)*	**1,453,304**	3,044,482
Senior notes	*(4)*	**29,330,861**	35,191,798
Medium-term notes	*(5)*	**8,610,818**	14,819,948
Super short-term commercial papers		**–**	6,080,270
Exchangeable bonds	*(6)*	**1,940,594**	–
Other borrowings, secured	*(1, 7)*	**10,247,311**	10,626,334
Other borrowings, unsecured	*(7)*	**2,916,023**	2,807,040
Total		**226,919,151**	237,119,485
Repayable:			
Within one year		**106,279,027**	105,227,290
In the second year		**39,473,609**	41,636,777
In the third to fifth years, inclusive		**57,082,083**	68,574,175
Over five years		**24,084,432**	21,681,243
		226,919,151	237,119,485
Portion classified as current liabilities		**(106,279,027)**	(105,227,290)
Non-current portion		**120,640,124**	131,892,195

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

Notes:

(1) Certain of the Group's bank loans and other borrowings are secured by the pledges of assets with carrying values at the end of each reporting period as follows:

	Notes	2022 RMB'000	2021 RMB'000
Pledge of assets:			
Buildings	13	9,160,988	6,557,577
Plant and machinery	13	8,811	2,949
Construction in progress	13	1,199,367	378,548
Investment properties	14	60,362,581	29,926,806
Right-of-use assets	15	1,539,538	1,596,739
Properties under development	27	34,365,862	24,654,365
Completed properties for sale		4,594,245	5,971,743
Trade and notes receivables	39	473,279	343,442
Pledged bank balances	35	1,041,172	93,989
Finance lease receivables	38	129,044	670,276
Inventories	31	929,883	431,954
Investment in associates	22	11,844,320	14,043,753
Financial assets at fair value through profit or loss	24	2,864,708	682,898
Debt investments designated at fair value through comprehensive income	25	–	336,713
Intangible assets	19	341,569	76,812

Apart from the above, certain interest-bearing bank borrowings are secured by investments in subsidiaries as at 31 December 2022:

Interest-bearing bank borrowings amounted to RMB1,947,210,000 was secured by 793,113,863 shares of Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. held by the Group.

Certain other interest -bearing bank borrowings were secured by other unlisted subsidiaries shares.

As at 31 December 2022, interest-bearing bank and other borrowings amounted to RMB383,053,000 were guaranteed by Fosun International Holdings Ltd. which is the ultimate holding company of the Group (2021: RMB369,791,000 were guaranteed by Fosun Holdings Limited, which is the holding company of the Group). Interest-bearing bank and other borrowings amounted to RMB119,923,000 (2021: RMB80,384,000) as at 31 December 2022 were guaranteed by third parties.

The bank loans bear interest at rates ranging from 0.00% to 11.85% (2021: 0.00% to 12.15%) per annum.

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

Notes: *(Continued)*

(2) Corporate bonds and enterprise bonds

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. On 12 January 2021, Fosun High Technology repaid in advance with a par value of RMB999,400,000. 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. On 12 March 2021, Fosun High Technology repaid in advance with a par value of RMB450,000,000. Interest is paid annually in arrears and the maturity date is 12 March 2023.

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. On 13 August 2021, Fosun Pharma repaid in advance with a par value of RMB554,999,000. Interest is paid annually in arrears and the maturity date is 13 August 2023.

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. On 26 November 2021, Yuyuan repaid in advance with a par value of RMB1,474,566,000. Interest is paid annually in arrears and the maturity date is 26 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 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 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 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. Among these, corporate bonds with a par value of RMB1,855,600,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 7 August 2025.

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. Among these, corporate bonds with a par value of RMB1,430,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 2 November 2025.

On 2 February 2021, Fosun Pharma issued four-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 3.98% per annum. Interest is paid annually in arrears and the maturity date is 2 February 2025.

On 25 February 2021, Fosun High Technology issued four-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 5.39% per annum. Among these, corporate bonds with a par value of RMB999,200,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 25 February 2025.

On 7 April 2021, Forte issued three-year domestic corporate bonds with a par value of RMB500,000,000 and an effective interest rate of 5.079% per annum. Interest is paid annually in arrears and the maturity date is 7 April 2024.

On 1 June 2021, Fosun High Technology issued two-year domestic corporate bonds with a par value of RMB1,500,000,000 and an effective interest rate of 5.69% per annum. On 1 June 2022, Fosun High Technology repaid in advance with a par value of RMB1,200,000,000. Among the rest of enterprise and corporate bonds, the ones with a par value of RMB230,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 1 June 2023.

On 1 June 2021, Fosun High Technology issued two-year domestic corporate bonds with a par value of RMB500,000,000 and an effective interest rate of 5.392% per annum. Among these, corporate bonds with a par value of RMB499,300,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 1 June 2023.

On 4 June 2021, Fosun Insurance Portugal issued five-year corporate bonds with a par value of EUR500,000,000 and an effective interest rate of 4.25% per annum. Interest is paid at the maturity date which is 4 September 2026.

On 23 July 2021, Yuyuan issued two-year domestic corporate bonds with a par value of RMB500,000,000 and an effective interest rate of 4.10% per annum. Interest is paid annually in arrears and the maturity date is 23 July 2023.

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

Notes: *(Continued)*

(2) Corporate bonds and enterprise bonds *(Continued)*

On 27 July 2021, Fosun High Technology issued three-year offshore corporate bonds with a par value of USD200,000,000 and an effective interest rate of 4.42% per annum. Interest is paid semi-annually in arrears and the maturity date is 27 July 2024.

On 18 January 2022, Fosun High Technology issued two-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 6.36% per annum. Interest is paid annually in arrears and the maturity date is 18 January 2024.

On 15 March 2022, Fosun High Technology issued three-year offshore corporate bonds with a par value of USD150,000,000 and an effective interest rate of 3.24% per annum. Interest is paid semi-annually in arrears and the maturity date is 15 March 2025.

On 21 March 2022, Yuyuan issued three-year domestic corporate bonds with a par value of RMB550,000,000 and an effective interest rate of 4.95% per annum. Interest is paid annually in arrears and the maturity date is 21 March 2025.

(3) Private placement bonds

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 22 November 2021, Napier TMK, a subsidiary of Fosun Property Holdings Limited, issued three-year private placement bonds with a par value of JPY 1,500,000,000 and the effective interest rate is 12.69% per annum. Interest is paid quarterly in arrears and the maturity date is 22 November 2024.

On 28 March 2022, Napier TMK, a subsidiary of Fosun Property Holdings Limited, issued thirty-one-month private placement bonds with a par value of JPY 3,500,000,000 and the effective interest rate is 5.19% per annum. Interest is paid quarterly in arrears and the maturity date is 31 October 2024.

On 1 April 2022, 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 1.69% per annum. Interest is paid quarterly in arrears and the maturity date is 1 April 2027.

(4) Senior notes

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 USD11,607,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 17 August 2023.

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 USD410,569,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 29 January 2023.

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 USD648,085,000 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%. Among these, senior notes with a par value of EUR341,307,000 were purchased by third party investors. 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%. Among these, senior notes with a par value of USD584,753,000 were purchased by third party investors. 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%. Among these, senior notes with a par value of USD388,599,000 were purchased by third party investors. 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)*

(4) Senior notes *(Continued)*

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.

On 27 January 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued six-year senior notes with a par value of USD500,000,000 and an effective interest rate of 5.23%. Among these, senior notes with a par value of USD496,600,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 27 January 2027.

On 18 May 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD500,000,000 and an effective interest rate of 5.20%. Among these, senior notes with a par value of USD498,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 18 May 2026.

On 2 July 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of EUR500,000,000 and an effective interest rate of 4.15%. Among these, senior notes with a par value of EUR484,800,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 2 October 2026.

(5) Medium-term notes

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 RMB910,000,000 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 RMB960,000,000 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 RMB860,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 22 September 2025.

On 20 January 2021, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.00% per annum. Interest is paid annually in arrears and the maturity date is 20 January 2024.

On 27 January 2021, Fosun High Technology issued two-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.709% 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 27 January 2023.

On 13 April 2021, Yuyuan issued three-year medium-term notes with a par value of RMB1,300,000,000 and an effective interest rate of 4.12% per annum. Interest is paid annually in arrears and the maturity date is 13 April 2024.

On 9 September 2021, Yuyuan issued two-year medium-term notes with a par value of RMB700,000,000 and an effective interest rate of 4.20% per annum. Interest is paid annually in arrears and the maturity date is 9 September 2023.

On 15 October 2021, Yuyuan issued three-year medium-term notes with a par value of RMB500,000,000 and an effective interest rate of 4.70% per annum. Among these, medium-term notes with a par value of RMB480,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 15 October 2024.

On 9 March 2022, Fosun Pharma issued four-year medium-term notes with a par value of RMB500,000,000 and an effective interest rate of 3.55% per annum. Interest is paid annually in arrears and the maturity date is 9 March 2026.

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

Notes: *(Continued)*

(6) Exchangeable bonds

On 29 March 2022, Fosun High Technology issued 3-year Exchangeable Bonds (the "Exchangeable Bonds") with a par value of RMB2 billion. The Exchangeable Bonds are convertible into ordinary shares of Hainan Mining Co., Ltd. ("Hainan Mining"), a subsidiary of the Group which is a listed company in Shanghai Stock Exchange. The Exchangeable Bonds bear a fixed annual interest rate of 1%. The initial conversion price is RMB10.26 per share. The bondholders can convert the Exchangeable Bonds into the shares of Hainan Mining at the prevailing conversion price during the period from 29 September 2022 to 21 March 2025 (the "Conversion Period"). The Exchangeable Bonds are secured by 336 million shares of Hainan Mining A shares hold by the group. The maturity date of the Exchangeable Bonds is 28 March 2025. On the maturity date, Fosun High Technology will redeem the outstanding Exchangeable Bonds at 109% of the par value, excluding the interest in the third year. During the Conversion Period, if the closing price of Hainan Mining's A Shares is not less than 130% (inclusive 130%) of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, or if the total unconverted amount is less than RMB30 million, Fosun High Technology has the right to redeem all or part of the outstanding Exchangeable Bonds at par value plus accrued interest. Within six months before the maturity date of the Exchangeable Bonds, if the closing price of Hainan Mining's A Shares is less than 70% of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, the bondholders have the right to sell all or part of the Exchangeable Bonds at par value plus accrued interest to the issuer. As at 31 December 2022, the prevailing conversion price of the Exchangeable Bonds was RMB10.23 per share.

(7) Other borrowings

In March 2020, Fosun Tourism Group ("FTG") issued asset-backed securities which were backed by 100% equity interest in the Atlantis Sanya hotel and water park, and Hainan Atlantis Commerce and Tourism Development Co., Ltd. and operating revenue of Atlantis Sanya as a pledge. The principal and interest shall be repaid semi-annually and the maturity date is 28 January 2044. The coupon rates of the securities are 5% and are subject to adjustments by 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 RMB6,055,787,000 (31 December 2021: RMB6,093,888,000) as at 31 December 2022.

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 0% to 10.0% (31 December 2021: 0% to 9.8%) per annum.

43. CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000
Contract liabilities	**24,332,437**	20,942,466
Portion classified as current liabilities	**(23,966,338)**	(20,315,595)
Non-current portion	**366,099**	626,871

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.

	2022 RMB'000	2021 RMB'000
Revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year	**14,294,063**	19,050,488

The following table includes the transaction prices allocated to the remaining unsatisfied performance obligations as at the end of each reporting period.

	2022 RMB'000	2021 RMB'000
Expected to be recognised within one year	**17,610,707**	16,851,317
Expected to be recognised after one year	**6,883,630**	4,542,770
Total	**24,494,337**	21,394,087

44. TRADE AND NOTES PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables	**21,954,620**	19,597,969
Notes payable	**2,438,972**	1,808,441
	24,393,592	21,406,410

An ageing analysis of the trade payables as at the end of the reporting period is as follows:

	2022 RMB'000	2021 RMB'000
Outstanding balances with ages:		
Within 90 days	**14,032,419**	11,403,912
91 to 180 days	**1,577,017**	2,090,052
181 to 365 days	**3,041,641**	3,385,232
1 to 2 years	**1,415,175**	1,631,731
2 to 3 years	**1,063,014**	679,312
Over 3 years	**825,354**	407,730
	21,954,620	19,597,969

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

	2022 RMB'000	2021 RMB'000
Advances from customers	**5,903,668**	3,727,936
Dividends payable to non-controlling shareholders of subsidiaries	**58,377**	49,101
Payables related to:		
Purchases of property,plant and equipment	**1,598,379**	1,520,181
Deposits received*	**12,016,530**	2,816,314
Payroll	**5,202,159**	4,696,690
Accrued interest expenses	**1,472,642**	2,105,773
Value-added tax	**1,220,128**	1,326,664
Accrued utilities	**39,281**	63,452
Acquisition of subsidiaries	**60,787**	49,674
Current portion of other long term payables	**273,665**	199,885
Funding from third parties for business development	**6,792,122**	5,212,366
Other accrued expenses	**5,811,128**	5,833,180
Lease liabilities (note 15)	**2,601,195**	1,993,569
Others	**10,477,508**	8,278,044
	53,527,569	37,872,829

* Included the deposits of RMB8,000,000,000 received for Nangang Disposal and RMB800,000,000 received for Tianjin Jianlong Disposals as set out in note 41 to the financial statements.

46. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

Classified by collateral:

	2022 RMB'000	2021 RMB'000
Bonds	**151,868**	1,467,606

As at 31 December 2022, liabilities classified as assets sold under agreements to repurchase were secured by debt investments at fair value through profit or loss of the group amounted to RMB 1,127,529,000 (31 December 2021: RMB1,334,040,000) and the bonds of Central Bank of Brazil amounted to nil (31 December 2021: RMB240,288,000).

47. DEPOSITS FROM CUSTOMERS

	2022 RMB'000	2021 RMB'000
Demand deposits		
– Corporate deposits	**58,790,265**	57,173,611
– Personal deposits	**8,839,880**	7,704,661
	67,630,145	64,878,272
Time deposits		
– Corporate deposits	**5,366,895**	4,967,687
– Personal deposits	**3,938,902**	2,005,433
	9,305,797	6,973,120
Total deposits from customers	**76,935,942**	71,851,392
Portion classified as current liabilities	**(76,849,980)**	(71,742,751)
Non-current portion	**85,962**	108,641

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 RMB1,873,857,000 (2021: RMB1,470,726,000) and RMB84,000 (2021: RMB1,010,227,000), respectively.

