

SPARKLE ASSETS LIMITED
(the “**Company**”)
(Incorporated in the British Virgin Islands with limited liability)

ANNOUNCEMENT

We refer to the US\$400,000,000 6.875% Senior Notes due 2020 issued by the Company on 30 January 2013 and guaranteed by, *inter alias*, Fosun International Limited (the “**Parent Guarantor**”).

The Parent Guarantor has released the attached announcement dated 20 April 2017 on The Stock Exchange of Hong Kong Limited.

BY ORDER OF THE BOARD

Qin Xuetang
Director

20 April 2017

FOSUN 复星

復星國際有限公司
FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00656)

Annual Report 2016



深·展



—— 智造幸福生態圈 ——
DEEPENING FLOURISHING
Creating a Happiness Ecosystem for Success

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

RMB

10,268.2_{million}



Creating a Happiness Ecosystem for Success,
Becoming a World-class Investment Group
“Rooted in China with Profound Industrial Integration
Capability and Global Asset Allocation Capability”

Note to the cover design

In 2017, Fosun will celebrate the 25th anniversary of its establishment. After 25 years of development, we have been increasingly aware that the most important aspect of a company's development is its capability to bring long-term growth in shareholder value. Meanwhile, we attach greater importance to our customers' needs, and regard customers as the foundation for a long-term growth in enterprise value. Fosun's mission is "Creating a happiness ecosystem for success, bringing a healthy, happy, and wealthy life to families around the world".

Fosun's vision is to gather all creative resources and positive energy to help everyone live a better life, to make every family happy and thus to promote the progress of society. This is what we call "Creating a Happiness Ecosystem for Success". To achieve these objectives, Fosun will focus on expanding its operations in all dimensions, seeking to broaden the scope of its businesses, to increase the depth of its immense capability, and to aspire to higher achievements. Leaves cannot flourish without deep roots. This means we will consolidate a foundation for the thriving development of Fosun's ecosystem. We strive to grow and evolve ceaselessly in all dimensions, making our ecosystem stronger and more prosperous through consistent development and breakthroughs.

Looking ahead to the future, Fosun will continue to adhere to the "value-investing" discipline and persevere in "Combining China's Growth Momentum with Global Resources". It will improve its industrial integration and asset allocation capabilities, direct its focus towards how to bring a happy life to families, accomplish further development in the businesses of "health, happiness, and wealth" and innovate in creating C2M (Customer-to-Maker) ecosystem. In addition, Fosun will continue to promote its Global Partnership Model and develop an endless stream of elite worldwide under the "GLOCAL" concept. Fosun is now striving to grow deeper, broader, and stronger, keeping on building up its happiness ecosystem for success and making a major stride towards becoming a world-class investment group.

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FINANCIAL SUMMARY

For the year ended 31 December		
<i>In RMB million</i>	2016	2015 (restated)
Revenue	73,966.6	78,796.9
<i>Integrated Finance (Wealth)</i>	30,469.3	15,615.8
Insurance	27,640.7	14,667.4
Investment	1,200.4	442.5
Wealth Management and Innovative Finance	1,628.2	505.9
<i>Industrial Operations</i>	43,967.7	63,563.8
Health	18,260.2	15,614.9
Happiness	10,355.5	7,441.6
Property Development and Sales	13,898.2	16,893.7
Resources	1,453.8	1,627.6
Steel ^{Note}	—	21,986.0
Eliminations	(470.4)	(382.7)
Profit/(loss) attributable to owners of the parent	10,268.2	8,038.3
<i>Integrated Finance (Wealth)</i>	7,571.8	6,487.6
Insurance	2,411.3	2,104.2
Investment	4,297.5	3,787.4
Wealth Management and Innovative Finance	863.0	596.0
<i>Industrial Operation</i>	4,542.6	2,874.6
Health	1,222.8	1,099.2
Happiness	414.4	175.1
Property Development and Sales	3,098.9	2,993.5
Resources	(193.5)	(463.5)
Steel ^{Note}	—	(929.7)
Unallocated expenses	(1,756.3)	(1,369.6)
Eliminations	(89.9)	45.7
Earnings per share – basic (in RMB)	1.19	1.06
Earnings per share – diluted (in RMB)	1.19	1.05
Dividend per share (in HKD)	0.21	0.17

Note: As Nanjing Nangang Iron & Steel United Co., Ltd. has ceased to be a subsidiary of the Company since the end of 2015, the Group's investments in the steel industry were classified into the investment segment since 1 January 2016.

BUSINESS OVERVIEW

Fosun has been persistently taking roots in China and investing in China's growth fundamentals. It has been actively implementing its investment model of "Combining China's Growth Momentum with Global Resources". Fosun is dedicated to making a major stride towards becoming a world-class investment group "rooted in China with profound industrial integration capability and global asset allocation capability". Today, Fosun's businesses include two major segments, integrated finance (wealth) and industrial operations.





INTEGRATED FINANCE (WEALTH)

The Group's integrated finance (wealth) business includes three major segments, namely insurance, investment, wealth management and innovative finance.

Insurance

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

Investment

We adhere to our unique investment model of "Combining China's Growth Momentum with Global Resources" and capture investment opportunities benefiting from China's growth momentum through our in-depth

understanding of China's macroeconomic and microeconomic trends and our insightful analysis of the global market, together with our established operational experience that has been accumulated over many years and our strong execution capabilities. The investment business includes three major parts, namely strategic investment, private equity and venture capital investments and capital contribution to the Group's asset management business as a limited partner (PE/VC/LP investments), and secondary market investments.

Wealth Management and Innovative Finance

The Group engages in raising and managing funds from third parties and collects management fee and shares of investment gains through the asset management business. We act as a general partner of the funds that we manage. At present, we mainly manage (i) US dollar fund, namely, Pramerica-Fosun China Opportunity Fund and CMF, (ii) qualified foreign limited partner fund, namely Fosun-Carlyle (Shanghai) Equity Investment Fund L.P., (iii) RMB private equity fund, (iv) Star Capital, (v) Shanghai Xinghong Phase I Equity Investment Fund Partnership (L.P.), (vi) real estate fund series of Forte, and (vii) foreign currency denominated real estate funds. Moreover, we hold the majority equity interest of Fosun Finance Company and the entire equity interest of Fosun Hani Securities. The above-mentioned businesses will further increase our integrated financial capabilities to consolidate domestic and overseas financial resources. In terms of innovative finance, the Group actively plans for a new type of financial industry with internet cloud computing technology as its core, and has successfully invested and developed several projects with industrial depth and multi-dimension ecosystem features, including Mybank, Cainiao, Chuangfu Finance Leasing, Yuntong Micro Credit and Fosunling.



INDUSTRIAL OPERATIONS

The Group's industrial operations include four key segments, including health, happiness, property development and sales, and resources.

Health

We operate businesses of the health segment principally through subsidiaries, Fosun Pharma and Star Healthcare as well as a joint venture, Starcastle Senior Living. Fosun Pharma is a leading healthcare company in China listed on the SSE (Stock Code: 600196) and the Hong Kong Stock Exchange (Stock Code: 02196). Its main business includes pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnosis products and medical devices. Fosun Pharma has established a leading position in the pharmaceutical distribution sector through its shareholding in Sinopharm. Starcastle Senior Living is a joint venture company established by the Group and Fortress Investment Group LLC for the purpose of developing properties for senior citizens in China. Star Healthcare is combining its internal and external outstanding medical resources, with an aim to provide one-stop and whole-process health management service and third-party insurance service for mid- to high-end customer members.

Happiness

We operate happiness industries adapting to the living style of middle class through acquiring shareholdings in Yuyuan, Club Med, Atlantis, Studio 8, Cirque du Soleil and Thomas Cook.

Property Development and Sales

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

Resources

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

2016 FOSUN'S ACHIEVEMENTS



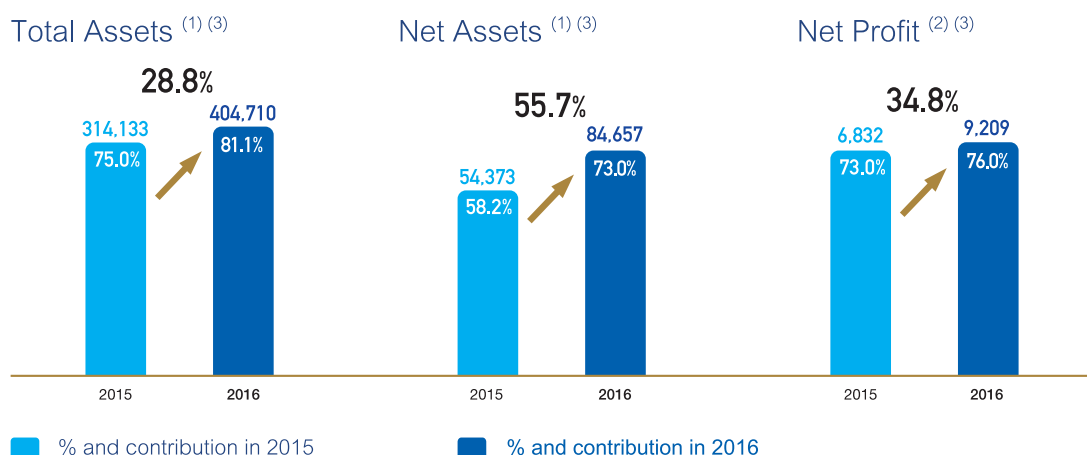
Highlight 1: Surmounting the Ups and Downs in the Economic Cycle and Creating Value for Shareholders Consistently

- Profit attributable to the owners of the parent for 2016 exceeded the RMB10 billion mark, an increase of 27.7% over 2015;
- From the CAGR of net profit reached 24.7% for 2011 to 2016, consecutive years and the CAGR of net assets reached 23.7%;
- The “Health, Happiness, Wealth (Integrated Finance)” business continued to grow and accounted for 81.1% of the total assets⁽¹⁾⁽³⁾, 73.0% of the net assets⁽¹⁾⁽³⁾ and 76.0% of the net profit⁽²⁾⁽³⁾ of the Group as of the end of 2016;
- Business portfolio of developed markets was established and proactive efforts were made to enter emerging markets such as India, Russia and Brazil, etc.