48. UNEARNED PREMIUM PROVISIONS

		31 December 2022			31 December 2021		
			Reinsurers'			Reinsurers'	
		Gross	share	Net	Gross	share	Net
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Life insurance	*(i)*	93,344	(10,781)	82,563	99,558	(22,353)	77,205
Non-life insurance	*(ii)*	10,931,613	(1,908,575)	9,023,038	9,759,474	(1,436,413)	8,323,061
		11,024,957	(1,919,356)	9,105,601	9,859,032	(1,458,766)	8,400,266

Notes:

(i) Analysis of movements in the unearned premium provisions for the life insurance business:

	31 December 2022			31 December 2021		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	99,558	(22,353)	77,205	161,423	(10,885)	150,538
Premiums written during the year	5,603,903	(968,810)	4,635,093	5,653,465	(1,036,503)	4,616,962
Premiums earned during the year	(5,617,447)	981,810	(4,635,637)	(5,710,686)	1,024,315	(4,686,371)
Exchange realignment	7,330	(1,428)	5,902	(4,644)	720	(3,924)
At 31 December	93,344	(10,781)	82,563	99,558	(22,353)	77,205

(ii) Analysis of movements in the unearned premium provisions for the non-life insurance business:

		31 December 2022			31 December 2021		
			Reinsurers'			Reinsurers'	
		Gross	share	Net	Gross	share	Net
	note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January		9,759,474	(1,436,413)	8,323,061	9,488,871	(1,583,611)	7,905,260
Premiums written during the year		37,566,999	(8,047,417)	29,519,582	33,912,680	(6,018,525)	27,894,155
Acquisition of subsidiaries	*60(a)*	367	–	367	56,617	(9,915)	46,702
Disposal of subsidiaries		(1,625,761)	610,113	(1,015,648)	–	–	–
Premiums earned during the year		(35,723,685)	7,810,192	(27,913,493)	(33,294,552	6,152,584	(27,141,968)
Exchange realignment		954,219	(845,050)	109,169	(404,142)	23,054	(381,088)
At 31 December		10,931,613	(1,908,575)	9,023,038	9,759,474	(1,436,413)	8,323,061

49. PROVISION FOR OUTSTANDING CLAIMS

		31 December 2022			31 December 2021		
			Reinsurers'			Reinsurers'	
		Gross	share	Net	Gross	share	Net
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Life insurance	(i)	**4,510,964**	**(1,180,774)**	**3,330,190**	4,274,311	(1,035,961)	3,238,350
Non-life insurance	(ii)	**33,551,365**	**(4,702,238)**	**28,849,127**	39,146,099	(8,412,651)	30,733,448
		38,062,329	**(5,883,012)**	**32,179,317**	43,420,410	(9,448,612)	33,971,798
Portion classified as current liabilities		**(27,768,667)**			(24,577,492)		
Non-current portion		**10,293,662**			18,842,918		

Notes:

(i) Analysis of movements in the provision for outstanding claims for the life insurance business:

	31 December 2022			31 December 2021		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	**4,274,311**	**(1,035,961)**	**3,238,350**	3,504,880	(529,769)	2,975,111
Claims paid during the year	**(6,633,243)**	**1,176,598**	**(5,456,645)**	(5,640,859)	709,914	(4,930,945)
Acquisition of subsidiaries	**12,648**	**(8,065)**	**4,583**	2,776	(1,019)	1,757
Claims incurred during the year	**6,781,768**	**(1,218,885)**	**5,562,883**	6,649,277	(1,268,889)	5,380,388
Exchange realignment	**75,480**	**(94,461)**	**(18,981)**	(241,763)	53,802	(187,961)
At 31 December	**4,510,964**	**(1,180,774)**	**3,330,190**	4,274,311	(1,035,961)	3,238,350

(ii) Analysis of movements in the provision for outstanding claims for the non-life insurance business:

	31 December 2022			31 December 2021		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	**39,146,099**	**(8,412,651)**	**30,733,448**	36,898,152	(7,833,894)	29,064,258
Claims paid during the year	**(20,432,847)**	**4,281,044**	**(16,151,803)**	(18,870,669)	3,444,503	(15,426,166)
Disposal of subsidiaries	**(11,437,970)**	**3,715,584**	**(7,722,386)**	152,551	(77,965)	74,586
Claims incurred during the year	**23,824,776**	**(3,597,914)**	**20,226,862**	23,067,209	(4,277,608)	18,789,601
Exchange realignment	**2,451,307**	**(688,301)**	**1,763,006**	(2,101,144)	332,313	(1,768,831)
At 31 December	**33,551,365**	**(4,702,238)**	**28,849,127**	39,146,099	(8,412,651)	30,733,448

50. FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Financial liabilities for unit-linked contracts	*(i)*	**23,276,840**	12,708,621
Investment contract liabilities	*(ii)*	**39,904,914**	45,906,867
Commissions on the issue of financial products		**(2,652)**	(16,144)
		63,179,102	58,599,344
Portion classified as current liabilities		**(13,384,534)**	(9,681,206)
Non-current portion		**49,794,568**	48,918,138

Notes:

(i) Unit-linked contracts

	2022 RMB'000	2021 RMB'000
At 1 January	**12,708,621**	4,201,329
Issues	**9,236,759**	9,720,921
Acquisition of subsidiaries	**4,584,082**	–
Redemptions	**(1,477,217)**	(425,125)
Profit or loss	**(2,432,294)**	186,751
Other	**(12,729)**	(32,842)
Exchange realignment	**669,618**	(942,413)
At 31 December	**23,276,840**	12,708,621

(ii) Other investment contract liabilities

	2022 RMB'000	2021 RMB'000
At 1 January	**45,906,867**	62,888,654
Issues	**4,216,898**	6,292,412
Acquisition of subsidiaries	**–**	926
Redemptions	**(11,477,560)**	(17,791,288)
Profit or loss	**297,689**	171,294
Other	**14,338**	33,247
Exchange realignment	**946,682**	(5,688,378)
At 31 December	**39,904,914**	45,906,867

51. OTHER LIFE INSURANCE CONTRACT LIABILITIES

31 December 2022

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	**19,756,682**	**–**	**19,756,682**
Provision for profit sharing	**195,625**	**425**	**196,050**
Provision for interest rate commitments	**122,932**	**–**	**122,932**
Provision for portfolio stabilisation	**178,974**	**–**	**178,974**
	20,254,213	**425**	**20,254,638**
Portion classified as current liabilities			**(609,035)**
Non-current portion			**19,645,603**

31 December 2021

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	20,119,008	–	20,119,008
Provision for profit sharing	456,756	3,425	460,181
Provision for interest rate commitments	128,369	–	128,369
Provision for portfolio stabilisation	186,293	–	186,293
	20,890,426	3,425	20,893,851
Portion classified as current liabilities			(1,088,504)
Non-current portion			19,805,347

51. OTHER LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Analysis of movements of other life insurance contract liabilities:

31 December 2022

	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	20,119,008	460,181	128,369	186,293	20,893,851
Liabilities originated in the period and interest attributed	(1,907,328)	37,072	(8,622)	(11,969)	(1,890,847)
Acquisition of subsidiaries	3,296	–	–	–	3,296
Amount attributable to insured from shareholders' equity	–	(190,795)	–	–	(190,795)
Change in deferred acquisition costs	(1,587)	–	–	–	(1,587)
Other movements	(93)	–	–	–	(93)
Income distributed	1,103,043	(110,197)	–	–	992,846
Exchange realignment	440,343	(211)	3,185	4,650	447,967
At 31 December	19,756,682	196,050	122,932	178,974	20,254,638

Analysis of movements of other life insurance contract liabilities:

31 December 2021

	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	23,372,922	607,678	232,821	211,425	24,424,846
Liabilities originated in the period and interest attributed	(1,011,100)	110,628	(85,819)	(4,143)	(990,434)
Acquisition of subsidiaries	13,047	9,729	–	–	22,776
Amount attributable to insured from shareholders' equity	–	(151,039)	–	–	(151,039)
Change in deferred acquisition costs	(733)	–	–	–	(733)
Other movements	4,764	–	–	–	4,764
Income distributed	39,734	(61,324)	–	–	(21,590)
Exchange realignment	(2,299,626)	(55,491)	(18,633)	(20,989)	(2,394,739)
At 31 December	20,119,008	460,181	128,369	186,293	20,893,851

52. INSURANCE AND REINSURANCE CREDITORS

	2022 RMB'000	2021 RMB'000
Amounts due to insurance customers and reinsurers	**9,968,211**	7,717,278
Amounts due to insurance intermediaries	**855,174**	614,599
Deposits retained from reinsurers/retrocessionaires	**405,310**	606,029
Prepaid premiums received	**571,538**	293,338
	11,800,233	9,231,244
Portion classified as current liabilities	**(11,800,233)**	(9,070,251)
Non-current portion	**–**	160,993

The following is an ageing analysis of the amounts due to insurance customers and reinsurers

	2022 RMB'000	2021 RMB'000
Amounts due to insurance customers and reinsurers:		
Within 90 days	**9,148,587**	7,405,354
91 to 180 days	**1,230,598**	438,985
181 to 365 days	**1,209,777**	889,670
1 to 2 years	**86,047**	157,412
2 to 3 years	**73,179**	14,907
Over 3 years	**52,045**	324,916
	11,800,233	9,231,244

53. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Gold leases*	**3,397,215**	4,078,714
Others**	**909,661**	–
	4,306,876	4,078,714
Portion classified as current liabilities	**(4,306,876)**	(4,078,714)
Non-current portion	**–**	–

* 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 leases to be returned under the gold lease agreements between Yuyuan and the banks as at 31 December 2022.

** On 10 November 2022, the Company entered into a financial instrument arrangement with a bank where the amount to be settled with the bank was based on the fair value of the pledged financial assets at fair value through profit or loss as at 31 December 2022.

54. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2022 RMB'000	2021 RMB'000
Due to European Central Bank	**36,965**	2,818,722
Due to:		
Banks in Germany	**280,547**	456,500
Banks in other European countries	**823,596**	1,023,397
Banks in other countries and regions	**–**	77,252
	1,104,143	1,557,149
Total	**1,141,108**	4,375,871
Portion classified as current liabilities	**(1,141,108)**	(1,541,056)
Non-current portion	**–**	2,834,815

55. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2022 RMB'000	2021 RMB'000
Special purpose fund for technology improvement	**194,678**	176,177
Government grants for property development and fixed asset construction	**1,036,391**	795,822
	1,231,069	971,999

56. OTHER LONG TERM PAYABLES

	Notes	2022 RMB'000	2021 RMB'000
Payables for rehabilitation	*(i)*	**248,379**	275,697
Payables for employee benefits	*(ii)*	**1,169,784**	1,615,537
Payables for acquisition of additional interests in subsidiaries		**88,545**	21,621
Share redemption options granted to non-controlling shareholders of subsidiaries		**1,550,983**	2,007,225
Loans from non-controlling shareholders of subsidiaries		**312,752**	286,249
Lease liabilities	*15*	**15,260,560**	12,628,874
Others		**3,470,244**	2,132,431
		22,101,247	18,967,634

56. OTHER LONG TERM PAYABLES *(Continued)*

Notes:

		2022 RMB'000	2021 RMB'000
(i)	The movements of payables for rehabilitation are set out below:		
	At 1 January	**275,697**	169,211
	Additions	**55,111**	4,762
	Acquisition of subsidiaries	**1,507**	111,771
	Payments made	**(43,569)**	(7,475)
	Classified as current portion	**(52,740)**	–
	Exchange realignment	**12,373**	(2,572)
	At 31 December	**248,379**	275,697
(ii)	The movements of payables for employee benefits are set out below:		
	At 1 January	**1,615,537**	1,063,604
	Additions	**96,594**	339,822
	Acquisition of subsidiaries	**38,897**	579,444
	Interest increment (note 7)	**5,609**	6,199
	Payments made	**(285,316)**	(136,534)
	Classified as current portion	**(61,568)**	(70,977)
	Exchange realignment	**(239,969)**	(166,021)
	At 31 December	**1,169,784**	1,615,537

Payables for employee benefits are based on estimates of future payments made by management and are discounted at rates in the range of 0.80% to 6.06% (2021: 0.80% to 13.0%).

57. SHARE CAPITAL

Shares

	2022 RMB'000	2021 RMB'000
Issued and fully paid:		
8,220,210,124 (2021: 8,318,781,924) ordinary shares	**37,146,381**	36,919,889

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 2021	**8,424,756,424**	36,785,936
Share award scheme (note 62)	**12,790,000**	129,552
Share option exercised (note 62)	**467,500**	4,401
Re-purchase of shares	**(119,232,000)**	–
At 31 December 2021 and 1 January 2022	**8,318,781,924**	36,919,889
Share award scheme (note 62)	**35,265,200**	226,492
Share option exercised (note 62)	**–**	–
Re-purchase of shares	**(133,837,000)**	–
At 31 December 2022	**8,220,210,124**	37,146,381

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:

	2022	2021
Percentage of equity interest held by non-controlling interests:		
Fosun Pharma	**63.96%**	60.37%
Fosun Insurance Portugal	**15.01%**	15.01%

Fidelidade – Companhia de Seguros, S.A. and its subsidiaries are collectively referred to as "Fosun Insurance Portugal".

	2022 **RMB'000**	2021 RMB'000
Profit for the year allocated to non-controlling interests:		
Fosun Pharma	**2,329,608**	2,886,675
Fosun Insurance Portugal	**230,225**	314,851
Dividends paid to non-controlling interests:		
Fosun Pharma	**866,113**	666,524
Accumulated balances of non-controlling interests at the reporting dates:		
Fosun Pharma	**28,521,589**	23,606,313
Fosun Insurance Portugal	**2,737,641**	3,081,482

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:

2022	**Fosun Insurance Portugal RMB'000**	**Fosun Pharma RMB'000**
Revenue	**21,309,901**	**43,811,385**
Total expenses	**(19,470,332)**	**(39,857,751)**
Profit for the year	**1,839,569**	**3,953,634**
Total comprehensive (loss)/income for the year	**(2,586,380)**	**4,061,677**
Current assets	**36,779,929**	**35,279,177**
Non-current assets	**114,022,596**	**71,834,013**
Current liabilities	**(40,493,981)**	**(33,298,070)**
Non-current liabilities	**(88,634,997)**	**(19,756,927)**
Net cash (used in)/from operating activities	**(4,771,219)**	**4,217,571**
Net cash flows from/(used in) investing activities	**6,308,470**	**(4,064,038)**
Net cash flows (used in)/from financing activities	**(3,483,055)**	**4,428,475**

2021	Fosun Insurance Portugal RMB'000	Fosun Pharma RMB'000
Revenue	21,514,409	38,858,085
Total expenses	(19,162,987)	(33,870,647)
Profit for the year	2,351,422	4,987,438
Total comprehensive income for the year	617,094	4,643,257
Current assets	32,260,171	30,424,633
Non-current assets	115,139,587	62,812,269
Current liabilities	(32,795,787)	(29,309,945)
Non-current liabilities	(87,965,755)	(15,608,279)
Net cash flows (used in)/from operating activities	(2,820,647)	3,948,747
Net cash flows used in investing activities	(2,362,576)	(3,856,987)
Net cash flows from/(used in) financing activities	2,881,517	(831,279)

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 January 2022, Shanghai Fosun Health Technology (Group) Co., Ltd., a subsidiary of Fosun Pharma, acquired a 70% equity interest in Guangzhou Xinshi Hospital Co., Ltd. from a third party. The consideration was RMB809,200,000. The acquisition was undertaken to further develop the pharmaceutical manufacturing business under the health segment of the Group.

In February 2022, Fidelidade – Companhia de Seguros S.A., a subsidiary of the Group, completed the acquisition of a 70% equity interest in The Prosperity Company, from a third party. The consideration was CHF28,529,376 (equivalent to RMB192,737,000). The acquisition was undertaken to further develop the insurance business under the wealth segment of the Group.