High growth, light-asset and capability to withstand cyclical risks

Proportion of businesses of Health, Happiness and Wealth increases consistently

Unit: RMB million



Notes:

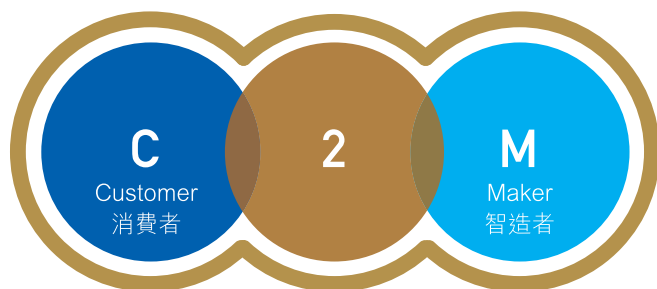
- (1) The denominators used in the calculation do not include eliminations;
- (2) The denominators used in the calculation do not include eliminations and unallocated expenses;
- (3) The Group's investments in the steel industry were classified into the investment segment since 1 January 2016. The total assets, net assets and profit of “health, happiness and wealth” business of 2015 included that of the steel segment for comparability.



Highlight 2: Optimizing the Balance Sheet Consistently

- The overall maturity period of liabilities has extended and the proportion of mid-to-long-term liabilities⁽¹⁾ increased from 57.4% for 2015 to 65.3% for 2016; the financing cost was effectively managed and the average interest rate of debts declined from 5.0% for 2015 to 4.5% for 2016; the capital debt ratio declined from 53.6% for 2015 to 50.7% for 2016; the net gearing declined substantially from 68.2% for 2015 to 60.3% for 2016.
- The liquidity of assets was further improved. The liquidity of assets was enhanced and future cash flows were improved through a variety of ways such as sales of assets, completed projects and cashback, IPO of PE projects, expiration of lock-up period of stocks, asset securitization and share placements.

Note: (1) Debts matured over one year (exclusive).



C2M Happiness Ecosystem

Creating a C2M Happiness Ecosystem for Success is a very core strategic task of Fosun. C (Customer) is consumer, M (Maker) is the creator of products, services and contents. C2M is based on internet penetration in the industry and seamlessly opens up customer needs and design, manufacturing and services to build a new type of supply and demand relationship.

Highlight 3: With Special Focus on Health Business, Creating a C2M Happiness Ecosystem for Success

Under the "Health, Happiness and Wealth" ecosystem framework, special focus was put on various segments of health business:

- In the pharmaceutical segment, continue to maintain rapid growth and the industry leading position, especially in the field of biosimilars;
- In the medical care service segment, Fosun Pharma and Luz Saúde covered a total of 25 hospitals with more than 4,400 beds and more than 6,000 beds under construction;
- In the distribution and retail segment, achieve the coverage of more than 13,000 hospitals and more than 70,000 retail pharmacies through Sinopharm;
- In the health insurance segment, Fosun United Health Insurance obtained approval from China Insurance Regulatory Commission for establishment and commenced operation in January 2017. Fosun launched the medical insurance product, "United Family Healthcare (和睦醫療)", in the PRC market. Integration and collaboration between the health insurance business of Fosun Insurance Portugal and Luz Saúde hospital has been strengthened continuously;
- In the senior living segment, own 1,690 beds and 2,069 beds under construction through the high-end senior living brands of Starcastle, Sungin and Luz Saúde;
- In the online medical service segment, invested in We Doctor Group (微醫集團), a leading health consultation and mobile medical service platform in the PRC, covering 29 provinces and achieving connection with the information systems of more than 2,400 key hospitals, with more than 150 million real name registered users and 260,000 specialists from key hospitals.

Highlight 4: Upgrading Happy Experience, Creating a C2M Happiness Ecosystem for Success

Focus on the creation of a "Health, Happiness and Wealth" ecosystem in the field of happiness, committed to creating contents, products and cultures by focusing on the demand of the middle class, emphasize light-asset operation and brand output, use the global resources of Fosun to create an all-industry happiness ecosystem integrating tourism, cultural entertainment, fashion retail and healthy food and beverages, which is reflected as follows:

- With respect to the tourism industry, we have a more mature and comprehensive layout, including Club Med, Atlantis, Yuyuan, Thomas Cook, Albion, Tomamu Resort of Japan (日本星野度假村)⁽¹⁾ and Puguang Resort of Korea (韓國普光度假村)⁽¹⁾, achieving the comprehensive and multi-level coverage of the tourism industry in the PRC, Europe and Asia;
- With respect to cultural entertainment, invested in Cirque du Soleil and Studio 8, etc.;
- With respect to fashion retail, invested in Folli Follie, etc.;
- With respect to healthy food and beverages, invested in Sanyuan Foods, etc.

Note: (1) Invested by Yuyuan.



Highlight 5: Creation of the One Fosun Platform, Overall Improvement of the Capacity to Create Value

The One Fosun Platform is a value creation system integrating system, elite organization and technology.

- Intelligent, efficient and value-added: Make use of mobile internet technology with ongoing iterations to improve decision-making efficiency, encourage moderate competition with collaboration and open large platform resources;
- Create the “Partner⁽¹⁾+MD” elite organization: Implement the “global partnership model”; partners get involved in investment decision making, risk assessment, post-acquisition management and investments exit; a total of 265 people are managing directors, including 108 from overseas countries, 99 locals, and 10 in emerging markets such as Russia, India and Brazil, etc.;
- Driven by technology: Make use of technologies such as Software as a Service (SaaS), Star Big Data, data management, artificial intelligence and cloud computing platform to create the One Fosun platform.

Highlight 6: Stepping Up Investment in Innovation with Smart Technologies to Gear up for Future Opportunities



- Deepening investment in innovative businesses, pressing ahead with C2M business model intelligently
 - Unicorns (valued at over USD1 billion) including: Cainiao, Best Logistics, We Doctor Group etc;
 - Little unicorns (valued at RMB1 billion or above) including: Easy Print, Red Collar, Hecom, etc;
- Put a special focus on artificial intelligence technology in the field of “Health, Happiness and Wealth” by combining with Fosun’s industrial strategy, which is subdivided into FinIntelligence, HealthIntelligence, FunIntelligence, Consumer-Intelligence and Business Intelligence. Conduct an in-depth study of a variety of fields such as the internet of things, intelligent robots, block chains, machine learning, and augmented reality (AR) and virtual reality (VR), increase investment to gear up in advance for future opportunities.

Note:(1) It refers to the core management of the Group, which is different from the legal concept of “partner” under partnership.

LETTER TO SHAREHOLDERS



Fosun will celebrate its 25th anniversary in 2017. Every Fosuner and I would like to express our thanks to you all for your trust and being here all these years to share every precious moment with us.

Guo Guangchang

Chairman
Fosun International Limited

In the past year, Fosun maintained its strong growth momentum of development and made significant breakthroughs in its business performance. As of 31 December 2016, the Group's consolidated assets grew by 19.5% to RMB 486.78 billion and the equity attributable to the owners of the parent increased by 21.9% to RMB 92.37 billion in 2016 compared with that in 2015. The compound annual growth rate ("CAGR") of net assets was 23.7% for the recent five years. Profit attributable to the owners of the parent reached RMB 10.27 billion, representing a year-on-year increase of 27.7% or a CAGR of 24.7% in the past five years. Fosun's net profit hit a record high above RMB 10 billion, signifying Fosun has embarked on a new chapter in its business endeavours and development. The Board resolved to recommend payment of a final dividend of HKD0.21 per ordinary share for the year ended 31 December 2016.

The financial figures highlight our effective implementation of business strategy, yet we always resist complacency that has made us continue to excel our ultimate objective. To draw an analogy between a company's evolution and human growth, I would say after 25 years of development, we have grown from children into charismatic adolescents and now blossoming youths. We have been increasingly aware that the most important aspect of a company's development is its capability to bring long-term growth in shareholders' value. We have attached great importance to our customers' needs, and we regard customers as the foundation for a long-term growth in enterprise value. Fosun's mission is "Creating a happiness ecosystem for success, bringing a healthy, happy, and wealthy life to families around the world".

Surmounting the ups and downs in the economic cycle and creating value for shareholders consistently

In the past five years, our business mix has shown the characteristics of “high growth, light asset and capability to withstand cyclical risks”. For instance, we have quickly put in place Fosun’s medical and senior care businesses. This has resulted in the consistent increase of the proportion of the “health, happiness and wealth” business in Fosun’s total assets and profit. As of 31 December 2016, the total assets of “health, happiness and wealth” business were increased by 28.8%¹ compared with that in 2015, accounting for more than 80.0% of the Fosun Group’s total assets. In addition, the “health, happiness and wealth” business has become the most important source of Fosun’s profit, contributing more than 76.0%.

Developing business while effectively controlling financial risks, optimizing the balance sheet consistently

While maintaining organic and external growth, Fosun has paid more attention to risk control, especially effective control of financial risks through proactive management. Specifically, the overall maturity period of liabilities has increased. Debts with duration of three years and longer periods accounted for 45.0% of the total liabilities. The financing cost kept on decreasing, with the average financing cost continuously decreasing from 5.7% per annum in 2013 to 4.5% per annum in 2016 (5.0% per annum in 2015). The proportion of assets with high liquidity kept on increasing. Both the net gearing ratio and the capital debt ratio continued to decrease.

Great potential for appreciation in the value of assets

I am very proud to learn, work and grow together with many intelligent and diligent colleagues at Fosun. Thanks to everyone’s efforts, we have been able to live through the ups and downs of the economic cycle and fostered the development of many high-quality projects. As a result, we have built up huge potential for appreciation in the value of assets and can expect a harvest season. This can best be illustrated by successful investments and operations such as Focus Media, Cainiao, YUNDA Holding Co., Ltd. and Atlantis Sanya.