In March 2022, the Group, acquired a 50% equity interests in Shanghai Fosun Bund Commercial Co., Ltd. (上海復星外灘商業有限公司, "Fosun Bund Commercial", formerly known as "Shanghai Fosun Bund Property Co., Ltd. ",上海復星外灘置業有限公司) a former joint venture, at the consideration of RMB6,342,187,500. After the completion of the acquisition, the Group held 100% equity interest in Fosun Bund Commercial. The major asset of Fosun Bund Commercial is the property, Bund Finance Center located in Shanghai. The acquisition was undertaken to further develop the property business under the asset management segment of the Group.

In April 2022, the Group, through its subsidiaries signed the termination of voting agreement with Hong Kong Sanyuan Foods Co. Limited ("Sanyuan") ("Termination Agreement"), according to which the delegation of the 2% voting rights in HCo Lux S.à r.l. ("HCo") by the Group to Sanyuan was terminated. The Group and Sanyuan held 51% and 49% equity interests in HCo respectively. After the completion of the approval of the Termination Agreement in April 2022, the Group could exercise control over HCo and HCo was accounted for as the subsidiary of the Group. The acquisition was undertaken to further develop the business under the happiness segment of the Group.

In August 2022, Yaopharma Co., Ltd., a subsidiary of Fosun Pharma, acquired 100.00% equity interests in Beijing Jiluohua Pharmaceutical Co., Ltd. ("Ji Luo Hua") from an independent third party. The consideration for the acquisition was RMB424,813,000. After the acquisition, Fosun Pharma holds 100% equity interests in Ji Luo Hua. The acquisition was undertaken to further develop the health segment of the Group.

In December 2022, following the completion of merge and other transactions between Lanvin Group Holding Limited ("Lanvin Holdings"), Primavera Capital Acquisition Corporation (a special purpose acquisition company listed on the New York Stock Exchange, "PCAC") and Fosun Fashion Group (Cayman) Limited (a former associate of the Group, "FFG"), Lanvin Holdings became listed on the New York Stock Exchange, and FFG became a wholly owned subsidiary of Lanvin Holdings. Following the completion of the transaction, the Group held 64.94% equity interest in Lanvin Holdings and Lanvin Holdings were accounted for as a subsidiary of the Group. The acquisition was undertaken to further develop the happiness segment of the Group.

In December 2022, the Group's subsidiary Fosun Kaixingou (Hainan) Technology Co., Ltd. acquired additional 27.05%equity interest of Guangzhou Taotong Technology Co., Ltd. ("Taotong") from the joint venture Pramerica Fosun Life Insurance Co., Ltd. for a consideration of RMB124,869,000. After the completion of the acquisition, the Group held 55.93% interest in Taotong and Taotong was account for as a subsidiary of the Group. The acquisition was undertaken to further develop the happiness segment the Group.

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:

	2022 Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 13)	3,191,324
Intangible assets (note 19)	6,975,363
Right-of-use assets (note 15(a))	1,154,956
Cash and cash equivalent	1,945,851
Restricted cash	23,120
Investment properties (note 14)	21,091,551
Financial assets at fair value through profit or loss	69,168
Debt investments at fair value through other comprehensive income	39,529
Deferred tax assets (note 30)	258,996
Trade and notes receivables	728,609
Due from related companies	650,394
Prepayments, other receivables and other assets	1,046,614
Policyholder account assets in respect of unit-linked contracts	4,584,082
Inventories	1,319,254
Properties under development	617
Derivative financial instruments (Asset)	3,640
Insurance and reinsurance debtors	928,609
Interest-bearing bank and other borrowings	(7,305,469)
Trade and notes payables	(824,502)
Accrued liabilities and other payables (excluding lease liabilities)	(2,641,620)
Due to related companies	(5,276,211)
Tax payable	(347,280)
Deferred Income	(5,411)
Derivative financial instruments (Liabilities)	(512,198)
Other long term payables (excluding lease liabilities) (note 56)	(40,404)
Lease liabilities (note 15(b))	(1,075,897)
Contract liabilities	(19,511)
Unearned premium provisions (note 48)	(367)
Provision for unexpired risks	(23,961)
Other life insurance contract liabilities (note 51)	(3,296)
Financial liabilities for Unit-Linked contracts	(4,584,082)
Deferred tax liabilities (note 30)	(4,076,799)

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: *(Continued)*

	2022 RMB'000
Total identifiable net assets at fair value	17,274,669
Non-controlling interests	(1,381,058)
Total net assets acquired	15,893,611
Gain on bargain purchase of subsidiaries (note 6)	(306,277)
Goodwill on acquisition (note 20)	4,518,463
	20,105,797

	2022 RMB'000
Satisfied by:	
Cash	9,144,250
Investments in joint ventures	6,460,412
Investments in associates	4,501,135
	20,105,797

The fair values of the trade and notes receivables and prepayments, other receivables and other assets as at the dates of acquisition amounted to RMB728,609,000 and RMB1,046,614,000, respectively. The fair values of the acquired trade and notes receivables and prepayments, other receivables and other assets as at the date of acquisition approximate to their gross contractual amounts. None of these receivables are expected to be uncollectible.

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

Since the acquisition, the acquired subsidiaries contributed RMB2,684,186,000 to the Group's turnover and net profit of RMB6,097,100,000 to the consolidated profit for the year ended 31 December 2022.

Had the combinations taken place at the beginning of the year, the revenue and the profit after tax of the Group for the would have been RMB180,483,657,000 and RMB4,541,261,000, respectively.

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(II) ACQUISITION OF A SUBSIDIARY NOT ACCOUNTED FOR AS BUSINESS COMBINATION

In October 2022, Shanghai Fuzhen Investment Co., Ltd. ("Shanghai Fuzhen"), a subsidiary of Forte, acquired another 50% equity interest of Wuhan Fuzhi Real Estate Development Co., Ltd. ("Wuhan Fuzhi") from a third party, at the consideration of RMB 2,700,000,000. After the completion of the acquisition, Wuhan Fuzhi was accounted for as a wholly owned subsidiary. The major assets of Wuhan Fuzhi are properties under development.

The above acquisition has been accounted for 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.

(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:

	2022 RMB'000
Consideration settled by cash	(11,844,250)
Cash and cash equivalents acquired	2,188,187
Unpaid cash consideration as at 31 December 2022	161,840
Payment of unpaid cash consideration as at 31 December 2021	(14,820)
Cash paid as at 31 December 2021	9,204,027
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(305,016)

(b) Disposal of subsidiaries

The major disposal of subsidiaries during the year were as follows:

In February 2022, Fosun Pharma, a subsidiary of the Group, disposed 100% of equity interest in Shanghai Blood Transfusion Technology Co.,Ltd. to a third party, for a consideration of RMB358,378,000.

In June 2022, FTG, a subsidiary of the Group, completed the disposal of its 100% equity interest in a subsidiary, Evia Property, at a consideration of EUR66,390,000 (equivalent to RMB470,543,000). CM Greece SA was engaged in the operation of Gregolimano Resort in Greece. The Group then entered into a lease contract with the buyer for the leaseback of the assets of Gregolimano on a 15-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 recognised the amount of the gain that relates to the rights transferred to the buyer.

In July 2022, the Group disposed 100% of equity interests in Limited Liability Company Tsvum Holdings to a third party, at the consideration of RMB1,878,903,000.The major assets of this company were investment properties.

In September 2022, Yuyuan, a subsidiary of the Group, disposed 13% of the equity interest in Jinhui Liquor Co., Ltd.("Jinhui Liquor") to a third party at the consideration of RMB 1,817,411,000. After the transaction is completed, Yuyuan lost control over Jinhui Liquor but can still exercise significant influence over Jinhui Liquor, and the remaining equity interest is measured as an investment in an associate in the consolidated financial statements.

In December 2022, the Group disposed 100% equity interest in Miracle Nova I (US), LLC (the sole shareholder of AmeriTrust Group, Inc.) to a third party at the consideration of approximately RMB4,220,000,000.

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

The major disposal of subsidiaries during the year were as follows: *(Continued)*

	2022 RMB'000	2021 RMB'000
Net assets disposed of:		
Property, plant and equipment (note 13)	2,198,121	542,557
Intangible assets (note 19)	1,730,937	7,330
Right-of-use assets (note 15(a))	459,587	196,260
Completed properties for sale	–	1,642,382
Goodwill (note 20)	2,399,786	24,241
Investments in associates	886,546	–
Deferred tax assets (note 30)	423,770	40,201
Properties under development	–	8,909,742
Investment properties (note 14)	3,604,901	1,792,921
Cash and bank balances	2,354,599	1,400,569
Financial assets at fair value through profit or loss	595,189	4,000
Debt investment at fair value through other comprehensive income	10,297,210	–
Insurance and reinsurance debtors	4,855,649	–
Trade and notes receivables	200,123	197,179
Due from related parties	248,568	109,474
Prepayments, other receivables and other assets	667,166	438,293
Inventories	1,656,710	121,997
Derivative financial instruments(assets)	96,542	–
Deferred income	(26,184)	(71,416)
Interest-bearing bank and other borrowings	(2,032,671)	(712,234)
Trade and notes payables	(239,690)	(806,308)
Due to related companies	(76,894)	(8,128,554)
Accrued liabilities and other payables (excluding lease liabilities)	(787,930)	(1,177,671)
Tax payable	(76,760)	(284,121)
Contract liabilities	(351,173)	(1,491,388)
Deferred tax liabilities (note 30)	(666,477)	(5,666)
Provision for outstanding claims	(11,437,970)	–
Insurance and reinsurance creditors	(273,625)	–
Unearned premium provisions	(1,625,761)	–
Lease liabilities (note 15(b))	(127,237)	–
Non-controlling interests	(3,137,889)	(474,405)
	11,815,143	2,275,383

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

	2022 RMB'000	2021 RMB'000
Reclassification adjustments form other comprehensive losses upon disposal	920,976	–
	12,736,119	2,275,383
Right-of-use assets recognised in sales and leaseback	153,459	–
Fair value of the retained interests in subsidiaries disposed of	(3,659,465)	(724,826)
Provision for disposal costs	2,953	–
Net gain on disposal of subsidiaries (note 6)	1,253,732	2,903,575
	10,486,798	4,454,132
Satisfied by:		
Cash	10,486,798	4,454,132

An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	2022 RMB'000	2021 RMB'000
Cash consideration	10,486,798	4,454,132
Cash and bank balance disposed of	(2,354,599)	(1,400,569)
Cash consideration received in advance for disposal of subsidiaries	(63,750)	63,750
Receipt of unreceived cash consideration for disposal as at 31 December 2021	557,703	758,739
Cash consideration unreceived as at 31 December 2022	(4,370,267)	(408,045)
Net inflow of cash and cash equivalents included in cash flows from investing activities	4,255,885	3,468,007

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 RMB4,162,465,000 and RMB4,270,387,000, respectively, in respect of lease arrangements for land, buildings, machinery, furniture, fixtures and other equipment (2021: RMB3,333,285,000 and RMB3,333,285,000).

(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	Financial liabilities at fair value through profit or loss(exclude Gold leases) RMB'000
At 31 December 2021 and at 1 January 2022	237,119,485	286,249	14,622,443	1,467,606	2,105,773	–
Changes from financing cash flows	(25,284,307)	–	(2,734,351)	151,868	–	843,819
Equity component of exchangeable bonds	(127,932)	–	–	–	–	–
Changes from operating cash flows	–	–	–	(1,467,606)	–	–
Interest paid	–	–	–	–	(12,207,034)	–
New leases	–	–	4,270,387	–	–	–
Disposal	–	–	(252,993)	–	–	–
Fair value change	–	–	–	–	–	65,842
Foreign exchange movement	4,515,676	26,503	513,715	–	113,151	–
Interest expense	113,151	–	642,346	–	9,709,339	–
Covid-19-related rent concessions from lessors	–	–	(148,452)	–	–	–
Interest capitalised under properties under development	–	–	–	–	1,733,940	–
Interest capitalised under property, plant and equipment	–	–	–	–	17,473	–
Increase arising from acquisition of subsidiaries	12,615,749	–	1,075,897	–	–	–
Decrease arising from disposal of subsidiaries	(2,032,671)	–	(127,237)	–	–	–
At 31 December 2022	**226,919,151**	**312,752***	**17,861,755**	**151,868**	**1,472,642**	**909,661**

* Included in other long term 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	Lease liabilities RMB'000	Assets sold under agreements to repurchase RMB'000	Interest payable RMB'000
At 31 December 2020 and at 1 January 2021	229,802,424	598,207	14,415,011	3,120,034	2,441,577
Changes from financing cash flows	11,450,655	(311,958)	(2,615,025)	(274,026)	–
Changes from operating cash flows	–	–	–	(3,916,264)	–
Interest paid	(119,950)	–	–	–	(10,824,799)
New leases	–	–	3,333,285	–	–
Disposal	–	–	(140,211)	–	–
Foreign exchange movement	(3,515,930)	–	(1,391,790)	–	(5,686)
Interest expense	114,264	–	617,347	–	8,789,736
Covid-19-related rent concessions from lessors	–	–	(268,733)	–	–
Interest capitalised under properties under development	–	–	–	–	1,680,464
Interest capitalised under property, plant and equipment	–	–	–		24,481
Increase arising from acquisition of subsidiaries	100,256	–	672,559	2,537,862	–
Decrease arising from disposal of subsidiaries	(712,234)	–	–	–	–
At 31 December 2021	237,119,485	286,249*	14,622,443	1,467,606	2,105,773

* 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:

	2022 RMB'000	2021 RMB'000
Within operating activities	**346,215**	269,647
Within investing activities	**121,887**	156,042
Within financing activities	**2,734,351**	2,615,025
	3,202,453	3,040,714

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 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 I granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2019 I granted amounted to approximately HKD52,741,000. The Group has recognised an amount of HKD1,105,000 (equivalent to RMB948,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB5,632,000).

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 extraordinary 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 II granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2019 II granted amounted to approximately HKD1,978,000. The Group has recognised an amount of HKD146,000 (equivalent to RMB125,000) during the year ended 31 December 2022 (2021: reversed expense equivalent to RMB665,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

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 I granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2020 I granted amounted to approximately HKD77,891,000. The Group has recognised an amount of HKD8,834,000 (equivalent to RMB7,582,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB29,399,000).

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 2020 II are settled by way of award shares which had lapsed before vesting.

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 II granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2020 II granted amounted to approximately HKD258,000. The Group has recognised an amount of HKD57,000 (equivalent to RMB49,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB57,000).

SHARE AWARD SCHEME IX

On 31 March 2021, the Board of Directors of the Company has resolved to award an aggregate of 12,790,000 award shares ("Award Shares 2021 I") to 88 selected participants under the share award scheme ("Share Award Scheme IX"). 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 2021.

Award Shares 2021 I shall be locked up immediately upon granting. The Award Shares 2021 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 2021 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 2021 I granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2021 I granted amounted to approximately HKD134,563,000. The Group has recognised an amount of HKD50,105,000 (equivalent to RMB43,005,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB47,475,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

SHARE AWARD SCHEME X

On 25 August 2021, the Board of Directors of the Company has resolved to award an aggregate of 265,000 award shares ("Award Shares 2021 II") to 5 selected participants under the share award scheme ("Award Shares Scheme X"). Award Shares 2021 II are settled by way of award shares which had lapsed before vesting

Award Shares 2021 II shall be locked up immediately upon granting. The Award Shares 2021 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 2021 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 2021 II granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2021 II granted amounted to approximately HKD1,037,500. The Group has recognised an amount of HKD509,000 (equivalent to RMB437,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB419,000).