At this moment, I can sum up Fosun’s development in the past 25 years in the following words: **to achieve long-term growth in shareholders’ value and bring a happier life to customers, we have been working conscientiously and earnestly everyday as if we were skating on thin ice and standing on the brink of an abyss.** These are the values we have been insisting since the first day that Fosun was founded, and Fosun will continue to practise what it believes in.

Note:(1) The Group’s investments in the steel industry were classified into the investment segment since 1 January 2016. The total assets of “health, happiness and wealth” business of 2015 included that of the steel segment to improve the comparability.

Believing in learning, progress, and development, creating a global happiness ecosystem for success

New achievements were made one after another in 2016, but this gives me a deep sense of unease. Why? Because a fast-changing world poses many challenges and people are prone to lose direction in such a fast-changing world. For instance, internet and mobile internet are changing the world, at an even faster pace, and they make their presence increasingly felt in manufacturing industry and the supply chain. Breakthroughs in technological innovations are also happening more rapidly. Notably, the impact of artificial intelligence may surpass those of all other technologies such as mobile internet. Globalized investment, trade, and exchange of ideas about technologies are becoming more frequent, but the voice of anti-globalization movement is growing stronger. As globalization and anti-globalization movement are interwoven, surprises or the so-called “black swan incidents” will become more frequent to such an extent that they will become part of the norm.

Faced with these changes and challenges, **we will assume more responsibilities for the well-being of the world, that is, Fosun will help the world change for the better. Therefore, Fosun has to create a happiness ecosystem for families all over the world. The question is how Fosun can attain this goal. I think the key to this undertaking is C2M business model.**

C2M - the present and future of Fosun

C2M, or Customer-to-Maker, is a business model that induces the restructuring of the value chains of all the industries in the whole society. C2M enables complete linkage between individual consumers and manufacturer for the first time in the industrial age through mobile internet, high-efficiency logistics management and devices, Fin-Tech and especially such technologies as big data and artificial intelligence. Of course, C2M is not intended to be a means of eliminating all the intermediaries, but only those of no value. For intermediaries of value, C2M can transform itself into C2B2M (Customer-to-Business-to-Maker).

Fosun is one of the first companies to discern the opportunities of C2M in the restructuring of industries. Fosun has also promptly put in place a number of investments and operations, which feature C2M. All such investments and operations have enabled us to gain thorough understanding of C2M.

To begin with, we need to reach the customers with coordinated online and offline efforts so as to fully tap the potential.

We have made the following predictions: the market will become increasingly fragmented and the means of reaching customers will become increasingly diverse in the future. The offline means of reaching customers have become popular again as businesses recognize its value. In the future, any company that only relies on one channel or a third-party channel to reach customers, or only buys access to online traffic, or even does so at a high price in order to stay in business, will be constrained by lack of control over its own business and is doomed to fail.

How can Fosun reach customers directly in such situation? On one hand, we have made investments to strengthen our online channels for reaching customers such as investing in the Weiyi, a leading online portal in the healthcare industry of China, Qinbaobao, a leading online portal in the maternal and nursery healthcare industry of the country and Fosun-Pay, a channel for reaching customers through their online payments and for collecting both cash and data from such customers. On the other hand, Fosun's offline channels for reaching customers are also gradually showing their value. For example, the value of the Group's core properties at prime locations are increasing gradually again; and Club Med has used its brand influence and services such as those of Mini Club to switch tourist products that are not frequently purchased into frequently purchased products.

Therefore, Fosun has to combine online and offline channels in the future and reach customers by diverse means. This will enable it to tap the full potential value of the channels. Of course, we are fully aware that it is a very difficult task to build up the capability to reach customers. However, Fosun never evades undertaking challenging task. We will endeavour to persevere.

Secondly, we need to strengthen our capability as a maker of goods or provider of services who are geared towards adaptable and sophisticated production with the spirit of the craftsman and by restructuring the supply chain.

In "C2M", the letter "M" refers to "Maker" – a manufacturer who is geared towards adaptable and sophisticated production by adopting artificial intelligence, robots and sophisticated supply chain management. I think the concept of "Maker" can be extended to areas beyond manufacturing, for example, the performances of Cirque du Soleil, the film and television productions of Studio 8 and the new business models for commerce and retailing in Hive City. Fosun, as a manufacturer or a producer who is geared towards adaptable and sophisticated production can use the C2M business model to understand and process a massive amount of data about the customers. We will then be well-positioned to conduct research and development and to establish an adaptable work flow and arrange for a more flexible supply of raw materials. All these will enable us to respond swiftly to customers' personalized needs.

There is always a push-and-pull relationship between a supplier and a customer and whoever is stronger has the upper hand. In other words, if you can produce an amazing product, you need not worry about the customer's monopoly. At the same time, a customer is always looking for a trustworthy company which can produce good content and strong products.

Therefore, any company which can become a target of investment by Fosun has to meet certain criteria – it must have the spirit of a craftsman, produce competitive products and have the ability to meet customers' new requirements. For example, we have invested in AHAVA, which is regarded as a national treasure of Israel and is the only skin care brand that has been permitted by the Israeli government to tap the resources of the Dead Sea and Sanyuan Foods, which is one of China's best dairy product companies in terms of quality and quality control. These are the kind of companies that Fosun has always been seeking to invest in.

All of the companies that Fosun has invested in have to restructure and improve according to the standards and requirements of the C2M business model. This means that they have to be able to enhance the use of data, increase investment in product development, improve manufacturing processes and be geared towards adaptable production with the advent of mobile internet. The supply chain should be more scientific, more efficient, and geared towards the adaptable and sophisticated production.

C2M enables the integration of flows of capital, information and materials, and thus the formation of a closed-loop system for customer service in creation of a happiness ecosystem for success

When Fosun and all of its subsidiaries have adopted the C2M business model, the flows of capital, information and materials will be integrated into one. The integration of the three flows need not to happen in a single business entity. It is more important that the integration takes place in one ecosystem of businesses and enables the formation of a closed-loop system for customer service. In the future, the closed-loop system has to be established in each of Fosun's businesses. The closed-loop system will enable the businesses to provide one-stop customer services and to cooperate with external parties. These closed-loop systems will feature prominently in the happiness ecosystem that Fosun has built intelligently. For example:

Fosun has preliminarily built a closed-loop system for its healthcare business, which covers health insurance, medical care and health management, and is supplemented by retail pharmacies and development of pharmaceuticals and medical devices. In addition, we will have to make two breakthroughs in 2017. Firstly, having put Fosun United Health Insurance and Star Healthcare into operation, we must form a closed-loop system to include health insurance, health management, and medical care. In that closed-loop system, Fosun's health insurance and health management will prevent its customers from illnesses. Secondly, we should take advantage of the Star Castle Living's and Star eHealth's capabilities to provide senior care and combine them with Fosun's senior care facilities and senior insurance to establish an advantageous closed-loop system for "senior community and happy old age". Meanwhile, Fosun will also invest more in the innovation and research and development in the healthcare industry, including the move to step up the research and development of drugs and the innovation in medical devices so as to provide technological support to the establishment of closed-loop system for its healthcare business.

We will also establish a closed-loop system for our maternal and nursery healthcare business. We have invested in a leading portal in the industry such as Qinbaobao that can draw online traffic, and we are strengthening its operation by sourcing the best products for maternal and nursery healthcare in the world. The portal also features gynaecological and obstetric services such as United Family Healthcare. Fosun has the capabilities to establish a closed-loop system to meet the needs for maternal and nursery healthcare.

Fosun will also establish a closed-loop system for its tourism business. Although many agents are selling their products through various channels, but the products, such as the tourist services provided by Club Med and Atlantis are not frequently engaged. We need to search for more channels to reach customers directly. For example, we can leverage Thomas Cook's advantageous distribution system in Europe to connect with the customers directly. We believe that tourism products can be delivered directly to the customers. We will integrate all of the resources to establish a closed-loop system.

All these closed-loop systems are centered on products and services. In addition, Fosun has several advantageous core capabilities to establish other types of closed-loop systems such as those of "Finance +", "Properties +" and "Internet +".

What is the concept of "+"? It is about integrating Fosun's advantages and making the best out of various resources to establish a closed-loop system. To that end, we start with a single point, a single product, or a single service business and then integrate it with other industries. "Finance +", for example, is about creating opportunities to reach customers frequently through financial service. As an example, we started with health insurance, the wealth management of H&A and Fosun-Pay, then link and integrate them with other industries to establish closed-loop systems. Hive City is an important offline portal to attract traffic, so "Properties +" is about starting with the real estate business and integrate it with other industries one by one to establish a closed-loop system. All these closed-loop systems have to be enabled by the internet, but they cannot be confined to the internet; they should be profoundly integrated with other industries.

Ultimately, these closed-loop systems will all be completed in Fosun's happiness ecosystem. This is a process of allowing the businesses to empower each other, to enable each other to enhance its own products, and to work out better solutions to address customers' real needs. They will also serve as a foundation for each other's development, and their developments will become closely intertwined. Through investments and cooperation, we will add new elements to Fosun's ecosystem of businesses and make them to reinforce and complement each other. We will seek for opportunities to upgrade the ecosystem of businesses, which will also keep on empowering all the elements within such ecosystem and supporting them in their attempts to form their own closed-loop systems so as to enable them to develop faster and perform better. This is the core philosophy of how Fosun establishes its ecosystem of businesses intelligently.

Fosun's business ecosystem is growing broader, deeper and stronger in 2017

We have now defined the direction of Fosun's development in the future, that is, creating a happiness ecosystem for success with the C2M business model. In 2017, we will try every means to make Fosun's business ecosystem deepen and flourish, that is, to grow broader, deeper and stronger. This will enable all the elements in Fosun's ecosystem of businesses to develop in synergy and achieve organic growth.

In terms of "growing broader", it means, on one hand, the capability of Fosun's ecosystem of businesses for "health, happiness and wealth" to enable all of its elements to integrate with each other, combine their strengths and leverage the broad range of their businesses to develop in synergy and in closed-loop systems. On the other hand, the term "growing broader" also refers to Fosun's continuing drive for globalization and its pursuit of broader geographical market coverage. While reinforcing our footholds in developed countries, we will focus on emerging markets of such countries and regions as Russia, Brazil, India, and Southeast Asia.

As regards "growing deeper", Fosun has always emphasized profound industrial accumulation. Both its investments and businesses have to be conducted according to the principle of profound industrial integration. Every closed-loop system that we have proposed must develop their businesses with depth, enhance the competitiveness of their products, which are excellent in quality. At the same time, we need to deepen our understanding of different regions across the world and seek opportunities that fit into Fosun's strategies in those regions through the local teams. Notably, Fosun, as a global company which was founded and has taken roots in China and specifically in Shanghai, will definitely develop further the local market of Shanghai and other provincial markets of China while pressing ahead with its globalization drive. We firmly believe that leaves cannot be luxuriant without deep roots. We can only conduct our globalization drive well with the profound localization of our operations.

While "growing stronger or reaching a new height", it refers to Fosun's ideas about innovation and product development that I would like to share with you.

Fosun must continue to be ahead of the curve in terms of technology and business model, and must occupy high grounds in competition in fast-changing times. It must take initiatives in such areas as research and development of medicines and medical technology, innovation in retail business models, integration of financial service into more situations and more types of industries, the upgrading of various creative products, and the upgrading of Hive City. We must fit product development into the company's development. Both Fosun and its subsidiaries have to increase investment in research and in creating innovative businesses. **For Fosun, innovation and research is not an option, but is a must and priority. Fosun's development in the future will definitely be driven by technologies.**

We propose that Fosun Pharma should be in the same position within the global healthcare industry just like how Huawei is positioned within the telecommunications equipment and service industry. It should take every effort to make faster breakthroughs in gene sequencing, innovative medicine, precision operation, artificial intelligence and other medical services. Fosun aspires to become the world's pioneer in Fin-Tech, building on the achievements of the giants in the past, through financial innovation in particular. Besides, Fosun will also have to lead the industry in the adoption of C2M business model which will drive the restructuring of traditional manufacturing industry and the supply chain.

Furthermore, we need to emphasize Fosun's immense worldwide social responsibility in the world. Fosun has preliminarily established a business layout which has a geographical market coverage all over the world. This entails corporate social responsibility on a global scale. For example, we sponsored a Protechtig start up accelerating program in Portugal. We should introduce more amazing products to the society, support young people to be innovative and generate more employment opportunities for them. This will increase efficiency and productivity within the society. As a responsible global corporate citizen, Fosun will try its best to help the world change for the better.

The above-mentioned ideas about the direction of the Company's development in the future resulted from thorough discussions among all members of Fosun's management. I would like to take this opportunity to keep you posted on the details of Fosun's work plans for 2017.

One Fosun, further enhancement of management structure, empowerment of the capacity to create value

In order to achieve the target of its globalization drive, Fosun not only improves consistently its capabilities but also enhances both its management structure and corporate culture. Therefore, Fosun is taking efforts to build the One Fosun platform through the upgrading of the management structure. The platform, which will combine the flexible frontline and the strong middle and back offices, will enable Fosun to carry out its strategies with agility at various levels. In addition, the One Fosun platform will be an organization system that enables Fosun to adapt to the market with the advent of mobile internet and new technologies. It will empower the "combat troops" at the frontline through the lean, efficient and strong middle and back offices.

As to the management strategy, not only will Fosun aim for eliminating competition, it will even encourage a certain degree of overlapping of different teams. "Overlap" here means no strict definition of the boundaries between the business scopes of different teams and an appropriate degree of overlapping of different operations. To draw an analogy, I would say that there should be more than one player for each of the position in a football team, and those who ultimately can play in a match are certainly the best players who have proven their abilities by winning their positions through competition. Such individuals and teams are mature and trustworthy.

Continuous improvement of Fosun's comprehensive financial capability

Fosun's strong capability to operate various businesses with depth, comprehensive financial capability with insurance as its core operation, and global perspective are the three most dominant genes of Fosun. As Fosun has put in place its financial businesses worldwide, including those of insurance, banking, securities and asset management, we must have the capability to integrate finance with its various businesses seamlessly and continue to improve our comprehensive financial capability.

We will further improve investment capability that allows us to fully deploy the available capital generated from its insurance business, and build up our capability to make investments with fixed returns. The first life insurance package of our German Run-Off platform has started its operation. The insurance companies under Fosun will actively seek to match their operations with Fosun's resources and capabilities. We encourage the establishment of special funds for big projects that fit into Fosun's strategies. We will press ahead with the securitization of our assets, and build up our capability to tap the capital markets.

The "power of three": Discipline, discipline, discipline

As a global investment group, Fosun has been adhering to value investing. The value of an investment that we pay attention to does not necessarily lie in bargaining the purchase of equity stakes at the lowest price or comparing our valuation of an investment and that done by others, or whether our valuation is lower than or the same as those done by others. We believe in "rediscovering value and rediscovering potential for growth". We must discern the value of investments and their growth drivers that others have failed to spot. This is the essence of Fosun's value investing.

At the same time, our investments have to be able to complement to empower each other to create value. They should be able to combine Fosun's capability to operate businesses with depth, financial capability and globalization capability with all of Fosun's subsidiaries. We need to give support to all those companies in their development and growth, and hope to find more companies that can empower Fosun's ecosystem of businesses. However, Fosun does not blindly follow investment fads and the opinions of the so-called "experts". We must exercise our own judgement to screen out the unsound businesses as targets of investment.

Fosun is an elite organization, and its staff must be faster than competitors by 0.01 second

Over the past 25 years, I appreciate that it was not easy to achieve so many goals. They could not be realized without the elite organization. Thus, **Fosun has always been building up an elite organization. The staff members of Fosun must be elites.**

I think “0.01” best serves as the standard of being an elite. In other words, we need to find those who are 0.01 second faster than the fastest. We hope to find those who are 0.01 per cent stronger than others in study. Presently, Fosun has a lot of younger talents. With professional expertise, a global perspective and entrepreneurial spirits, they have emerged in all ranks in Fosun and have taken on more responsibility at work. They are Fosun's most valuable assets and they are also the driving force behind Fosun's development.

Meanwhile, Fosun cannot tolerate mediocre people. It will weed out those who only have impressive résumés but makes no achievements at work, those who have experience but cannot innovate, and those who fail to learn and grow continuously. The elites we are talking about are those who run faster than their peers and perform more outstandingly and creatively than others in various competences.

We need to stress two more points in the establishment of the elite organization: the first one is “Glocal” (i.e. “Global + Local”). We need to build up strong local teams. The second point is Fosun's global partnership model.

Glocal, the formation of strong local teams

Over the past few years, Fosun has acquired and built up local companies in Japan, the United Kingdom, Russia, Brazil, and India. They have a wealth of experience and resources on the local markets. Along with the global capabilities of Fosun, the proven combination proves to be a strong and incredible force. For instance, Japan's IDERA team has joined Fosun for more than two years and completed a number of projects. IDERA and Mitsui jointly established J-REITs, succeeded in listing J-REITs on the Tokyo's stock market through an initial public offering, and formed a closed-loop system comprising investment, financing, management and the operation of exiting investments. The UK Resolution team has completed the acquisition of Estrella, a grade-A commercial building in Frankfurt after it finished the acquisition of a project of Thomas More Square in London. The Russian Eurasian Capital also achieved outstanding results. This arrangement will be one of the most important models of Fosun's business development.

Meanwhile, Fosun also strongly encourages teams which have good ideas and entrepreneurial spirit to set up new businesses with Fosun or to do so by itself. It does not matter whether the team members are external scientists or are our own colleagues. We encourage business ideas in the areas of technological research and development and innovation, which require patience and commitment. It is self-explanatory that such teams must consist of members with world-leading talents in the fields and can work efficiently to match Fosun's strategies and development.

An increasingly dynamic global partnership model

With the Fosun Group, the status as the Group's global partner² is the highest recognition of the Fosun's elites. The global partnership with Fosun is not only an incentive, but also an honor and responsibility, and represents identification with Fosun's corporate culture, mission and strategy. At the beginning of this year, Fosun announced a new group of global partners. Meanwhile, the various businesses affiliated to Fosun Group are actively setting up multi-level partnership model.

Fosun's global partners are not only our partners in business, but also owners of the enterprises and are responsible for implementing missions and strategies. The global partner team is playing an increasingly vital role in the development of Fosun. Fosun's partners must be self-motivated to strive for success diligently. They must take initiative to form closed-loop systems and learn how to leverage Fosun's resources to promote the synergistic development of both Fosun and their operations. Fosun's partners shall identify themselves with Fosun's corporate culture, think about the big picture when planning, and give priority to collective interests. Each partner shall not only have the expertise in a certain field, but also can connect and integrate internal and external resources and help to expand Fosun's ecosystem of businesses in Fosun's interests.

Fosun's partnership is not a system of life tenure. Every year, new partners join it, while some existing ones exit it. Fosun hopes to recruit two types of people as its global partners. The first type is people who can work independently and make great contributions to Fosun. The second type is people who identify themselves deeply in line with Fosun's corporate culture and strategy. They are young and vigorous with huge potential for development and they are willing to take on new challenges and do so bravely. We are eager to foster these two types of people and will give them opportunities for development.

² It refers to the core management of the Group, which is different from the legal concept of “partner” under partnership.

Lastly, I would like to share two mottos with you:

The first one is

“What you truly believe is the most powerful”;

and

The second one is

“Learning is the source of our greatest wisdom, or even the only source of it”.

Therefore, let's commit ourselves to lifelong learning, and gain a deep understanding of the changes to the world in 2017. We shall care for our country, customers, and seek to enhance our products; keep up the entrepreneurial spirit, remain curious about new things, and stay aware of the developments in our society and the world; do the things which are right, difficult, far-reaching, and challenging and things which can truly create value. We should also be able to leverage science and technology so as to provide better services for our clients.