SHARE AWARD SCHEME XI

On 24 March 2022, the Board resolved to award an aggregate of 30,979,000 award shares (the "2022 First Award Shares") to 143 Selected Participants under the 2015 Share Award Scheme. The 2022 First Award Shares have been issued and allotted pursuant to a specific mandate obtained in the annual general meeting of the Company held on 2 June 2022.

The 2022 First Award Shares shall be locked up immediately upon granting. The 2022 First Award Shares 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. The 2022 First Award Shares held by participants, of which (i) 25,695,000 award shares shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the 2022 First Award Shares granted upon the expiry of each lock-up period; of which (ii) 5,284,000 award shares shall be unlocked in one tranches in the proportion of 100% of the total number of the 2022 First Award Shares granted upon the expiry of each lock-up period.

The aggregate fair value of the 2022 First Award Shares granted amounted to approximately HKD207,432,000. The Group has recognised an amount of HKD100,135,000 (equivalent to RMB85,944,000) as expenses during the year ended 31 December 2022.

SHARE AWARD SCHEME XII

On 31 August 2022, the Board resolved to award an aggregate of 4,286,200 award shares ("the 2022 Second Award Shares") to 31 Selected Participants under the 2015 Share Award Scheme. The 2022 Second Award Shares have been issued and allotted pursuant to a specific mandate obtained in the extraordinary general meeting of the Company held on 19 October 2022.

The 2022 Second Award Shares shall be locked up immediately upon granting. The 2022 Second Award Shares 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. The 2022 Second Award Shares held by participants of which (i) 1,330,000 award shares shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the 2022 Second Award Shares granted upon the expiry of each lock-up period; of which (ii) 2,956,200 award shares shall be unlocked in one tranches in the proportion of 100% of the total number of the 2022 Second Award Shares granted upon the expiry of each lock-up period.

The aggregate fair value of the 2022 Second Award Shares granted amounted to approximately HKD18,527,000. The Group has recognised an amount of HKD3,792,000 (equivalent to RMB3,254,000) as expenses during the year ended 31 December 2022.

62. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

SHARE AWARD SCHEME I

On 30 August 2021, the Board of Directors of the Company has resolved to award no more than 3,860,000 shares of FTG held by the Company ("Award Shares 2021 III") to 33 selected participants under the share award scheme ("Share Award Scheme I").

Award Shares 2021 III shall be locked up immediately upon granting. The Award Shares 2021 III granted to participants shall be subject to various lock-up periods ranging from one year to two years, respectively, immediately from the date of grant. Award Shares 2021 III held by participants shall be unlocked in two tranches in the proportion of 50% and 50% of the total number of the Award Shares 2021 III granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2021 III granted amounted to approximately HKD38,103,000. The Group has recognised an amount of HKD10,573,000 (equivalent to RMB9,074,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB3,132,000).

The following shares were outstanding under the Share Award Scheme during the year:

	2022 RMB'000	2021 RMB'000
At 1 January	**20,212,530**	13,418,750
Granted during the year	**35,265,200**	13,055,000
Forfeited and cancelled during the year	**(585,620)**	(358,400)
Vested during the year	**(8,626,630)**	(5,902,820)
At 31 December	**46,265,480**	20,212,530

The number of outstanding shares as at 31 December 2022 for each tranche of Share Award Scheme is as follows:

	2022	2021
Share Award Scheme V	**–**	1,712,580
Share Award Scheme VI	**–**	61,200
Share Award Scheme VII	**2,674,780**	5,423,650
Share Award Scheme VIII	**10,200**	20,100
Share Award Scheme IX	**8,378,350**	12,730,000
Share Award Scheme X	**56,950**	265,000
Share Award Scheme XI	**30,879,000**	–
Share Award Scheme XII	**4,266,200**	–
At 31 December	**46,265,480**	20,212,530

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company

The Company adopts share option schemes ("Share Option Schemes") for the purpose of providing incentives and/or rewards 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 HKD197,352,000. The Group has reversed an amount of HKD56,546,000 (equivalent to RMB48,533,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB1,878,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME II

On 4 May 2017, the Company has granted 56,400,000 options ("Options 2017") to subscribe for an aggregate of 56,400,000 ordinary shares in the Company under its Share Option Scheme. Each 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 HKD111,209,000. The Group has reversed an amount of HKD15,242,000 (equivalent to RMB13,082,000) as expenses during the year ended 31 December 2022 (2021:recognised expenses equivalent to RMB17,270,000).

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 were granted to selected global core management; and (ii) 24,701,000 option shares were 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.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME III *(Continued)*

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 HKD150,174,000. The Group has reversed an amount of HKD3,156,000 (equivalent to RMB2,709,000) as expenses during the year ended 31 December 2022 (2021: recognised expenses equivalent to RMB6,022,000).

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 were granted to selected global core management; and (ii) 17,880,000 option shares were 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.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME IV *(Continued)*

The Options 2019 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% 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 25% 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 25% 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. in respect of the remaining 25% 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 fourth 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 HKD195,313,000. The Group has recognised an amount of HKD2,759,000 (equivalent to RMB2,368,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB15,115,000).

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.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME V *(Continued)*

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 HKD2,251,000. The Group has reversed an amount of HKD2,201,000 (equivalent to RMB1,889,000) as expenses during the year ended 31 December 2022 (2021: recognised expenses equivalent to RMB93,000).

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 were granted to selected global core management; and (ii) 11,500,000 option shares were 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.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME VI *(Continued)*

The Options 2020 I granted to selected outstanding employees are exercisable by each grantee in four 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 HKD96,194,000. The Group has recognized an amount of HKD5,206,000 (equivalent to RMB4,468,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB10,092,000).

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 HKD141,000. The Group has recognised an amount of HKD32,000 (equivalent to RMB28,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB32,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME VIII

On 31 March 2021, the Company has granted 39,910,000 options ("Options 2021 I") to subscribe for an aggregate of 39,910,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 32,200,000 option shares are granted to selected global core management; and (ii) 7,710,000 option shares are granted to selected outstanding employees. Each of the Options 2021 I shall entitle the holder of such Option 2021 I to subscribe for one share upon exercise of such Option 2021 I at an exercise price of HKD10.91 per share.

The Options 2021 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 2021 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 2021 I");

ii. up to a further 30% of the Options 2021 I, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2021 I; and

iii. in respect of the remaining 50% of the Options 2021 I, which, for the avoidance of doubt, comprise those Options 2021 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 2021 I.

The Options 2021 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2021 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 2021 I");

ii. up to a further 25% of the Options 2021 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2021 I; and

iii. up to a further 25% of the Options 2021 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2021 I; and

iv. in respect of the remaining 25% of the Options 2021 I, which, for the avoidance of doubt, comprise those Options 2021 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 2021 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD74,146,000. The Group has recognised an amount of HKD18,879,000 (equivalent to RMB16,203,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB17,356,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME IX

On 25 August 2021, the Company has granted 780,000 options ("Options 2021 II") to subscribe for an aggregate of 780,000 ordinary shares in the Company under its Share Option Scheme. Each of the Options 2021 II shall entitle the holder of such Option 2021 II to subscribe for one share upon exercise of such Option 2021 II at an exercise price of HKD9.90 per share.

The Options 2021 II are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2021 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 2021 II");

ii. up to a further 25% of the Options 2021 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2021 II; and

iii. up to a further 25% of the Options 2021 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2021 II; and

iv. in respect of the remaining 25% of the Options 2021 II, which, for the avoidance of doubt, comprise those Options 2021 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 2021 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD1,327,000. The Group has recognised an amount of HKD576,000 (equivalent to RMB495,000) as expenses during the year ended 31 December 2022 (2021: equivalent to RMB211,000).

SHARE OPTION SCHEME X

On 24 March 2022, the Company has granted 59,300,000 options ("Options 2022 I") to subscribe for an aggregate of 59,300,000 ordinary shares in the Company under the 2017 Share Option Scheme, of which (i) 49,400,000 option shares are granted to selected global core management; and (ii) 9,900,000 option shares are granted to selected outstanding employees. Each of the Options 2022 I shall entitle the holder of such Option 2022 I to subscribe for one share upon exercise of such Option 2022 I at an exercise price of HKD8.71 per share.

The Options 2022 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 2022 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2022 I ;

ii. up to a further 30% of the Options 2022 I, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2022 I; and

iii. in respect of the remaining 50% of the Options 2022 I, which, for the avoidance of doubt, comprise those Options 2022 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 2022 I.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME X *(Continued)*

The Options 2022 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2022 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 2022 I");

ii. up to a further 25% of the Options 2022 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2022 I; and

iii. up to a further 25% of the Options 2022 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2022 I; and

iv. in respect of the remaining 25% of the Options 2022 I, which, for the avoidance of doubt, comprise those Options 2021 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 2022 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD72,882,400. The Group has recognised an amount of HKD17,214,000 (equivalent to RMB14,775,000) as expenses during the year ended 31 December 2022.

SHARE OPTION SCHEME XI

On 31 August 2022, the Company has granted 180,000 options ("Options 2022 II") to subscribe for an aggregate of 180,000 ordinary shares in the Company under the 2017 Share Option Scheme. Each of the Options 2022 II shall entitle the holder of such Option 2022 II to subscribe for one share upon exercise of such Option 2022 II at an exercise price of HKD5.95 per share.

The Options 2022 II are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2022 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 2022 II");

ii. up to a further 25% of the Options 2022 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2022 II; and

iii. up to a further 25% of the Options 2022 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2022 II; and

iv. in respect of the remaining 25% of the Options 2022 II, which, for the avoidance of doubt, comprise those Options 2022 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 2022 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD87,000. The Group has recognised an amount of HKD26,000 (equivalent to RMB23,000) as expenses during the year ended 31 December 2022.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME XI *(Continued)*

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	Scheme VIII	Scheme IX
Share price (HKD per share)	8.86	10.88	9.90
Volatility (%)	33.69	28.42	23.58
Risk-free interest rate (%)	0.71	1.61	1.04
Expected life of options (year)	10	10	10
Dividend yield (%)	3.14	–	2.22

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME XI *(Continued)*

Share option:	**Scheme X**	**Scheme XI**
Share price (HKD per share)	8.71	5.95
Volatility (%)	24.92	24.89
Risk-free interest rate (%)	2.15	3.09
Expected life of options (year)	10	10
Dividend yield (%)	3.44	5.18

The following options were outstanding under the Share Option Scheme during the year:

	2022 RMB'000	2021 RMB'000
At 1 January	**242,875,100**	221,553,600
Granted during the year	**59,480,000**	40,690,000
Exercised during the year	**–**	(467,500)
Forfeited and other changes during the year	**(27,438,250)**	(18,901,000)
At 31 December	**274,916,850**	242,875,100

The weighted average exercise price of share options which were granted during 2022 was HKD8.70 (2021: HKD10.89), the weighted average exercise price of share options which were forfeited during 2022 were HKD11.33 (2021: HKD12.25), and the weighted average share price for share options exercised during the year was HKD0 per share (2021: HKD8.95), at a cash consideration of none (2021: RMB4,401,000).

The number of outstanding share options granted as at 31 December 2022 for each tranche of the Share Option Scheme is as follows:

	2022 RMB'000	2021 RMB'000
Share Option Scheme I	**56,200,000**	67,300,000
Share Option Scheme II	**33,980,000**	38,100,000
Share Option Scheme III	**11,690,600**	12,242,600
Share Option Scheme IV	**63,081,250**	66,605,000
Share Option Scheme V	**450,000**	1,450,000
Share Option Scheme VI	**15,820,000**	17,707,500
Share Option Scheme VII	**90,000**	90,000
Share Option Scheme VIII	**35,795,000**	38,600,000
Share Option Scheme IX	**712,500**	780,000
Share Option Scheme X	**57,007,500**	–
Share Option Scheme XI	**90,000**	–
At 31 December	**274,916,850**	242,875,100

62. SHARE-BASED PAYMENTS *(Continued)*

(c) Equity-settled share-based payment of principal subsidiaries of the Group

HENLIUS

As at 14 April 2018, the second extraordinary general meeting of Henlius, a subsidiary of the Fosun Pharma, 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, Henlius passed a share incentive scheme and granted 2,780,700 restricted shares to eligible participants at a price of RMB9.21 per share. As at 7 April 2021, at 13 July 2021, and at 30 November 2021, Henlius granted 531,050 restricted shares to eligible participants at a price of RMB9.21 per share. The 531,050 shares of common stock granted in April, July and November 2021 are from restricted shares that were released from embargoes upon departure of share-incentive plan participants in 2018 and 2020. Henlius has recognised an amount of RMB13,221,000 as related expenses during the year ended 31 December 2022 (2021: RMB53,490,000).

GLAND

As at 27 June 2019, Gland, a subsidiary of the Fosun Pharma, passed a share incentive scheme and granted 154,650 restricted shares to eligible participants at a price of equivalent RMB540 per share. On March 17, 2020, Gland Pharma was subdivided into ten shares for each issued share. After the completion of subdivision, adjustment shall be made in accordance with the terms of the Gland Pharma Share Option Incentive Scheme for the exercise of the outstanding options and the number of Gland Pharma shares that the option may be placed and issued upon exercise of all outstanding options. Gland has recognised an amount of RMB972,000 as expenses during the year ended 31 December 2022 (2021: RMB8,901,000).

SISRAM MEDICAL LIMITED

As at 30 November 2021, at 2 December 2021, Sisram Medical Limited, a subsidiary of the Fosun Pharma, granted 4,699,550 restricted shares to eligible participants. Sisram has recognised an amount of RMB21,257,000 as expenses for the year ended 31 December 2022 (2021: RMB1,895,000).

SHANGHAI FOSUN HEALTH TECHNOLOGY (GROUP) CO., LTD.

On June 1, 2022, Shanghai Fosun Health Technology (Group) Co., Ltd.(“Fosun Health”), a subsidiary of the Fosun Pharma, whose equity incentive scheme was approved by the shareholders of Fosun Health at Fosun Pharma’s the 2022 first class meeting of A shareholders and the 2022 first class meeting of H shareholders. Pursuant to the Fosun Health equity incentive scheme, 43,590,000 restricted shares and 146,919,000 stock options were granted to incentives at a grant price of RMB 1 per share and an exercise price of RMB 1 yuan per option. Fosun Health recognised an amount of RMB 17,233,000 as related expenses for the year ended 31 December 2022.

FOSUN TOURISM GROUP (“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 RMB4,129,000 during the year ended 31 December 2022 (2021: RMB9,129,000).

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 RMB1,095,000 during the year ended 31 December 2022 (2021: RMB3,485,000).

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 RMB2,574,000 during the year ended 31 December 2022 (2021: RMB7,043,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(c) Equity-settled share-based payment of principal subsidiaries of the Group *(Continued)*

FOSUN TOURISM GROUP ("FTG") *(Continued)*

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 FTG recognised a share option expense of RMB461,000 during the year ended 31 December 2022 (2021: RMB2,451,000).

On 20 August 2021, pursuant to the 2019 free share ownership plan, share units for 3,146,000 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 2022 amounted to approximately RMB23,569,000. FTG has recognised an expense of RMB9,117,000 for the year ended 31 December 2022 (2021: RMB6,073,000).