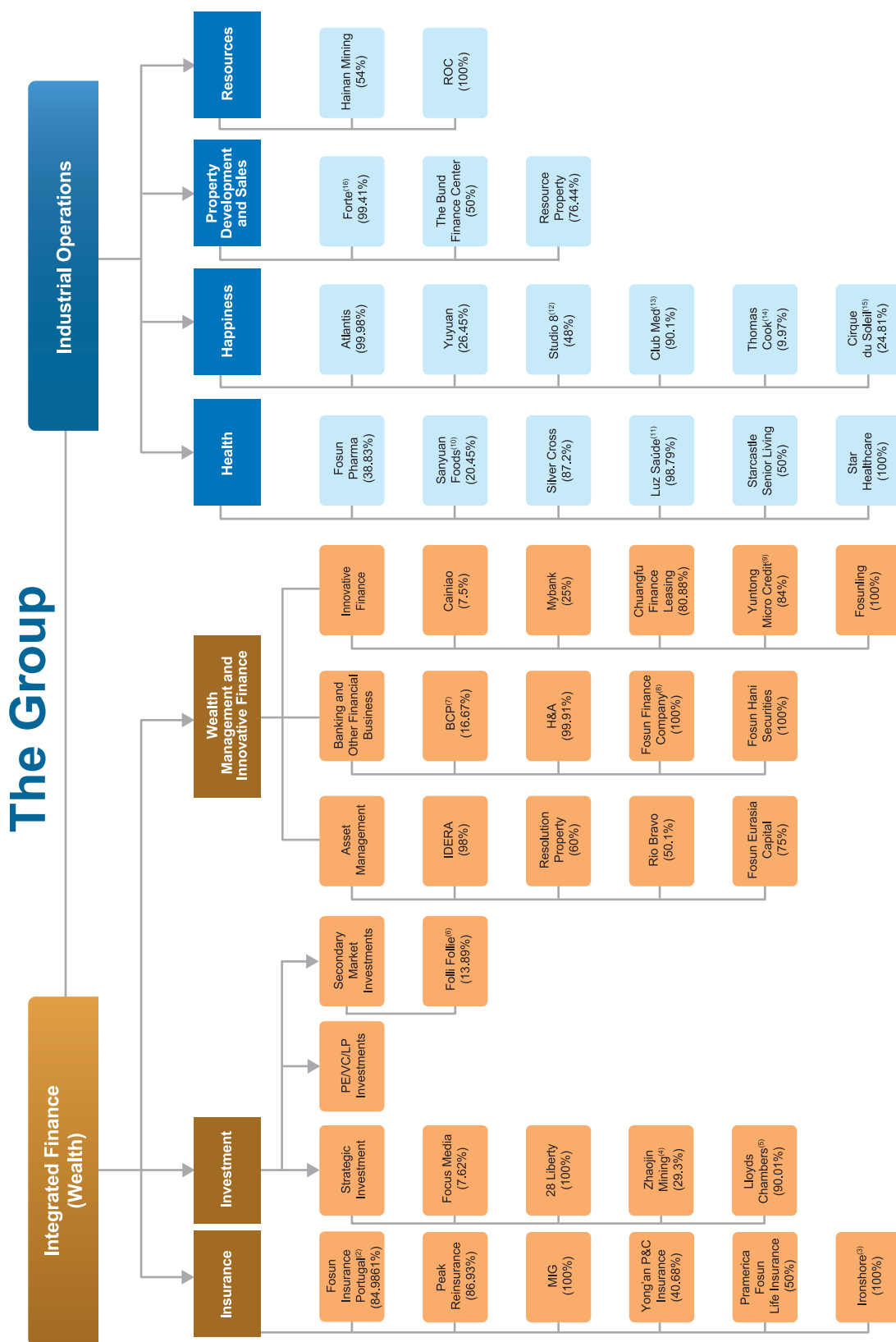
We have worked closely together for Fosun's development in the past 25 years. I believe what we have achieved today marks only one of milestones in the history of Fosun. We will scale new heights in the future!

I would like to thank all of you for your continued support. On behalf of Fosun, I would like to wish you fortune and success!

Guo Guangchang

28 March 2017

CORPORATE STRUCTURE



Notes:

1. 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 2016.
2. The Group held 84.9861% equity interest in Fidelidade, 80% equity interest in Multicare and 80% equity interest in Fidelidade Assistência through its wholly-owned subsidiary.
3. The Group has sold all of the outstanding ordinary shares of Ironshore it held during the Reporting Period, the closing of which is expected to take place in the first half of 2017.
4. As at the end of the Reporting Period, Zhaojin Mining was held as to 3.57% by a wholly-owned subsidiary of the Group and as to 25.73% by Yuyuan, an associate of the Group. Therefore, the Group held 10.38% effective equity interest in Zhaojin Mining. As of the end of March 2017, the total and the effective equity interest in Zhaojin Mining held by the Group and its associate was 26.99% and 9.56%, respectively due to the issuance of new shares by Zhaojin Mining.
5. The Group held 90% effective equity interest in Lloyds Chambers as a limited partner and 0.005% effective equity interest as a general partner.
6. The Group held 10% equity interest in Folli Follie through its wholly-owned subsidiary. In addition, Pramerica-Fosun China Opportunity Fund managed by the Group held 3.89% equity interest through its wholly-owned subsidiary.
7. As at the end of the Reporting Period, the Group held 16.67% equity interest in BCP. In February 2017, the Group increased its equity interest in BCP to 23.92% by subscription in the rights issue of BCP.
8. Fosun Finance Company is held as to 66% by a wholly-owned subsidiary of the Group, as to 20% by Fosun Pharma, a subsidiary of the Group, as to 9% by a wholly-owned subsidiary of a joint venture (in which the Group had 60% equity interest) and as to 5% by Yuyuan, an associate of the Group. Therefore, the Group held 80.49% effective equity interest in Fosun Finance Company.
9. Yuntong Micro Credit is held as to 68% by a number of wholly-owned subsidiaries of the Group in aggregate, and as to 16% by Yuyuan, an associate of the Group. Therefore, the Group held 72.23% effective equity interest in Yuntong Micro Credit.
10. The Group and Fosun Chuanghong, a fund under management of the Group held 16.67% and 3.78% equity interest, respectively, in Sanyuan Foods.
11. Fidelidade, a subsidiary of the Group held 98.79% equity interest in Luz Saúde. Therefore, the Group held 83.96% effective equity interest in Luz Saúde.
12. The Group held 80% equity interest in Class A investors of Studio 8, and the shares held by Class A investors represented 60% of the total share capital of Studio 8.
13. Club Med is held as to 68.99% by a wholly-owned subsidiary of the Group, as to 19.53% by Fidelidade, a subsidiary of the Group, and as to 1.58% by a subsidiary (in which the Group held 61.88% equity interest). Therefore, the Group held 86.57% effective equity interest in Club Med.
14. Fidelidade, a subsidiary of the Group held 9.97% equity interest in Thomas Cook. Therefore, the Group held 8.47% effective equity interest in Thomas Cook.
15. CMF, Zhejiang Growth Fund funds under management of the Group and Yuyuan, an associate of the Group, held in aggregate 24.81% equity interest in Cirque du Soleil.
16. As of the end of March 2017, the Group held 100% equity interest in Forte.

MANAGEMENT DISCUSSION & ANALYSIS

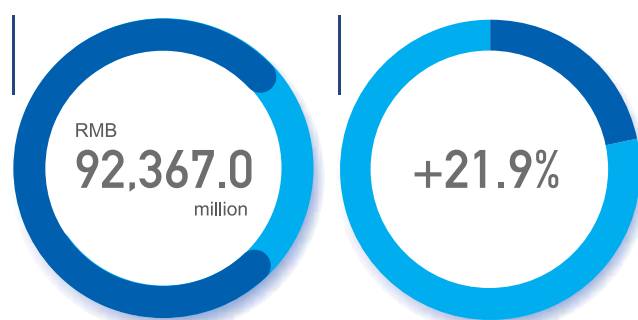
BUSINESS REVIEW

As at the end of the Reporting Period, net assets attributable to owners of the parent of the Group reached RMB92,367.0 million, representing an increase of 21.9% as compared to the end of 2015. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB10,268.2 million, representing an increase of 27.7% as compared to the same period of 2015.

Net Assets

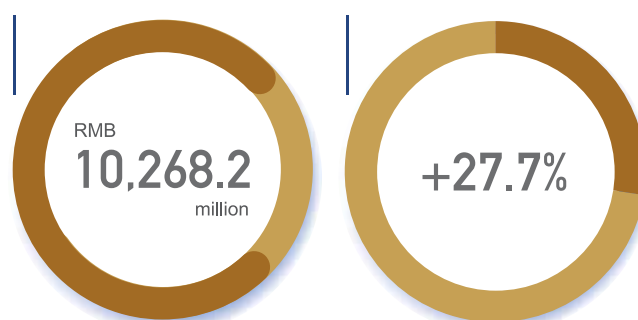
Attributable to
Owners of the Parent

Year-on-year
Change



Profit Attributable to
Owners of the Parent

Year-on-year
Change



ASSET ALLOCATION OF THE GROUP

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

Unit: RMB million

Segment	Total assets as of 31 December 2016	Total assets as of 31 December 2015 (Restated)	Change from the end of 2015
Integrated Finance (Wealth)	326,478.9	238,452.7	36.9%
Insurance	203,332.1	180,597.6	12.6%
Investment	67,098.7	39,632.9	69.3%
Wealth Management and Innovative Finance	56,048.1	18,222.2	207.6%
Industrial Operations	172,361.8	180,278.7	-4.4%
Health	54,401.4	46,190.2	17.8%
Happiness	23,829.2	20,245.4	17.7%
Property Development and Sales	85,328.6	96,228.1	-11.3%
Resources	8,802.6	8,370.2	5.2%
Steel ^{Note}	—	9,244.8	N/A
Eliminations	(12,061.2)	(11,313.5)	N/A
Total	486,779.5	407,417.9	19.5%

Note: As Nanjing Nangang Iron & Steel United Co., Ltd. has ceased to be a subsidiary of the Company since the end of 2015, the Group's investments in the steel industry were classified into the investment segment since 1 January 2016.