On 20 August 2021, pursuant to the 2019 share option plan, 6,233,000 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 2022 was RMB11,636,000 (RMB1.72 to RMB2.01 each), based on different vesting periods, of which FTG recognised a share option expense of RMB3,610,000 during the year ended 31 December 2022 (2021: RMB2,686,000).

On 28 April 2022, pursuant to the 2019 share option plan, 3,083,000 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 2022 was RMB 23,569,000, based on different vesting periods, of which FTG recognised a share option expense of RMB8,892,000 during the year ended 31 December 2022.

On 28 April 2022, pursuant to the 2019 share option plan, 5,654,000 share options were granted to eligible participants with vesting periods from one to four years.

The fair value of the share options granted by FTG during the year ended 31 December 2022 was RMB16,384,000 (RMB2.70 to RMB3.09 each), based on different vesting periods, of which FTG recognised a share option expense of RMB4,632,000 during the year ended 31 December 2022.

YUYUAN

Pursuant to the restricted share incentive schemes and share incentive schemes of Yuyuan, 45,766,776 shares 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 RMB197,120,000. The group has recognised an expense of RMB27,078,000 during the year ended 31 December 2022 (2021: RMB33,071,000).

63. COMMITMENTS

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

	2022 RMB'000	2021 RMB'000
Contracted, but not provided for:		
Plant and machinery	**4,078,905**	4,599,643
Properties under development	**3,316,319**	2,263,053
Investments	**5,889,963**	4,018,313
Oil and gas assets	**55,020**	177,244
	13,340,207	11,058,253

In addition, the Group had the following commitments provided to joint ventures (including the Group's share of commitments made jointly with other joint venturers), which are not included in the above, is as follows:

	2022 RMB'000	2021 RMB'000
Contracted but not provided for:		
Properties under development	**3,696,787**	120,524
	3,696,787	120,524

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2022. The future lease payments for these non-cancellable lease contracts are RMB143,736,000 due within one year, RMB335,906,000 due in the second to fifth years, inclusive and RMB90,280,000 due after five years.

64. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	Note	2022 RMB'000	2021 RMB'000
Principal amount of the guaranteed bank loans and corporate bonds of:			
Related parties		**1,536,034**	1,349,475
Third parties		**317,893**	485,838
Qualified buyers' mortgage loans	*(1)*	**7,409,793**	6,904,803
		9,263,720	8,740,116

Notes:

(1) As at 31 December 2022, the Group provided guarantees of approximately RMB7,409,793,000 (31 December 2021: RMB6,904,803,000) 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 mortgage 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

The Group had the following material transactions with related parties during the year: (Where certain related party transactions are detailed elsewhere in the financial statements) in addition to the transactions detailed in note 26, note 28, note 60 and note 64 to the financial statements, the Group had the following transactions with related parties during the year:

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Sales of goods			
Sinopharm Group Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	5,720,121	3,868,514
C.Q.pharmaceutical Holding Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	856,137	749,624
Sichuan Tuopai Shede Group Co., Ltd. (Notes 2 & 7)	Sales of other products	217,842	–
Beijing Time Network Co., Ltd (Notes 2 & 7)	Sales of other products	18,386	–
Beijing Jinxiang Fosun Pharmaceutical Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	15,214	–
Suzhou Fujian Xingyi LLP (Notes 2 & 7)	Sales of pharmaceutical products	10,710	9,916
Kunming Forte Real Estate Development Co., Ltd (Notes 2 & 7)	Sales of other products	8,173	–
Shanghai Lingjian Information Technology Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	7,310	17,131
Zhuhai Fuyue Industrial Development Co., Ltd (Notes 2 & 7)	Sales of other products	4,632	–
Jinfukang Pharmaceutical Group Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	4,425	2,190
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	2,894	60
Jin Hui Jiu (Xinjiang) Marketing Co. (Notes 12 & 7)	Sales of other products	2,653	–
Hangzhou Fuyu Real Estate Co., Ltd (Notes 2 & 7)	Sales of other products	2,073	–
Riviera Songhelou (Shanghai) Catering Management Co., Limited (Notes 2 & 7)	Sales of other products	409	629
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 7)	Sales of waste rubble	392	67
Hainan Haigang Group Co., Ltd. (Notes 3 & 7)	Sales of electricity	339	175
New Frontier Health Corporation (Notes 2 & 7)	Sales of pharmaceutical products	286	2,711
Nanjing Nangang Iron & Steel United Co., Ltd (Notes 2 & 7)	Sales of other products	265	–
Tianjin Forte Property Development Co. (Notes 2 & 7)	Sales of other products	180	–
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 7)	Sales of powdered iron	–	173,721
StarKids Children's Hospital Shanghai (Notes 11 & 7)	Sales of pharmaceutical products	–	1,490
Wuhan Fuzhi Real Estate Development Co., Ltd. (Notes 11 & 7)	Sales of electricity	–	1,430
Shanghai Diai Medical Instrument Co., Ltd. (Notes 12 & 7)	Sales of pharmaceutical products	–	734
Wuhan Fuzhi Real Estate Development Co., Ltd. (Notes 11 & 7)	Sales of other products	–	628
Chongqing Langfu Real Estate Co., Ltd. (Notes 2 & 7)	Sales of other products	–	240
Total sales of goods		6,872,441	4,829,260

65. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Purchases of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	361,165	384,627
C.Q.pharmaceutical Holding Co., Ltd (Notes 2 & 7)	Purchases of pharmaceutical products	113,709	148,544
Sichuan Tuopai Shede Group Co., Ltd (Notes 2 & 7)	Purchases of alcohol	32,742	235
Hainan Haigang Group Co., Ltd. (Notes 3 & 7)	Purchases of steel products	31,479	60,226
Dongguan Xingyu Jewelry Industrial Co., Ltd. (Notes 2 & 7)	Purchases of jewellery	20,242	8,209
Beijing Zhongyan Dadi Technology Co., Ltd. (Notes 12 & 7)	Purchases of construction materials	14,690	25,833
Hangzhou Youpeng Network Technology Co., Ltd. (Notes 2 & 7)	Purchases of jewellery	12,501	20,644
Shanghai Shihao Industry & Trade Technology Co., Ltd. (Notes 2 & 7)	Purchases of accessories	5,475	6,028
Shanghai Shishang Industry & Trade Technology Co., Ltd. (Notes 2 & 7)	Purchases of accessories	3,971	4,959
Anhui Sunhere Pharmaceuticals Excipients Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	3,864	1,555
Shanghai Hengbao Horologe (Notes 2 & 7)	Purchases of accessories	3,664	2,439
Saladax Biomedical, Inc. (Notes 2 & 7)	Purchases of pharmaceutical products	3,276	–
Jiangsu Nangang Xinyang Supply Chain Co., Ltd (Notes 2 & 7)	Purchase of trade mines	1,509	–
SINNOWA Medical Science &Technology Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	581	1,937
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 7)	Purchases of steel products and machine	226	8,331
Fosun United Health Insurance Co., Ltd (Notes 2 & 7)	Purchases of insurance products	99	92
Total purchases of goods		609,193	673,659

65. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Service income			
Shanghai Dijie Real Estate Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	33,558	39,425
Yongan Property Insurance Co., Ltd (Notes 2 & 8)	Reinsurance services provided to the related company	23,619	14,603
Kunming Fudi Real Estate Development Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	22,520	–
Fosun United Health Insurance Co., Ltd (Notes 2 & 8)	Reinsurance services provided to the related company	22,458	31,766
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	12,797	10,161
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	8,867	2,992
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	8,630	17,483
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 8)	Medical related services provided to the related company	6,697	4,607
Kunming Forte Real Estate Development Co., Ltd	Property management services provided to the related company	5,475	–
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	5,126	–
Tianjin Fosun Haihe medical and health industry fund partnership (Notes 2 & 8)	Medical related services provided to the related company	4,928	5,126
Chongqing Langfu Real Estate Co., Ltd (Notes 2 & 8)	Property management services provided to the related company	4,895	–
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	4,767	3,519
Nanjing Nangang Steel United Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	4,639	–
Xi'an Fuyu Real Estate Development Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	4,211	–
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	4,176	–
Zhuhai Fuyue Industrial Development Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	3,873	–
Shanghai Dijie Real Estate Co., Ltd (Notes 2 & 8)	Property management services provided to the related company	3,720	–
Dongyang Fuhong Technology Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	3,538	236
Zhuhai Fuyue Industrial Development Co., Ltd (Notes 2 & 8)	Property management services provided to the related company	3,398	–
Beijing Yuquan Xincheng Real Estate Development Co., Ltd (Notes 2 & 8)	Other services provided to the related company	3,028	2,137
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	2,750	3,005
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd (Notes 2 & 8)	Medical related services provided to the related company	2,452	–

65. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Service income (continued)			
Sichuan Tuopai Shede Group Co., Ltd (Notes 2 & 8)	Property management services provided to the related company	1,781	–
Sichuan Tuopai Shede Group Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	1,732	5,142
Hangzhou Fuyu Real Estate Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	1,640	345
Hangzhou Fuyu Real Estate Co., Ltd (Notes 2 & 8)	Property management services provided to the related company	1,555	–
Nanjing Xinzhi Chain Technology Information Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	1,013	295
Hangzhou Youpeng Network Technology Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	943	–
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	906	935
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	769	11,770
Pramerica Fosun Life Insurance Co., Ltd (Notes 2 & 8)	Other services provided to the related company	555	–
Hainan Shilu Iron Mine Park Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	492	189
Haijian Changjiang Construction Engineering Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	236	–
Shenzhen Yunshangxing Technology Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	128	–
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development (Notes 2 & 8)	Medical related services provided to the related company	123	8,605
Tongde Equity Investment and Management (Shanghai) Co., Ltd. (Notes 2 & 8)	Medical related services provided to the related company	122	–
Hainan Haigang Group Co., Ltd. (Notes 3 & 8)	Other services provided to the related company	18	263
Wuhan Fuzhi Real Estate Development Co., Ltd. (Notes 11 & 8)	Property management services provided to the related company	–	26,533
Shanghai Fosun Bund Commercial Co., Ltd. (Notes 11 & 8)	Property management services provided to the related company	–	11,271
Fosun Fashion (Shanghai) Consulting Management CO., Ltd. (Notes 11 & 8)	Consulting services provided to the related company	–	7,709
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	–	4,568
Dongyang Xingkai commercial operation management Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	–	4,245
Pramerica Fosun Life Insurance Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	–	3,782
Fosun United Health Insurance Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	–	3,412
Sichuan Wanrong Real Estate Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	–	1,136
Wuhan Fuzhi Real Estate Development Co., Ltd. (Notes 11 & 8)	Other services provided to the related company	–	1,076
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	–	804
Fosun Fashion (Shanghai) Consulting Management CO., Ltd. (Notes 11 & 8)	Property management services provided to the related company	–	355
Total service income		212,135	227,495

65. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Interest income			
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 &10)	Interest income	213,104	182,145
Fosun Fashion Group (Cayman) Limited (Notes 11 &10)	Interest income	59,144	28,674
Banco Comercial Português, S.A. (Notes 2 &10)	Interest income	45,221	49,948
Acacias Property S.à.r.l (Notes 2 &10)	Interest income	28,261	34,037
HCo Lux S.à r.l. (Notes 11 &10)	Interest income	21,602	65,528
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 &10)	Interest income	15,806	–
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 &10)	Interest income	11,482	16,525
Fosun Kite Biotechnology Co., Ltd. (Notes 2 &10)	Interest income	7,961	9,438
FPH Europe Holdings III (HK) Limited (Notes 2 &10)	Interest income	5,808	5,930
Nanjing Iron & Steel Co., Ltd. (Notes 2 &10)	Interest income	733	2,032
Nature's Sunshine (Far East) Limited (Notes 2 &10)	Interest income	15	168
Guangzhou Taotong Technology Co., Ltd (Notes 11 &10)	Interest income	–	494
Fosun Sinopharm (Hong Kong) Supply Chain Management Co., Ltd. (Notes 2 &10)	Interest income	–	439
Fusheng brand management (Shanghai) Co., Ltd (Notes 11 &10)	Interest income	–	175
Total interest income		409,137	395,533
Rental income			
Fosun Kite Biological Technology Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	7,756	10,135
Pramerica Fosun Life Insurance Co., Ltd (Notes 2 & 8)	Operating lease to related parties	5,166	6,771
Sichuan Tuopai Shede Group Co., Ltd (Notes 2 & 8)	Operating lease to related parties	2,470	–
Beijing Xingyuan Innovation Equity Investment Fund Management Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	1,489	1,612
Suzhou Kentucky Fried Chicken Co., Ltd. (Notes 12 & 8)	Operating lease to related parties	1,318	1,219
Tongde Equity Investment and Management (Shanghai) Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	863	942
Wuhan Xingyu Zhongchuang Space Management Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	255	–
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	228	264
Zhuhai Fuyue Industrial Development Co., Ltd (Notes 2 & 8)	Operating lease to related parties	37	–
New Frontier Health Corporation (Notes 2 & 8)	Operating lease to related parties	13	333
Dongyang Xingkai commercial operation management Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	–	16,190
Shanghai Xingmai Information Technology Co., Ltd. (Notes 11 & 8)	Operating lease to related parties	–	1,466
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	–	918
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development (Notes 2 & 8)	Operating lease to related parties	–	252
Total rental income		19,595	40,102

65. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Rental expense			
Shanghai Fosun Bund Commercial Co., Ltd. (Notes 11 & 8)	Operating lease provided by related parties	**4,215**	–
Shanghai Dijie Real Estate Co., Ltd (Notes 2 & 8)	Operating lease provided by related parties	**2,197**	2,832
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Operating lease provided by related parties	**38**	119
Hainan Haigang Group Co., Ltd. (Notes 3 & 8)	Operating lease provided by related parties	**–**	14,418
Total rental expense		**6,450**	17,369
Interest paid for deposits from related parties			
Taizhou Hangshaotai High-speed Railway Investment Management Partnership (Limited Partnership) (Notes 2 & 5)	Interest paid for deposits	**12,611**	151
Nanjing Iron & Steel United Co., Ltd (Notes 2 & 5)	Interest paid for deposits	**9,055**	16,304
Tianjin EV Energies Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**4,195**	1,566
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**3,477**	4,234
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**224**	5,971
Dongyang Xingkai commercial operation management Co., Ltd (Notes 2 & 5)	Interest paid for deposits	**157**	1,572
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**142**	44
Shanghai Fosun Bund Commercial Co., Ltd. (Notes 11 & 5)	Interest paid for deposits	**–**	266
Shanghai Xingmai Information. Technology Co., Ltd. (Notes 11 & 5)	Interest paid for deposits	**–**	64
Zhejiang Dongyang China Woodcarving City Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**–**	6
Total interest paid for deposits from related parties		**29,861**	30,178
Interest paid for loans from related parties			
Beijing Sanyuan Foods Co., Ltd. (Notes 2 & 10)	Interest paid for loans	**33,358**	–
Nanjing Nangang Steel United Co., Ltd (Notes 2 & 10)	Interest paid for loans	**24,370**	–
Total interest paid for deposits from related parties		**57,728**	–

65. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Other expenses			
Fosun United Health Insurance Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**24,335**	2,955
Jiangsu Jinheng Information Technology Co., Ltd (Notes 2 & 9)	Other service expenses from the related company	**15,952**	566
C.Q.pharmaceutical Holding Co., Ltd (Notes 2 & 9)	Other service expenses from the related company	**11,649**	8,771
Tongde Equity Investment and Management (Shanghai) Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**10,398**	2,214
Fosun Nanfeng (Shenzhen) Medical Technology Co., Ltd (Notes 11 & 9)	Other service expenses from the related company	**8,892**	–
Hainan Tianhan Technology Co., Ltd (Notes 2 & 9)	Other service expenses from the related company	**8,053**	4,967
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**497**	10,601
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**416**	–
Huaihai Hospital Management Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**298**	105
Shanghai Dijie Real Estate Co., Ltd (Notes 2 & 9)	Other service expenses from the related company	**193**	–
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**63**	106
Hainan Haigang Group Co., Ltd. (Notes 3 & 9)	Other service expenses from the related company	**43**	110
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development (Notes 2 & 9)	Other service expenses from the related company	**–**	4,717
Total other expenses from related parties		**80,789**	35,112

65. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Increase of deposits from related companies			
Tianjin EV Energies Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	3,542,980	2,986,779
Nanjing Iron & Steel United Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	3,437,151	2,915,921
Taizhou Hangshaotai High-speed Railway Investment Management Partnership (Limited Partnership) (Notes 2 & 5)	Increase of deposits from the related company	2,438,368	2,592,701
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	1,232,809	1,444,457
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	768,460	795,191
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	638,544	610,668
Dongyang Xingkai commercial operation management Co., Ltd (Notes 2 & 5)	Increase of deposits from the related company	251,665	750,850
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	35,924	445,511
Genesys Microelectronics (Shanghai) Co.,Ltd. (Notes 2 & 5)	Increase of deposits from the related company	8,006	–
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	5,871	–
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	1,916	5,001
Shanghai Qinmiao Technology Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	15	2,458
Shanghai Fosun Bund Commercial Co., Ltd. (Notes 11 & 5)	Increase of deposits from the related company	–	464,283
Shanghai Xingmai Information Technology Co. (Notes 11 & 5)	Increase of deposits from the related company	–	379,595
Guangzhou Taotong Technology Co. (Notes 11 & 5)	Increase of deposits from the related company	–	99,124
Fusheng brand management (Shanghai) Co., Ltd (Notes 11 & 5)	Increase of deposits from the related company	–	39,486
Total increase of deposits from related companies		12,361,709	13,532,025
Guarantees of bank loans and corporate bonds			
Tianjin EV Energies Co., Ltd. (Notes 2 & 4)	Bank loans guarantee to the related company	783,110	594,000
Hangzhou Fuyu Real Estate Co., Ltd. (Notes 2 & 4)	Bank loans guarantee to the related company	462,580	462,580
Fosun International Holdings Ltd. (Notes 1, 6 & 4)	Bank loans guaranteed by the related company	383,053	–
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 4)	Bank loans guarantee to the related company	158,100	158,100
Kunming Forte Real Estate Development Co., Ltd (Notes 2 & 4)	Bank loans guarantee to the related company	62,249	62,249
Zhuhai Fuyue Industrial Development Co., Ltd. (Notes 2 & 4)	Bank loans guarantee to the related company	57,410	57,410
Holiday Hotel AG (Notes 2 & 4)	Bank loans guarantee to the related company	12,585	15,136
Fosun Holdings Limited (Notes 1, 6 & 4)	Bank loans guaranteed by the related company	–	369,791
Total Guarantees of bank loans and corporate bonds		1,919,087	1,719,266

65. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2022 RMB'000	2021 RMB'000
Increase of loans to related companies			
Shanghai Fuyi Industrial Development Co., Ltd (Notes 2 &10)	Increase of loans provided to the related company	1,464,592	860,468
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 &10)	Increase of loans provided to the related company	811,540	206,626
Fosun Kite Biological Technology Co., Ltd. (Notes 2 &10)	Increase of loans provided to the related company	121,139	–
Jiangsu Golden Trade Steel Treasure E-Commerce Co. (Notes 2 &10)	Increase of loans provided to the related company	30,000	–
Changsha Fuyu Real Estate. Development Co., Ltd (Notes 2 &10)	Increase of loans provided to the related company	4,772	–
Fosun Fashion Group (Cayman) Limited. (Notes 11 & 10)	Increase of loans provided to the related company	–	276,652
Shanghai Xingmai Information. Technology Co., Ltd. (Notes 11 & 10)	Increase of loans provided to the related company	–	71,400
Guangzhou Taotong Technology Co., Ltd. (Notes 11 & 10)	Increase of loans provided to the related company	–	49,300
Nanjing Iron & Steel Co., Ltd. (Notes 2 &10)	Increase of loans provided to the related company	–	20,000
Fusheng brand management (Shanghai) Co., Ltd. (Notes 11 & 10)	Increase of loans provided to the related company	–	10,405
StarKids Children's Hospital Shanghai (Notes 11 &10)	Increase of loans provided to the related company	–	9,291
Total increase of loans to related companies		2,432,043	1,504,142
Increase of loans provided from related companies			
Nanjing Nangang Steel United Co. Ltd. (Notes 2 &10)	Increase of loans provided from the related company	1,800,000	–
Total increase of loans provided from related companies		1,800,000	–
Increase of right-of-use assets			
Shanghai Fosun Bund Commercial Co., Ltd. (Notes 11 & 7)	Increase of right-of-use assets	–	12,425
Total increase of right-of-use assets		–	12,425

65. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(1) Fosun International Holdings Ltd. is the ultimate holding company of the Group. Fosun Holdings Limited 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) They were former associates or joint ventures, but became subsidiaries of the Group in 2022.

(12) They were no longer an associate or joint venture of the Group in 2022.

(13) Compensation of key management personnel of the Group:

	2022 **RMB'000**	2021 RMB'000
Short-term employee benefits	**176,622**	153,396
Equity-settled share award/option scheme expenses	**93,365**	70,990
Pension scheme contributions	**465**	506
Total compensation paid to key management personnel	**270,452**	224,892

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:

2022

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	–	–	–	–	–	–	396,169	–	–	396,169
Debt investments at fair value through other comprehensive income	–	–	–	–	–	63,534,884	–	–	–	63,534,884
Debt investments at amortised cost	–	–	–	–	–	–	–	25,171,823	–	25,171,823
Cash and bank balances		–	–	–	–	–	–	100,071,263	–	100,071,263
Term deposits	–	–	–	–	–	–	–	492,737	–	492,737
Financial assets at fair value through profit or loss	–	41,369,818	20,961,860	–	–	–	–	–		62,331,678
Trade and notes receivables	–	–	–	–	–	–	–	13,200,451	–	13,200,451
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	–	–	–	22,262,656	–	22,262,656
Due from related companies	–	–	–	–	–	–	–	12,929,293		12,929,293
Derivative financial instruments	–	–	3,061,106	134,147	–	–	–	–	342,085	3,537,338
Policyholder account assets in respect of unit-linked contracts	22,163,794	–	–	–	–	–	–	1,113,046	–	23,276,840
Loans and advances to customers	–	–	–	–	–	–	–	16,162,944	–	16,162,944
Placements with and loans to banks and other financial institutions	–	–	–	–	–	–	–	55,010	–	55,010
Associates measured at fair value through profit or loss	–	–	–	–	12,209,635	–	–		–	12,209,635
Finance lease receivables	–	–	–	–	–	–	–	789,562	–	789,562
	22,163,794	41,369,818	24,022,966	134,147	12,209,635	63,534,884	396,169	192,248,785	342,085	356,422,283

* 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)*

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: *(Continued)*

2022 *(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	–	–	226,919,151	–	226,919,151
Trade and notes payables	–	–	24,393,592	–	24,393,592
Financial liabilities included in accrued liabilities and other payables	173,169	–	39,387,401	–	39,560,570
Due to related companies and the holding company	–	–	5,226,825	–	5,226,825
Deposits from customers	–	–	76,935,942	–	76,935,942
Financial liabilities included in other long term payables	2,555,991*	–	18,051,606	–	20,607,597
Derivative financial instruments	–	2,984,520	–	164,223	3,148,743
Financial liabilities at fair value through profit or loss	–	4,306,876	–	–	4,306,876
Investment contract liabilities	–	–	39,902,262	–	39,902,262
Financial liabilities for unit-linked contracts	22,163,794	–	1,113,046	–	23,276,840
Accounts payable to brokerage clients	–	–	3,828	–	3,828
Placements from banks and other financial institutions	–	–	149,062	–	149,062
Due to banks and other financial institutions	–	–	1,141,108	–	1,141,108
Assets sold under agreements to repurchase	–	–	151,868	–	151,868
	24,892,954	7,291,396	433,375,691	164,223	465,724,264

* The amount includes the share redemption option granted to non-controlling shareholders of several subsidiaries, of which the fair value change is recognised in reserves due to the nature of the equity transaction with the non-controlling shareholders of the subsidiaries of the Group.

66. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

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: *(Continued)*

2021

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	–	–	–	–	–	–	535,491	–	–	535,491
Debt investments at fair value through other comprehensive income	–	–	–	–	–	80,908,414	–	–	–	80,908,414
Debt investments at amortised cost	–	–	–	–	–	–	–	25,984,474	–	25,984,474
Cash and bank balances	–	–	–	–	–	–	–	96,278,048	–	96,278,048
Term deposits	–	–	–	–	–	–	–	501,471	–	501,471
Financial assets at fair value through profit or loss	–	37,066,229	33,061,958	–	–	–	–	–	–	70,128,187
Trade and notes receivables	–	–	–	–	–	–	–	10,618,340	–	10,618,340
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	–	–	–	25,515,340	–	25,515,340
Due from related companies	–	–	–	–	–	–	–	18,210,088	–	18,210,088
Derivative financial instruments	–	–	2,937,424	18,721	–	–	–	–	101,437	3,057,582
Policyholder account assets in respect of unit-linked contracts	11,410,885	–	–	–	–	–	–	1,297,736	–	12,708,621
Loans and advances to customers	–	–	–	–	–	–	–	16,793,872	–	16,793,872
Placements with and loans to banks and other financial institutions	–	–	–	–	–	–	–	425,483	–	425,483
Associates measured at fair value through profit or loss	–	–	–	–	12,046,990	–	–	–	–	12,046,990
Finance lease receivables	–	–	–	–	–	–	–	838,689	–	838,689
	11,410,885	37,066,229	35,999,382	18,721	12,046,990	80,908,414	535,491	196,463,541	101,437	374,551,090

* 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)*

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: *(Continued)*

2021 *(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	–	–	237,119,485	–	237,119,485
Trade and notes payables	–	–	21,406,410	–	21,406,410
Financial liabilities included in accrued liabilities and other payables	–	–	25,992,398	–	25,992,398
Due to related companies and the holding company	–	–	6,606,533	–	6,606,533
Deposits from customers	–	–	71,851,392	–	71,851,392
Financial liabilities included in other long term payables	1,729,069*	–	15,344,536	–	17,073,605
Derivative financial instruments	303,471	5,231,529	–	205,791	5,740,791
Financial liabilities at fair value through profit or loss	–	4,078,714	–	–	4,078,714
Investment contract liabilities	–	–	45,890,723	–	45,890,723
Financial liabilities for unit-linked contracts	11,410,885	–	1,297,736	–	12,708,621
Accounts payable to brokerage clients	–	–	421,560	–	421,560
Placements from banks and other financial institutions	–	–	122,735	–	122,735
Due to banks and other financial institutions	–	–	4,375,871	–	4,375,871
Assets sold under agreements to repurchase	–	–	1,467,606	–	1,467,606
	13,443,425	9,310,243	431,896,985	205,791	454,856,444

* The amount includes the share redemption option granted to non-controlling shareholders of several subsidiaries, of which the fair value change is recognised in reserves due to the nature of the equity transaction with the non-controlling shareholders of the subsidiaries of the Group.

67. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2022, the Group endorsed certain notes receivable accepted by banks in Mainland China (the "Endorsed notes") with a carrying amount of RMB226,335,000 (2021: RMB100,441,000) 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 RMB207,183,000 (2021: RMB284,080,000).

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

As at 31 December 2022, 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 RMB693,444,000 (2021: RMB1,952,867,000). 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 RMB937,379,000 (2021: RMB474,847,000). 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	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Equity investments designated at fair value through other comprehensive income	**396,169**	535,491	**396,169**	535,491
Debt investments at fair value through other comprehensive income	**63,534,884**	80,908,414	**63,534,884**	80,908,414
Debt investments at amortised cost	**25,171,823**	25,984,474	**25,129,915**	26,118,133
Financial assets at fair value through profit or loss	**62,331,678**	70,128,187	**62,331,678**	70,128,187
Loans and advances to customers	**1,070,416**	1,324,555	**1,058,019**	1,358,331
Policyholder account assets in respect of unit-linked contracts	**22,163,794**	11,410,885	**22,163,794**	11,410,885
Derivative financial instruments	**3,537,338**	3,057,582	**3,537,338**	3,057,582
Associates measured at fair value through profit or loss	**12,209,635**	12,046,990	**12,209,635**	12,046,990
	190,415,737	205,396,578	**190,361,432**	205,564,013
Financial liabilities				
Interest-bearing bank and other borrowings	**120,640,124**	131,892,195	**119,485,397**	135,654,137
Financial liabilities at fair value through profit or loss	**4,306,876**	4,078,714	**4,306,876**	4,078,714
Financial liabilities included in accrued liabilities and other payables	**173,169**	–	**173,169**	–
Financial liabilities included in other long term payables	**5,347,037**	4,444,730	**5,347,037**	4,444,730
Deposits from customers	**85,962**	108,641	**66,574**	118,841
Due to banks and other financial institutions	**–**	2,834,815	**–**	2,833,908
Financial liabilities for unit-linked contracts	**22,163,794**	11,410,885	**22,163,794**	11,410,885
Due to related companies and the holding company	**3,127,919**	2,770,224	**3,127,919**	2,684,051
Derivative financial instruments	**3,148,743**	5,740,791	**3,148,743**	5,740,791
	158,993,624	163,280,995	**157,819,509**	166,966,057

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 2022 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 2022, 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 the 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.

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

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.

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 2022:

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.

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

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 and other long term payables is the progress of research and development activities, net profit or EBITDA of the subsidiaries.

Significant unobservable valuation input for other financial liabilities included in other long-term liabilities is fair value of net assets of subsidiaries.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

ASSETS MEASURED AT FAIR VALUE:

	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
31 December 2022				
Equity investments designated at fair value through other comprehensive income	284,208	24,542	87,419	396,169
Debt investments at fair value through other comprehensive income	56,839,876	5,392,659	1,302,349	63,534,884
Financial assets at fair value through profit or loss	19,949,073	18,921,257	23,461,348	62,331,678
Policyholder account assets in respect of unit-linked contracts	18,538,535	141,465	3,483,794	22,163,794
Derivative financial instruments	538,473	2,840,342	158,523	3,537,338
Associates measured at fair value through profit or loss	915,136	7,838,465	3,456,034	12,209,635
	97,065,301	35,158,730	31,949,467	164,173,498

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

Fair value hierarchy *(Continued)*

ASSETS MEASURED AT FAIR VALUE: *(Continued)*

	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
31 December 2021				
Equity investments designated at fair value through other comprehensive income	426,832	34,302	74,357	535,491
Debt investments at fair value through other comprehensive income	73,473,182	5,927,447	1,507,785	80,908,414
Financial assets at fair value through profit or loss	30,699,967	19,298,886	20,129,334	70,128,187
Policyholder account assets in respect of unit-linked contracts	10,262,434	91,147	1,057,304	11,410,885
Derivative financial instruments	123,862	2,893,968	39,752	3,057,582
Associates measured at fair value through profit or loss	518,229	9,095,435	2,433,326	12,046,990
	115,504,506	37,341,185	25,241,858	178,087,549

During the year, the financial assets with a fair value of RMB1,122,505,000 in Level 2 as at 31 December 2021 were transferred out to Level 1 due to the end of the lock-up period for these equity investments in 2022 (2021: RMB485,406,000).

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 2021	74,357	1,507,785	20,129,334	1,057,304	39,752	2,433,326	25,241,858
Total (losses)/gains recognised in the consolidated statement of profit or loss included in other gains	–	(629,044)	571,875	(110,752)	44,138	634,005	510,222
Total gains/(losses) recognised in other comprehensive income	7,452	6,745	(7,313)	–	–	–	6,884
Addition	6,928	685,662	3,744,371	2,421,965	77,225	136,233	7,072,384
Disposals	–	(188,537)	(3,140,586)	(27,969)	–	(126,410)	(3,483,502)
Disposal of subsidiaries	–	(6,189)	(4,692)	–	–	–	(10,881)
Included in assets classified as held for sale	–	–	–	–	–	(700,000)	(700,000)
Exchange realignment	(1,318)	(74,073)	1,138,992	143,246	(2,592)	–	1,204,255
Transfers*	–	–	1,029,367	–	–	1,078,880	2,108,247
	87,419	1,302,349	23,461,348	3,483,794	158,523	3,456,034	31,949,467

* During the year, the financial assets with a fair value of RMB1,059,155,000 in Level 3 as at 31 December 2021 were transferred out in 2022, and fair value of RMB3,167,402,000 in Level 2 as at 31 December 2021 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 2020	87,101	83,959	9,033,228	33,588	5,343	2,256,748	11,499,967
Total (losses)/gains recognised in the consolidated statement of profit or loss included in other gains	–	(44,993)	1,036,786	(7,935)	11,061	166,693	1,161,612
Total (losses)/gains recognised in other comprehensive income	(11,739)	882	23,003	–	–	–	12,146
Addition	10	1,611,036	6,429,217	1,122,748	25,940	95,000	9,283,951
Disposals	(63)	(66,067)	(1,618,358)	(28,331)	–	(302,799)	(2,015,618)
Exchange realignment	(952)	(77,032)	(489,770)	(62,766)	(2,592)	(819)	(633,931)
Transfers*	–	–	5,715,228	–	–	218,503	5,933,731
	74,357	1,507,785	20,129,334	1,057,304	39,752	2,433,326	25,241,858

* During the year, the financial assets with a fair value of RMB1,211,856,000 in Level 3 as at 31 December 2020 were transferred out in 2021, and fair value of RMB7,145,587,000 in Level 2 as at 31 December 2020 were transferred in. The transfer was based on the significant input used in the fair value measurement as a whole.

ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED:

	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**
31 December 2022				
Loans and advances to customers	**–**	**–**	**1,058,019**	**1,058,019**
Debt investments at amortised cost	**19,070,664**	**5,658,195**	**401,056**	**25,129,915**
	19,070,664	**5,658,195**	**1,459,075**	**26,187,934**
31 December 2021				
Loans and advances to customers	–	–	1,358,331	1,358,331
Debt investments at amortised cost	21,231,828	4,573,873	312,432	26,118,133
	21,231,828	4,573,873	1,670,763	27,476,464

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

Fair value hierarchy *(Continued)*

LIABILITIES MEASURED AT FAIR VALUE:

	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
31 December 2022				
Financial liabilities for unit-linked contracts	**18,538,535**	**141,465**	**3,483,794**	**22,163,794**
Financial liabilities included in other long term payables	**–**	**–**	**2,555,991**	**2,555,991**
Financial liabilities at fair value through profit or loss	**3,364,387**	**942,489**	**–**	**4,306,876**
Financial liabilities included in accrued liabilities and other payables	**–**	**–**	**173,169**	**173,169**
Derivative financial instruments	**8,579**	**2,171,566**	**968,598**	**3,148,743**
	21,911,501	**3,255,520**	**7,181,552**	**32,348,573**
31 December 2021				
Financial liabilities for unit-linked contracts	10,262,434	91,147	1,057,304	11,410,885
Financial liabilities included in other long term payables	–	–	1,729,069	1,729,069
Financial liabilities at fair value through profit or loss	4,078,714	–	–	4,078,714
Derivative financial instruments	676,128	4,145,182	919,481	5,740,791
	15,017,276	4,236,329	3,705,854	22,959,459

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:

	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
31 December 2021	**–**	**1,057,304**	**1,729,069**	**919,481**	**3,705,854**
Total gains recognised in the consolidated statement of profit or loss included in other income	**–**	**(110,752)**	**(47,761)**	**–**	**(158,513)**
Addition	**173,169**	**2,421,965**	**874,683**	**18,735**	**3,488,552**
Decrease	**–**	**(27,969)**	**–**	**–**	**(27,969)**
Exchange realignment	**–**	**143,246**	**–**	**30,382**	**173,628**
At 31 December 2022	**173,169**	**3,483,794**	**2,555,991**	**968,598**	**7,181,552**
31 December 2020	73,503	33,588	–	7,976	115,067
Total gains recognised in the consolidated statement of profit or loss included in other income	–	(7,935)	–	–	(7,935)
Addition	–	1,122,748	1,729,069	959,500	3,811,317
Decrease	(73,503)	(28,331)	–	–	(101,834)
Exchange realignment	–	(62,766)	–	(47,995)	(110,761)
At 31 December 2021	–	1,057,304	1,729,069	919,481	3,705,854

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

Fair value hierarchy *(Continued)*

LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED:

	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
31 December 2022				
Interest-bearing bank and other borrowings	**24,266,009**	**95,219,388**	**–**	**119,485,397**
Deposits from customers	**–**	**–**	**66,574**	**66,574**
Due to related companies and the holding companies	**–**	**–**	**3,127,919**	**3,127,919**
Financial liabilities included in other long term payables	**–**	**2,791,046**	**–**	**2,791,046**
	24,266,009	**98,010,434**	**3,194,493**	**125,470,936**
31 December 2021				
Interest-bearing bank and other borrowings	52,205,622	83,448,515	–	135,654,137
Deposits from customers	–	–	118,841	118,841
Due to related companies and the holding companies	–	–	2,684,051	2,684,051
Due to banks and other financial institutions	–	–	2,833,908	2,833,908
Financial liabilities included in other long term payables	–	2,207,393	508,268	2,715,661
	52,205,622	85,655,908	6,145,068	144,006,598

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 2022, approximately 54% (2021: 61%) 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 RMB'000	Increase/(decrease) in profit before tax RMB'000
2022	**75**	**(795,371)**
	(75)	**795,371**
2021	75	(736,452)
	(75)	736,452

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 arising from United States dollar, Hong Kong dollar and EUR denominated financial instruments and the Group's equity, excluding the impact of retained earnings due to the changes of the 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
2022		
If RMB weakens against the United States dollar	**5**	**(109,745)**
If RMB strengthens against the United States dollar	**(5)**	**109,745**
If RMB weakens against the Hong Kong dollar	**5**	**105,842**
If RMB strengthens against the Hong Kong dollar	**(5)**	**(105,842)**
If RMB weakens against EUR	**5**	**(899,038)**
If RMB strengthens against EUR	**(5)**	**899,038**
2021		
If RMB weakens against the United States dollar	5	(102,069)
If RMB strengthens against the United States dollar	(5)	102,069
If RMB weakens against the Hong Kong dollar	5	129,449
If RMB strengthens against the Hong Kong dollar	(5)	(129,449)
If RMB weakens against EUR	5	(874,212)
If RMB strengthens against EUR	(5)	874,212

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 gross carrying amounts for financial assets.

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk *(Continued)*

MAXIMUM EXPOSURE AND YEAR-END STAGING *(Continued)*

31 December 2022	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	62,934,378	591,132	9,374	–	63,534,884
Debt investments at amortised cost	24,553,622	144,989	492,961	–	25,191,572
Trade and notes receivables*	–	–	–	13,773,458	13,773,458
Financial assets included in prepayments, other receivables and other assets					
– Normal**	22,638,022	167,500	719,821	–	23,525,343
Term deposits					
– Not yet past due	492,737	–	–	–	492,737
Cash and bank balances					
– Not yet past due	100,071,263	–	–	–	100,071,263
Due from related companies					
– Not yet past due	12,929,293	–	–	–	12,929,293
Finance lease receivables	767,263	–	66,192	–	833,455
Loans and advances to customers	15,755,199	28,511	603,484	–	16,387,194
Placements with and loans to banks and other financial institutions	55,010	–	–	–	55,010
Policyholder account assets in respect of unit-linked contracts at amortised cost	23,276,840	–	–	–	23,276,840
	263,473,627	932,132	1,891,832	13,773,458	280,071,049

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk *(Continued)*

MAXIMUM EXPOSURE AND YEAR-END STAGING *(Continued)*

31 December 2021	12-month ECLs		Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Debt investments at fair value through other comprehensive income	80,236,070	617,624	54,720	–	80,908,414
Debt investments at amortised cost	25,954,928	38,803	3,864	–	25,997,595
Trade and notes receivables*	–	–	–	11,235,026	11,235,026
Financial assets included in prepayments, other receivables and other assets					
– Normal**	26,399,984	–	–	–	26,399,984
Term deposits					
– Not yet past due	501,471	–	–	–	501,471
Cash and bank balances					
– Not yet past due	96,278,048	–	–	–	96,278,048
Due from related companies					
– Not yet past due	18,210,088	–	–	–	18,210,088
Finance lease receivables	826,971	–	47,290	–	874,261
Loans and advances to customers	16,719,583	61,421	204,543	–	16,985,547
Placements with and loans to banks and other financial institutions	425,483	–	–	–	425,483
Policyholder account assets in respect of unit-linked contracts at amortised cost	12,708,621	–	–	–	12,708,621
	278,261,247	717,848	310,417	11,235,026	290,524,538

* 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 47% (2021: 44%) of the Group's debts would mature in less than one year as at 31 December 2022 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:

2022	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	–	106,279,027	127,380,403	29,567,626	263,227,056
Trade and notes payables	3,303,543	21,090,049	–	–	24,393,592
Due to related companies and the holding company	2,098,906	–	3,127,919	–	5,226,825
Financial liabilities included in accrued liabilities and other payables (excluding lease liabilities)	31,683,974	5,275,401	–	–	36,959,375
Other long term payables (excluding lease liabilities)	–	–	6,840,687	–	6,840,687
Lease liabilities	–	2,601,195	6,150,283	9,110,277	17,861,755
Derivative financial instruments	1,217,879	1,387,992	237,322	305,550	3,148,743
Financial liabilities for Unit-Linked contracts	109,810	–	23,167,030	–	23,276,840
Investment contract liabilities	2,206,511	11,068,213	15,993,829	10,633,709	39,902,262
Financial liabilities at fair value through profit or loss	–	4,306,876	–	–	4,306,876
Deposits from customers	67,867,326	9,334,482	88,047	–	77,289,855
Accounts payable to brokerage clients	3,828	–	–	–	3,828
Placements from banks and other financial institutions	149,062	–	–	–	149,062
Due to banks and other financial institutions	1,141,108	–	–	–	1,141,108
Assets sold under agreements to repurchase	–	151,868	–	–	151,868
Insurance and reinsurance creditors	5,818,899	5,981,334	–	–	11,800,233
	115,600,846	167,476,437	182,985,520	49,617,162	515,679,965

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk *(Continued)*

2021	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	–	105,227,290	127,209,947	29,738,082	262,175,319
Trade and notes payables	2,718,773	18,687,637	–	–	21,406,410
Due to related companies and the holding company	3,836,309	–	2,770,224	–	6,606,533
Financial liabilities included in accrued liabilities and other payables (excluding lease liabilities)	18,034,838	5,963,991	–	–	23,998,829
Other long term payables (excluding lease liabilities)	–	–	6,338,759	–	6,338,759
Lease liabilities	–	1,993,569	4,334,144	8,294,730	14,622,443
Derivative financial instruments	2,894,466	917,424	528,972	1,399,929	5,740,791
Financial liabilities for Unit-Linked contracts	109,911	–	12,598,710	–	12,708,621
Investment contract liabilities	1,783,853	7,787,442	27,786,331	8,533,097	45,890,723
Financial liabilities at fair value through profit or loss	–	4,078,714	–	–	4,078,714
Deposits from customers	65,105,345	6,953,717	110,904	–	72,169,966
Accounts payable to brokerage clients	421,560	–	–	–	421,560
Placements from banks and other financial institutions	122,735	–	–	–	122,735
Due to banks and other financial institutions	1,541,056	–	2,834,815	–	4,375,871
Assets sold under agreements to repurchase	–	1,467,606	–	–	1,467,606
Insurance and reinsurance creditors	3,257,790	5,812,748	160,706	–	9,231,244
	99,826,636	158,890,138	184,673,512	47,965,838	491,356,124

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 2022. 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)*

Investments listed in:	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
2022				
Hong Kong				
– Equity investments designated at fair value through other comprehensive income	8,393	5	–	420
		(5)	–	(420)
– Debt investments at fair value through other comprehensive income	5,509,773	5	–	275,489
		(5)	–	(275,489)
– Financial assets at fair value through profit or loss	8,091,768	5	358,944	45,644
		(5)	(358,944)	(45,644)
– Associates measured at fair value through profit or loss	246,961	5	12,348	–
		(5)	(12,348)	–
Shenzhen				
– Financial assets at fair value through profit or loss	1,649,321	5	76,719	5,748
		(5)	(76,719)	(5,748)
– Associates measured at fair value through profit or loss	454,998	5	22,750	–
		(5)	(22,750)	–
Shanghai				
– Financial assets at fair value through profit or loss	557,523	5	23,771	4,106
		(5)	(23,771)	(4,106)
– Equity investments designated at fair value through other comprehensive income	11,973	5	–	599
		(5)	–	(599)
– Associates measured at fair value through profit or loss	213,178	5	10,659	–
		(5)	(10,659)	–
United States				
– Debt investments at fair value through other comprehensive income	3,503,056	5	–	175,153
		(5)	–	(175,153)
– Financial assets at fair value through profit or loss	2,179,742	5	93,705	15,282
		(5)	(93,705)	(15,282)
Europe				
– Equity investments designated at fair value through other comprehensive income	229,583	5	–	11,479
		(5)	–	(11,479)
– Debt investments at fair value through other comprehensive income	40,502,782	5	–	2,025,139
		(5)	–	(2,025,139)
– Financial assets at fair value through profit or loss	7,713,509	5	88,239	297,436
		(5)	(88,239)	(297,436)