INTEGRATED FINANCE (WEALTH)

The Group's integrated finance (wealth) business includes three major segments: insurance, investment and wealth management and innovative finance.



WEALTH
MANAGEMENT AND
INNOVATIVE FINANCE



INSURANCE



INVESTMENT

INSURANCE^{Note}

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

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

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

Unit: RMB million

	2016	2015	Change year-on-year
Revenue	27,640.7	14,667.4	88.4%
Profit attributable to owners of the parent	2,411.3	2,104.2	14.6%

During the Reporting Period, the increase in both revenue and profit attributable to owners of the parent of the insurance segment was mainly attributable to the expansion of the insurance segment. The Group's acquisitions of 100% equity interest in both MIG and Ironshore were completed in July and November 2015, respectively and their statements of profit and loss of the whole financial year were consolidated in 2016.

Note: Financial data of individual insurance companies disclosed in this section are based on the General Accepted Accounting Standards applicable to the jurisdictions where such companies are located.

Fosun Insurance Portugal

Fosun Insurance Portugal is a global operator in the Portuguese insurance market, which sells products in 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, its own branches, internet and telephone channels and its strong distribution system with the post office and Caixa Geral de Depósitos S.A., a leading Portuguese bank. It also has an international presence in seven countries in three continents (Europe, Asia and Africa).

The Group owns 84.9861% equity interest in Fidelidade and 80.0% equity interest in each of Multicare and Fidelidade Assistência.



During the Reporting Period, Fosun Insurance Portugal recorded total premium income of Euro3,730.7 million, non-life business combined ratio of 97.2% and net profit of Euro221.8 million. Its investable assets totalled Euro13,783.6 million, and total investment return reached 3.2%. All quoted are unaudited management information.

International business of Fosun Insurance Portugal continued to reveal a strong commercial performance, reaching overall Euro228.1 million in premium income of direct underwriting business, an increase of 12.7% as compared to the same period of last year. In terms of non-life business, international activity increased its weight to 11.4% in total portfolio.

Fosun Insurance Portugal's strong positioning and levels of service have reinforced its position in the Portuguese

insurance market, achieving a total market share of 32.2% in 2016 (increased by 2.4 percentage points as compared to 2015).

Fosun Insurance Portugal has won several distinguished awards during the Reporting Period, such as Marca de Confiança 2016 (Most Trusted Brand), Escolha do Consumidor 2016 (Consumer's Choice), Marktest Reputation Index 2016 and 1st position in BASEF Seguros Global 2016 (Global Insurance).

Yong'an P&C Insurance

As of 31 December 2016, the Group increased its equity interest in Yong'an P&C Insurance to 40.68% from 19.93%. Share transfers have been completed and put on record with China Insurance Regulatory Commission. Yong'an P&C Insurance is a national insurance company headquartered in Xi'an and operates all types of non-life insurance businesses. Yong'an P&C Insurance has taken the initiative and been continuing to adjust and transform its business in 2016. It has discontinued certain less efficient businesses and constantly optimized business portfolio, increased per capita production capacity, reduced claim settlement cost, enhanced innovative development and actively explored internet applications. During the Reporting Period, Yong'an P&C Insurance recorded premium income of RMB9,101.8 million, net profit of RMB643.1 million, investable assets of RMB11,349.5 million, combined ratio of 98.5% and total investment return of 7.2%.





Pramerica Fosun Life Insurance

The Group holds 50% equity interest in Pramerica Fosun Life Insurance which was established in September 2012 with RMB1.3 billion registered capital. Pramerica Fosun Life Insurance conducts sales business through multiple sales channels including personal insurance channels, worksite marketing, bancassurance and health insurance etc.. In recent years, the premium received by Pramerica Fosun Life Insurance has been growing rapidly and it has launched the Beijing branch, Shandong branch and 12 sub-branches and sales offices. It has also obtained approval to prepare for Jiangsu branch. Pramerica Fosun Life Insurance has formed the regular-value-business oriented sales model and continuously promotes Internet and products innovation. Pramerica Fosun Life Insurance is also exploring new sales model such as "Insurance + Health Manager + Health Industry + Retirement Community + Overseas Asset Allocation". Today, Pramerica Fosun Life Insurance possesses a comprehensive set of product lines spanning from life insurance, accident insurance, critical illness insurance to universal life insurance and health insurance.

During the Reporting Period, new annualized premium income and total premium of Pramerica Fosun Life Insurance reached RMB171.1 million and RMB1,117.0 million respectively (both including universal life insurance policyholders' deposits). During the Reporting Period, Pramerica Fosun Life Insurance recorded premium income of RMB116.0 million, net loss of RMB169.4 million, investable assets of RMB2,023.8 million and total investment return of 3.9%.



Peak Reinsurance

Peak Reinsurance obtained its certificate of authorisation in respect of the property and casualty reinsurance business and the licence for underwriting long-term reinsurance business from the Office of the Commissioner of Insurance of Hong Kong in 2012 and 2014 respectively. This makes Peak Reinsurance one of the few locally established reinsurance companies in Asia Pacific underwriting both life and non-life insurance business. Peak Reinsurance strives to provide innovative and forward-looking reinsurance services for customers in the Asia Pacific, Europe, Middle East and Africa (EMEA) and the Americas. During the Reporting Period, Peak Reinsurance further expanded its business and brand globally as planned with a subsidiary established in Zurich which was licensed to operate reinsurance business from 1 January 2017. During the Reporting Period, Peak Reinsurance has also completed its first strategic investment of a 50% stake in NAGICO Holdings Limited, a leading Caribbean insurance group. This investment provides Peak Reinsurance with attractive growth prospects in the Caribbean market and is in line with Peak Reinsurance's strategy to diversify its portfolio globally and its commitment to enhance its development in the insurance industry in emerging and developing countries and regions such as the Caribbean. In July 2016, Peak Reinsurance was awarded "Asian Reinsurer of the Year" by Asian Banking and Finance magazine. It is now one of the Top 50 global reinsurance groups, determined by gross written premium, ranked by A.M. Best.

During the Reporting Period, Peak Reinsurance's premium income was USD698.2 million (compared to USD582.7 million for the same period of 2015), its net profit was USD6.9 million, its combined ratio was 97.6%, its investable assets were USD1,219.2 million and its total investment return was 1.5%. In August 2016, Peak Reinsurance issued additional share capital of USD100 million. As of 31 December 2016, Peak Reinsurance's shareholders' equity stood at USD841.1 million. The Group owns 86.93% equity interest in Peak Reinsurance, while International Finance Corporation owns the remaining 13.07% equity interest.



Ironshore

In 2015, the Group completed the acquisition of 100% equity interest in Ironshore, with the purchase price of approximately USD2,518.6 million. Ironshore is a global specialty insurance company operating principally in Bermuda, the United States, Lloyd's and Ireland. Its management team has in-depth experience in the insurance industry, broad industry network and outstanding ability to operate a large enterprise, and is highly recognized by peers in the industry.

During the Reporting Period, Ironshore recorded premium income of USD2,200.4 million, net profit of USD115.7 million, combined ratio of 102.1%, total investable assets of USD5,464.5 million and total investment return of 3.2%.

The Group has entered into the stock purchase agreement dated 5 December 2016 with Liberty Mutual, pursuant to which the Group has agreed to sell and Liberty Mutual has agreed to purchase the 100% of the outstanding ordinary shares of Ironshore at a consideration of approximately USD3 billion in cash (subject to price adjustments). Upon completion of the transaction, the Group will cease to hold any interest in Ironshore and Ironshore will cease to be a subsidiary of the Company. The transaction is still subject to regulatory approval and the satisfaction or waiver of customary closing conditions. The completion of such transaction is expected to take place in the first half of 2017. As at 31 December 2016, all the assets and liabilities of Ironshore were classified as assets of a disposal group held for sale and liabilities directly associated with the assets classified as held for sale in aggregate in the consolidated statement of financial position.



MIG

In July 2015, the Group completed the acquisition of 100% equity interest in MIG with an aggregate transactional value of approximately USD439.0 million, and it was delisted and ceased trading on the New York Stock Exchange. MIG is a professional property and casualty insurer and an insurance administration services company focusing on niche markets. MIG markets and underwrites property and casualty insurance programs and products in the standard and non-standard markets through a broad and diverse network of independent retail agents, wholesalers, program administrators and general agencies that value service and have specialized knowledge and focused expertise.

During the Reporting Period, MIG recorded premium income of USD718.6 million, net profit of USD28.3 million, combined ratio of 102.8%, investable assets of USD1,539.3 million and total return on investment of 3.2%.

INVESTMENT

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

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

Unit: RMB million

	2016	2015	Change year-on-year
Revenue	1,200.4	442.5	171.3%
Profit attributable to owners of the parent	4,297.5	3,787.4	13.5%

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

Strategic Investment

The Group’s strategic investment includes Focus Media, Lloyds Chambers, 28 Liberty and Zhaojin Mining etc.

Focus Media

Focus Media is an important investment of the Group in the culture and media industry. In December 2015, Focus Media Holding Limited was successfully listed on the A-share market by way of backdoor listing, which was among one of the first Chinese concept shares to be successfully relisted on the A-share market. As of 31 December 2016, the Group held 7.62% equity interest in the listed company, and was one of the substantial shareholders of Focus Media. In this mobile internet era, Focus Media capitalizes on its in-depth understanding of advertising and its insights into the consumer landscape and uses its mobile internet technology that integrates offline with online information to target the 200 million most commercially valuable customers as its driver of brand sales. Focus Media strives to build an O2O (Online to Offline) portal with an offline big data, aiming to be an important player of mobile internet portal.