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

Investments listed in:	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
2022 *(Continued)*				
Oceania				
– Financial assets at fair value through profit or loss	3,625	5	181	–
		(5)	(181)	–
– Debt investments at fair value through other comprehensive income	480,912	5	–	24,046
		(5)	–	(24,046)
North America				
– Financial assets at fair value through profit or loss	25	5	1	–
		(5)	(1)	–
– Debt investments at fair value through other comprehensive income	132,305	5	–	6,615
		(5)	–	(6,615)
Latin America				
– Financial assets at fair value through profit or loss	375,208	5	7,994	10,766
		(5)	(7,994)	(10,766)
– Debt investments at fair value through other comprehensive income	7,394,875	5	–	369,744
		(5)	–	(369,744)
Asia				
– Equity investments designated at fair value through other comprehensive income	47,333	5	–	2,367
		(5)	–	(2,367)
– Financial assets at fair value through profit or loss	367,541	5	7,964	10,413
		(5)	(7,964)	(10,413)
– Debt investments at fair value through other comprehensive income	1,895,419	5	–	94,771
		(5)	–	(94,771)
Africa				
– Financial assets at fair value through profit or loss	23,598	5	795	384
		(5)	(795)	(384)

* Excluding retained profits

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

Investments listed in:	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
2021				
Hong Kong				
– Equity investments designated at fair value through other comprehensive income	41,765	5	–	2,088
		(5)	–	(2,088)
– Debt investments at fair value through other comprehensive income	7,174,383	5	–	358,719
		(5)	–	(358,719)
– Financial assets at fair value through profit or loss	6,526,384	5	282,106	44,214
		(5)	(282,106)	(44,214)
– Associates measured at fair value through profit or loss	662,102	5	33,105	–
		(5)	(33,105)	–
Shenzhen				
– Financial assets at fair value through profit or loss	2,097,243	5	93,688	11,174
		(5)	(93,688)	(11,174)
– Associates measured at fair value through profit or loss	886,011	5	44,301	–
		(5)	(44,301)	–
Shanghai				
– Financial assets at fair value through profit or loss	1,269,890	5	57,772	5,723
		(5)	(57,772)	(5,723)
– Debt investments at fair value through other comprehensive income	709,683	5	–	35,484
		(5)	–	(35,484)
– Equity investments designated at fair value through other comprehensive income	24,535	5	–	1,227
		(5)	–	(1,227)
– Associates measured at fair value through profit or loss	387,191	5	19,360	–
		(5)	(19,360)	–
United States				
– Debt investments at fair value through other comprehensive income	12,012,872	5	–	600,644
		(5)	–	(600,644)
– Financial assets at fair value through profit or loss	6,767,359	5	273,551	64,817
		(5)	(273,551)	(64,817)
Europe				
– Equity investments designated at fair value through other comprehensive income	330,258	5	–	16,513
		(5)	–	(16,513)
– Debt investments at fair value through other comprehensive income	46,763,830	5	–	2,338,192
		(5)	–	(2,338,192)
– Financial assets at fair value through profit or loss	15,600,636	5	301,006	479,026
		(5)	(301,006)	(479,026)

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

Investments listed in:	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
2021 *(Continued)*				
Oceania				
– Financial assets at fair value through profit or loss	5,050	5	253	–
		(5)	(253)	–
– Debt investments at fair value through other comprehensive income	475,272	5	–	23,764
		(5)	–	(23,764)
North America				
– Financial assets at fair value through profit or loss	26	5	1	–
		(5)	(1)	–
– Debt investments at fair value through other comprehensive income	176,978	5	–	8,849
		(5)	–	(8,849)
Latin America				
– Financial assets at fair value through profit or loss	399,624	5	7,417	12,565
		(5)	(7,417)	(12,565)
– Debt investments at fair value through other comprehensive income	6,017,332	5	–	300,867
		(5)	–	(300,867)
Asia				
– Equity investments designated at fair value through other comprehensive income	54,810	5	–	2,741
		(5)	–	(2,741)
– Financial assets at fair value through profit or loss	366,911	5	9,171	9,175
		(5)	(9,171)	(9,175)
– Debt investments at fair value through other comprehensive income	2,605,444	5	–	130,272
		(5)	–	(130,272)
Africa				
– Financial assets at fair value through profit or loss	28,674	5	58	1,376
		(5)	(58)	(1,376)
– Debt investments at fair value through other comprehensive income	2,519	5	–	126
		(5)	–	(126)

* 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 2022 and 31 December 2021.

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:

	2022 **RMB'000**	2021 RMB'000 (Restated)
Interest-bearing bank and other borrowings	**226,919,151**	237,119,485
Total debt	**226,919,151**	237,119,485
Total equity	**199,629,815**	203,119,356
Total equity and total debt	**426,548,966**	440,238,841
Total debt to total capital ratio	**53%**	54%

70. EVENTS AFTER THE REPORTING PERIOD

1. On 5 January 2023, the Company and Shanghai Fosun Industrial Technology Development Co., Ltd. (a wholly-owned subsidiary of the Company,"Fosun Industrial Development") entered into the equity transfer agreement with Camdragon Heavy Industry, pursuant to which Fosun Industrial Development has agreed to sell and Camdragon Heavy Industry has agreed to purchase, a 25.7033% equity interest in Tianjin Jianlong, a 26.6667% equity interest in Jianlong Steel Holdings Co., Ltd., and a 26.6667% equity interest in Beijing Northern Jianlong Industrial Co., Ltd., the Company has agreed to sell, and Camdragon Investment Co. Ltd. has agreed to purchase, a 26.6667% equity interest in Janeboat Holdings Ltd. (the "Tianjin Jianlong Disposals"). The aggregate consideration for the Tianjin Jianlong Disposals was RMB6.7 billion. The total payment period for the second stage payment (i.e. RMB3.5 billion) shall be no longer than 20 years. On 28 March 2023, the parties to the equity transfer agreements entered into a supplemental agreement to supplement the detailed payment arrangement of the second stage payment within 20 years.

2. On 14 March 2023, the Group's subsidiaries, Shanghai Fosun High Technology (Group) Co., Ltd., Shanghai Fosun Industrial Investment Co., Ltd. and Fosun Industrial Development as the sellers, and Jiangsu Shagang Group Co., Ltd. and Jiangsu Shagang Group Investment Holding Co., Ltd. as the purchasers, entered into the equity transfer agreement, pursuant to which, the Group will dispose of 60% equity interest of Nanjing Nangang for the consideration of RMB13.58 billion (subject to adjustment as set out in the disposal consideration formula). The completion of the transaction is still subject to the fulfilment or the waiver of certain conditions precedents, including the waiver or deemed waiver of the right of first-refusal of Nanjing Iron & Steel Group Co., Ltd. and passing of the review of concentration filings by the State Administration for Market Regulation. Upon completion of the disposal, the Group will cease to have any equity interest in Nanjing Nangang.

71. COMPARATIVE AMOUNTS

As stated in note 2.2 to the consolidated financial statements, due to the application of the IFRIC Agenda Decision during the current year, the accounting treatment of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been restated to conform with the current year's accounting treatment.

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:

	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	32,429,202	32,182,910
Investments in associates	195,564	185,866
Deferred tax assets	19,573	19,557
Right-of-use assets	9,459	36,758
Debt investments at amortised cost	296,618	262,421
Due from subsidiaries	1,580,000	1,580,000
Property, plant and equipment	–	550
Total non-current assets	34,530,416	34,268,062
CURRENT ASSETS		
Cash and bank balances	880,936	6,377,321
Financial assets at fair value through profit or loss	3,787,625	4,578,541
Derivative financial instruments	56,000	91,259
Prepayments, other receivables and other assets	444,131	281,307
Due from subsidiaries	102,207,779	85,876,285
Debt investments at amortised cost	708,616	549,933
Total current assets	108,085,087	97,754,646
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	17,307,259	9,819,815
Financial liabilities at fair value through profit or loss	841,925	–
Accrued liabilities and other payables	252,703	240,316
Due to subsidiaries	64,203,327	57,076,970
Total current liabilities	82,605,214	67,137,101
NET CURRENT ASSETS	25,479,873	30,617,545
TOTAL ASSETS LESS CURRENT LIABILITIES	60,010,289	64,885,607
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	15,362,036	17,770,303
Due to the holding company	122,606	2,770,224
Other long-term payables	–	9,146
Total non-current liabilities	15,484,642	20,549,673
Net assets	44,525,647	44,335,934
EQUITY		
Share capital	37,146,381	36,919,889
Treasury shares (note)	(353,338)	(254,519)
Other reserves (note)	7,732,604	7,670,564
Total equity	44,525,647	44,335,934

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 reserve RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2021	(163,600)	583,124	(1,034,043)	114,369	8,521,002	8,020,852
Final 2020 dividend	–	–	–	–	(1,530,429)	(1,530,429)
Repurchase of shares	(23,050)	–	–	–	(1,058,412)	(1,081,462)
Equity-settled share-based payments	(67,869)	81,196	–	–	–	13,327
Total comprehensive income for the year	–	–	(1,198,988)	–	3,192,745	1,993,757
At 31 December 2021 and 1 January 2022	(254,519)	664,320	(2,233,031)	114,369	9,124,906	7,416,045
Final 2021 dividend	**–**	**–**	**–**	**–**	**(2,148,152)**	**(2,148,152)**
Repurchase of shares	**43,473**	**–**	**–**	**–**	**(577,330)**	**(533,857)**
Equity-settled share-based payments	**(142,292)**	**30,756**	**–**	**–**	**–**	**(111,536)**
Total comprehensive loss for the year	**–**	**–**	**3,951,533**	**–**	**(1,194,767)**	**2,756,766**
At 31 December 2022	**(353,338)**	**695,076**	**1,718,502**	**114,369**	**5,204,657**	**7,379,266**

73. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2023.

EXECUTIVE DIRECTORS

Guo Guangchang *(Chairman)*
Wang Qunbin *(Co-Chairman)*
Chen Qiyu *(Co-Chief Executive Officer)*
Xu Xiaoliang *(Co-Chief Executive Officer)*
Qin Xuetang *(resigned on 17 February 2023)*
Gong Ping
Huang Zhen *(appointed on 23 March 2022)*
Pan Donghui *(appointed on 29 March 2023)*

NON-EXECUTIVE DIRECTORS

Chen Shucui *(resigned on 4 November 2022)*
Zhuang Yuemin *(resigned on 2 February 2023)*
Yu Qingfei
Li Shupei *(appointed on 4 November 2022)*
Li Fuhua *(appointed on 2 February 2023)*

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 *(resigned on 23 March 2022)*
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 *(resigned on 17 February 2023)*
Zhang Shengman
Zhang Huaqiao
David T. Zhang
Tsang King Suen Katherine

COMPANY SECRETARY

Sze Mei Ming

AUTHORIZED REPRESENTATIVES

Huang Zhen *(appointed on 17 February 2023)*
Qin Xuetang *(resigned on 17 February 2023)*
Sze Mei Ming

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27th floor, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

PRINCIPAL BANKERS

China Development Bank
Industrial and Commercial Bank of China
Bank of China
Shanghai Pudong Development Bank
China Merchants Bank
Ping An Bank
China Minsheng 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 debt/(shareholder's equity + total debt)

ABBREVIATIONS

Amgen	Amgen Inc., a company whose shares are listed on the NASDAQ with stock code AMGN
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 Co., Ltd. (柏中環境科技(上海)股份有限公司) (formerly known as 柏中環境科技(上海)有限公司)
BioNTech or BNTX	BioNTech SE, a company registered in Germany, which is listed on the NASDAQ with stock code BNTX
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)
Cenexi	Phixen, *sociétépar actions simplifiée*
CG Code	Corporate Governance Code contained in Appendix 14 of the Listing Rules
Club Med	Club Med SAS
Company or Fosun International	Fosun International Limited
Director(s)	the director(s) of the Company
Easun Technology	Shanghai Easun Technology Co., Ltd. (上海翌耀科技股份有限公司) (formerly known as 上海翌耀科技有限公司 and 上海愛夫迪自動化科技有限公司)
EMEA	Europe, Middle East, and Africa
ESG	Environmental, Social and Governance
EUR	Euro, the lawful currency of the Eurozone
FC2M	Fosun/Family Client-to-Maker
FES	Fosun Entrepreneurship/Ecosystem System, a business management system with high management efficiency that continuously evolves in practice in order to build the core competitiveness of a time-honored enterprise and cultivate talents with Fosun's entrepreneurial spirit
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 Alliance	Fosun Alliance application
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 Foundation	Shanghai Fosun Foundation
Fosun High Technology	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司)
Fosun Holdings	Fosun Holdings Limited
Fosun Industrial Investment	Shanghai Fosun Industrial Investment Co., Ltd. (上海復星產業投資有限公司)
Fosun Industrial Development	Shanghai Fosun Industrial Technology Development Co., Ltd. (上海復星工業技術發展有限公司)
Fosun Insurance Portugal	Fidelidade and and its subsidiaries
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Kite	Fosun Kite Biotechnology Co., Ltd. (復星凱特生物科技有限公司)
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 Sports	Fosun Sports Group S.à r.l.
Fosun United Health Insurance	Fosun United Health Insurance Co., Ltd. (復星聯合健康保險股份有限公司)
Fosun Wealth	Fosun International Securities Limited (復星國際證券有限公司)
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
Group or Fosun or us	the Company and its subsidiaries
Guide	Guide Investimentos S.A. Corretora de Valores
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
HAL	Hauck Aufhäuser Lampe Privatbank AG (formerly known as Hauck & Aufhäuser Privatbankiers AG and Hauck & Aufhäuser Privatbankiers KGaA)
HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IDERA	IDERA Capital Management Ltd.
INR	Indian Rupee, the lawful currency of India
Intuitive Surgical	Intuitive Surgical Inc., a company whose shares are listed on the NASDAQ with stock code ISRG
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 lawful currency of Japan
Kite Pharma	KP EU C.V.
Lanvin Group	Lanvin Group Holdings Limited (復朗集團), a company whose shares are listed on the NYSE with stock code LANV
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)
Macau	the Macau Special Administrative Region of the PRC
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 Iron & Steel Group	Nanjing Iron & Steel Group Co., Ltd. (南京鋼鐵集團有限公司)
Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd. (南京南鋼鋼鐵聯合有限公司)
NASDAQ	National Association of Securities Dealers Automated Quotations
NEEQ	National Equities Exchange and Quotations
NYSE	The New York Stock Exchange
Organon	Organon LLC
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, which, for the purpose of this report, excludes Hong Kong, Macau and Taiwan region.
Reporting Period	the year ended 31 December 2022
RMB	Renminbi, the lawful 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)
Shagang Group	Jiangsu Shagang Group Co., Ltd (江蘇沙鋼集團有限公司)
Shagang Investment	Jiangsu Shagang Group Investment Holding Co., Ltd. (江蘇沙鋼集團投資控股有限公司)
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
Shede Spirits	Shede Spirits Co., Ltd. (舍得酒業股份有限公司), a company whose shares are listed on the SSE with stock code 600702
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
Tsingtao Brewery	Tsingtao Brewery Co., Ltd. (青島啤酒股份有限公司), a company whose A shares are listed on the SSE with stock code 600600, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 00168
USD	United States dollars, the lawful currency of the United States
Wansheng	Zhejiang Wansheng Co., Ltd (浙江萬盛股份有限公司), a company whose shares are listed on the SSE with stock code 603010
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
Zhongshan Public Utilities	Zhongshan Public Utilities Group Co., Ltd, a company whose shares are listed on the Shenzhen Stock Exchange with stock code 000685

FOSUN 复星