Lloyds Chambers

In October 2013, the Group purchased Lloyds Chambers with its partner at a purchase price of GBP64.5 million. The project is located at 1 Portsoken Street E1 in the financial district of London. Lloyds Chambers has a sound financing, taxation, property management and corporate governance structure. During the Reporting Period, its rental income was GBP7.1 million. Asset management of the project is being implemented in accordance with the business plan.



28 Liberty

In December 2013, the Group completed the acquisition of 28 Liberty, freehold for investment purposes at a purchase price of USD725 million. 28 Liberty, located in the financial district of Lower Manhattan of New York, is a 60-storey Grade A landmark office building with a leasable area of 2,200,000 sq.ft. During the Reporting Period, the rental revenue of the 28 Liberty project amounted to USD53.5 million.

Zhaojin Mining

Zhaojin Mining is a large conglomerate with exploration, mining, processing and smelting operations and focuses on the gold production business, with mine-produced gold as its main product. Zhaojin Mining is committed to maintaining strategic cooperation with local governments, large-scale geological exploration institutes and large enterprises. Through equity mergers and acquisitions as well as implementation of full-scale development strategies, it aims to seize high-quality resources and play a leading role in driving the industrial bases in Shandong, Xinjiang and Gansu provinces. It also increased its efforts in resources integration in the periphery of industrial clusters, which has further enhanced the company's resource strength. The gold output of Zhaojin Mining's mines for the year

of 2016 was approximately 20.38 tonnes, which increased by 0.52% as compared to the same period of last year and its revenue amounted to approximately RMB6,664.79 million, representing an increase of 13.21% as compared to the same period of last year.

Zhaojin Mining produces mine-produced gold as its main product, key production data are as follows:

	Output of mine-produced gold (tonnes)	Gold resources (tonnes) ^{Note}
2016	20.38	1,235.52
2015	20.27	1,228.01
Change year-on-year	0.52%	

Note: The figure was measured in accordance with the standards of the Australasian Joint Ore Reserves Committee (JORC).



PE/VC/LP Investments

PE Investments

The Group's investment in PE involves international fashion, mass consumption, advanced manufacturing and other industries. The amount of new investment (at the accumulated cost of investment) in 2016 was approximately RMB1,111.5 million and the amount of exit was approximately RMB1,768.4 million. As of 31 December 2016, the Group has invested in 32 PE projects with a total remaining investment amount of approximately RMB3,478.1 million (at the accumulated cost of investment).

VC Investments

Fosun Kinzon Capital is the Group's venture capital platform investing in early and growth stage of internet-related enterprises. Fosun Kinzon Capital team focuses on early stage ventures with high-potential utilizing mobile-internet (including innovative finance, internet health, internet-related real estate & automotive, O2O (Online to Offline), internet education, on-line travel and services to small and medium enterprises). As of 31 December 2016, Fosun Kinzon Capital team has invested in around 36 projects with a total investment amount of RMB1,309.5 million.

Fosun Tonghao Capital is an investment fund team under Fosun focusing on early stage high-technology venture. It mainly invests in the seed, angel and A-round stages, with focusing on healthcare and TMT (technology, media, telecommunication) sectors, and carries out innovative industrial investments by adopting the "Medical + New Scientific Technology" and the "Financial, Travel, Education etc. + New Scientific Technology" model. As of 31 December 2016, Fosun Tonghao Capital team invested in 2 projects with an accumulated investment amount of RMB57.4 million.

LP Investments

The Group made investment through capital contribution as a limited partner while proactively developing its asset management business. As of 31 December 2016, the Group was committed to contribute a total of RMB12,785.7 million, of which RMB11,044.1 million was actually contributed.

Secondary Market Investments

The Group's major investment in the secondary market comprises investment in Folli Follie. For other investments in the secondary market, please refer to "Significant Secondary Market Holdings Held by the Group".

Folli Follie

Folli Follie, a globally renowned fashion retail group, was an overseas strategic investment of the Group in 2011. As of 31 December 2016, the Group held 10.0% equity interest and Pramerica-Fosun China Opportunity Fund, a fund managed by the Group, held 3.89% equity interest, amounting to a total of 13.89% equity interest in Folli Follie.

The sales revenue of Folli Follie for the first three quarters of its financial year of 2016 amounted to Euro956.2 million, representing an increase of 9.2% as compared to the same period of 2015. Its EBITDA was Euro192.4 million, representing an increase of 9.8% as compared to the same period of 2015. Its net profit amounted to Euro112.0 million, representing an increase of 7.4% as compared to the same period of 2015. The sales of its self-owned core brand business increased by 9.4% and EBITDA increased by 8.6% as compared to the same period of last year. The other two business segments of Folli Follie, being wholesale/retail and department stores achieved growth of 10.5% and 7.0% respectively in sales revenue as compared to the same period of last year.

Since its initial investment in 2011, the Group has leveraged its solid industrial foundation and extensive online and offline channel resources in China to assist Folli Follie's development in the Greater China Region in respect of sales network expansion and brand building etc. Folli Follie achieved a continuous and steady growth in the sales performance in China and a significant acceleration of the expansion of its sales network.

Significant Secondary Market Holdings Held by the Group ¹

No.	Stock Code	Stock Name	Number of Securities (As at 31 December 2016)	Percentage of Total Number of Shares	Accounting Treatment ²
1	002027.SZ	Focus Media	666,041,572	7.62%	B
2	01988.HK	Minsheng Bank ³	773,019,800	2.12%	A
3	002078.SZ	Sun Paper	190,000,000	7.49%	B
4	02799.HK	China Huarong	500,000,000	1.28%	B
5	TCG.LN	Thomas Cook	153,180,979	9.98%	B
6	FFGRP.GA	Folli Follie	6,695,460	10.00%	A
7	SINA.NASDAQ	SINA	1,973,055	2.78%	B
	—	SINA Convertible Bonds	237,300	N/A	B
8	YY.NASDAQ	YY	2,212,045	4.00%	B
	—	YY Convertible Bonds	769,645	N/A	B
9	01833.HK	Intime	112,417,500	4.15%	B
10	0966.HK	China Taiping	44,669,200	1.25%	B
			500,000	0.01%	A

Notes:

1. The above calculation covers the securities investments of the Group in the secondary markets; however, it does not contain its interests in the listed subsidiaries and associates, or the securities invested by associates or funds of the Group;
2. A: Equity investments at fair value through profit and loss; B: Available-for-sale investments;
3. Including deemed derivative interests of 390 million shares.

WEALTH MANAGEMENT AND INNOVATIVE FINANCE

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

Unit: RMB million

	2016	2015	Change year-on-year
Revenue	1,628.2	505.9	221.8%
Profit attributable to owners of the parent	863.0	596.0	44.8%

During the Reporting Period, the large increase in both revenue and profit attributable to owners of the parent of the wealth management and innovative finance segment was mainly attributable to the business growth of asset management.

WEALTH MANAGEMENT

Asset Management

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

The funds currently managed by the Group mainly include various RMB funds, USD funds and JPY funds, covering various types of asset portfolios, including growth funds and property development funds, such as Zhejiang Growth Fund, Shanghai Fosun Weishi Phase I Equity Investment Fund Partnership (L.P.), Fosun Capital, Fosun Chuanghong, Star Capital, Shanghai Sunvision Xicheng Equity Investment Center (Limited Partnership), Shanghai Sunvision Binhe Equity Investment Center (Limited Partnership), Ji’nan Financial Investment Development Fund Partnership (Limited Partnership), Pramerica-Fosun China Opportunity Fund, Ji’nan Financial Fosun Weishi Equity Investment Fund Partnership (Limited Partnership), Shenzhen Fosun Ellassay Fashion Investment Fund (Limited Partnership), CMF and other funds.

Meanwhile, the Group also actively expanded the size of assets management through acquisitions. In May 2014, the Group acquired 98% equity interest in IDERA, a Japanese real estate capital management company. The Group also acquired 60% equity interest in Resolution Property, a European real estate capital management company headquartered in London in June 2015. In August 2015, the Group established Fosun Eurasia Capital, a Russian asset management limited company and held its 75% equity interest. In November 2016, the Group acquired 50.1% equity interest in Rio Bravo, a Brazilian fund asset management firm.

The asset management business of the Group, mainly targeting domestic and international high-end large institutional clients and high net worth individual clients, will continue to actively seek institutional investors, large enterprises and family capital to become limited partners of the Group for long term cooperation.

As at the end of the Reporting Period, the scale of the asset management business of the Group reached RMB88,610.0 million, of which RMB14,211.6 million was managed by IDERA, RMB6,636.4 million was managed by Resolution Property, RMB302.4 million was managed by Fosun Eurasia Capital, and RMB25,170.5 million was managed by Rio Bravo. The Group has committed to contribute RMB1,049.9 million as a general partner and RMB12,785.7 million as a limited partner to the asset management business. The management fee derived from the asset management business amounted to RMB636.6 million. In addition, during the Reporting Period, the asset management business of the Group invested in 22 new projects and increased investment in 5 existing projects, with an accumulated investment of RMB18,833.8 million.

IDERA

In May 2014, the Group completed the acquisition of 98% equity interest in IDERA, a Japanese real estate capital management company, at a consideration of JPY6,811.0 million. This investment is an important step of Fosun's pursuit of "insurance + investment" strategy to build its global investment capability. IDERA is a leading Japanese independent real estate capital management and fund platform and as at the end of the Reporting Period, its assets under management were over JPY238,485.5 million (approximately RMB14,211.6 million). IDERA will become the real estate investment platform of Fosun in the Japanese market and will continue to provide outstanding real estate fund and asset management services for investors in Europe and America, Asia, the Middle East and Japan.

In December 2016, a real estate investment trust (REIT) jointly managed by IDERA and Mitsui & Co., Ltd. (三井物産株式會社) in Japan was formally listed on the Tokyo Stock Exchange. The first phase of the REIT is JPY100,000 million.

During the Reporting Period, IDERA recorded an unaudited operating revenue of JPY4,958.6 million, net profit of JPY2,703.2 million and net asset book value of JPY10,899.8 million according to the Japanese accounting standards.

Resolution Property

In June 2015, the Group acquired 60% equity interest in Resolution Property, a European real estate capital management company headquartered in London, for a consideration of Euro15.6 million. This investment is also an important step of Fosun's pursuit of "Insurance + Investment" strategy to build its global investment capability. Resolution Property is a leading fund manager focusing on real estate value-added and opportunistic investment in Europe and will become a priority platform of Fosun in the European market for real estate investment. As at the end of the Reporting Period, total funds under its management were approximately RMB6,636.4 million.

Fosun Eurasia Capital

Fosun Eurasia Capital is established in Moscow in August 2015 and the Group holds 75% of its equity interest. Fosun Eurasia Capital serves as a major comprehensive financial platform for the Group, providing financial, asset management and investment advisory services throughout Russia and its neighbouring countries. Fosun Eurasia Capital's scope of investment deploys across all asset classes, including fixed income, direct investments, real estate, bonds, listed and private equity and identifies and evaluates investment opportunities in various industries including energy, natural resources, consumer and manufacturing industries. Fosun Eurasia Capital also provides foreign investment advisory services and seeks underlying high-quality investment projects for local Russian and international investors. As at the end of the Reporting Period, total assets under its management were approximately RMB302.4 million.

Rio Bravo

In November 2016, the Group acquired 50.1% equity interest in Rio Bravo, a fund asset management company headquartered in São Paulo, Brazil. Rio Bravo is a leading fund management company in the Brazilian market specialised in various asset categories, also works in private equity, public equity funds, real estate funds, credit funds, infrastructure funds, financial advisory and multi-class portfolio asset management. This is the first equity acquisition of the Group in the Latin American region to expand local business. As at the end of the Reporting Period, total assets under its management were approximately RMB25,170.5 million.

BANKING AND OTHER FINANCIAL BUSINESS

H&A

In July 2015, the Group made an offer to acquire at least 80% of the share capital and voting rights of H&A plus one H&A share and voting right, at an offer price of Euro682.50 per no-par value ordinary share of H&A and the maximum amount of consideration payable was expected to be not more than Euro210 million ("**H&A Acquisition**"). In September 2016, the transaction obtained regulatory approval and all conditions precedent set out in the offer had been fulfilled. The Group acquired 99.91% equity interest in H&A, and accordingly H&A became a subsidiary of the Company. Its financial results had been consolidated into the consolidated financial statements of the Group since October 2016.



H&A is one of the few independent private banks in Germany with a history of 220 years. Through its institutions located in Frankfurt, Munich, Hamburg, Dusseldorf, Cologne and Luxembourg, the bank is committed to providing integrated advisory and asset management services to its individual, corporate and institutional clients, including providing asset management services to institutional investors, having close cooperation with independent asset managers, launching and managing of private branded funds. H&A has positioned itself as a private bank with a blend of modern and rich traditional ambience endeavouring to develop customized solutions based on integrated and personalized advisory services. As at the end of the Reporting Period, the size of asset management and asset services of the bank was over Euro60 billion.

The H&A Acquisition will enhance the Group's capability of providing financial services in Europe, in the areas of private banking asset management, financial markets and fund custodian services to individual, corporate and institutional clients, particularly the small and medium sized enterprises, and it is also a significant strategic step of the Group to build a global family wealth management platform.

Fosun Finance Company

Fosun Finance Company officially commenced operations in September 2011 and has obtained the loan and entrusted loan business qualification and the interbank lending market business qualification. During the Reporting Period, Fosun Finance Company operated in a steady and sound manner and recorded revenue of RMB153.6 million, net assets of RMB1,870.3 million and net profit after tax of RMB98.0 million. As of 31 December 2016, Fosun Finance Company had 141 member entities in total, with size of deposits amounting to RMB6,347.0 million and size of loans amounting to RMB2,920.0 million.

Fosun Hani Securities

Fosun Hani Securities is an important investment of the Group to build a financial platform in Hong Kong in July 2014. The Company indirectly holds 100% equity interest in Fosun Hani Securities. The acquisition of Fosun Hani Securities has significant importance in opening up investment channels and enhancing overseas asset management capabilities.

Established in 1987, Fosun Hani Securities is a registered securities broker with license in Hong Kong to deal in securities on behalf of retail customers and corporate customers. Fosun Hani Securities owns four types of securities business related licenses: dealing in securities (Type 1), advising on securities (Type 4), advising on corporate finance (Type 6) and asset management (Type 9). By using the above licenses, Fosun Hani Securities acts as the Group's platform in Hong Kong to promote the establishment of domestic and overseas investment channels and enhance the overseas asset management capabilities of Fosun.

Fosun Hani Securities has established its capability to offer comprehensive investment banking services and achieved income diversification, with the income from rights issue, debt financing and financial advisory services reaching HKD22 million in 2016. In 2017, Fosun Hani will continue to optimize its business model and strengthen its talent strategy.

The Group's wealth management has already started a comprehensive business service platform by acquiring the PIBA (Professional Insurance Brokers Association) license through purchasing a Hong Kong Insurance broker firm at the beginning of the year strengthening the wealth management business which has achieved certain business scale by rapid development of such business.

BCP

In November 2016, Chiado, an indirect wholly-owned subsidiary of the Company, subscribed for approximately 157.4 million shares at a subscription price of approximately Euro1.1 per share to be issued by BCP through a private placement reserved to Chiado, equivalent to approximately 16.7% share capital of BCP post-completion of such capital increase at the total consideration of approximately Euro174.6 million. In February 2017, Chiado increased its holding in BCP's share capital to approximately 23.9% through the rights issue subscription of BCP at the total consideration of Euro374.4 million. In addition, according to the performance of the shares, the Company will also consider to potentially increase its shareholding in BCP up to 30% by acquiring shares in the secondary market.

BCP, founded in 1985, is the largest Portuguese listed bank with market capitalization of approximately Euro2.40 billion. BCP is a distinguished leader in various areas of banking business in Portugal with approximately 17.8% market shares in loan and approximately 17.1% market shares in deposit. BCP offers a wide variety of banking products and financial services in Portugal and abroad, such as retail banking, corporate and investment banking, private banking, as well as an independent online bank ActivoBank. BCP also holds a prominent position abroad in following markets: Poland, Switzerland, Mozambique and Angola. In addition, BCP has operated in Macau through a full-license branch since 2010 and has expanded the Chinese mainland market through its Guangzhou representative office.

As at the end of the Reporting Period, BCP's total assets reached approximately Euro71.26 billion, with gross loans to customers of approximately Euro51.76 billion and customer deposits of approximately Euro48.80 billion. During the Reporting Period, BCP recorded net operating revenues of approximately Euro2.10 billion, of which the net interest income was recorded at approximately Euro1.23 billion with 3.3% annual growth. The net profits attributable to owners of the parent of BCP stood at approximately Euro23.9 million and the net profits excluding non-recurring items stood at approximately Euro97.6 million, representing an increase of approximately Euro119.8 million from 2015. The asset quality of BCP has been improved during 2016. The non-performing loan over 90 days ratio fell from 11.0% in 2015 to 10.4% in 2016 with coverage strengthened to 69.5%. BCP's common equity tier 1 (CET1) ratio on the phase-in basis was approximately 12.4%, representing an increase of 0.2 percentage point from the previous quarter.

BCP is an important investment of the Group and is acting as the comprehensive financial service platform to help the Group extend its business in Europe and Africa. The Group believes that the international comprehensive financial service business of BCP can further improve the Group's capacity to combine China's growth momentum with global resources.

INNOVATIVE FINANCE

Mybank

The Group, as a founder, injected registered capital of RMB1,000 million into Mybank to acquire 25% equity interest in Mybank.

Commenced operation in June 2015, Mybank is a joint-stock commercial bank which provides financial services for small and micro businesses and individual consumers on the internet, and operated in the mode of a platform with light assets held for trading. Mybank operates its business on the basis of real economy and real trading backgrounds, and utilizes unique risk control technologies to realize whole process network operation, providing online financing and other financial services for target clients with characteristics of large scale, great volume, intensive operation and information support.

As of 30 November 2016, the total asset of Mybank was RMB58,000 million with a cumulative number of over 2 million small and micro enterprise borrowers, an average loan per borrower of RMB15,000, and a loan balance of RMB25,400 million. The accumulated amount of loans granted under Wangnongdai (旺農貸) had a balance of approximately RMB523 million with a total of 44,300 accounts and an average loan per borrower of RMB11,800, covering 24,700 villages in 2,348 counties of 347 cities across all provinces and cities of Mainland China.

Cainiao

In May 2013, the Group invested RMB500 million in Cainiao as one of the founders. Excluding the effect of equity incentive, the Company's equity interest in Cainiao has been diluted to 7.5% after Cainiao carried out the first round of financing in early 2016. Cainiao's vision is to develop a China smart logistics network that can help deliver online shopping within 24 hours in all cities across China and 72 hours worldwide to enhance merchant's logistics service capability and service quality in order to reduce total logistics costs and eliminate the logistics bottleneck.

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

As of 31 December 2016, Cainiao had next-day delivery coverage capacity in 170 cities over 1,000 districts and counties and same-day delivery coverage capacity in 45 cities over 170 districts and counties. Cainiao's logistics data platform enabled the delivery of an average of approximately 57 million packages per day during the fourth quarter of 2016.

Chuangfu Finance Leasing

Chuangfu Finance Leasing is mainly engaged in automobile finance leasing for corporate and individual consumers who need mid- to high-end automobile related financial services. As a market leader in its field, the company maintains strategic collaborations with a number of high-end branded automobile manufacturers and dealers such as Audi, Tesla, BMW, Mercedes Benz and Volvo, etc.. As at the end of the Reporting Period, the Group held a shareholding of 80.88% in Chuangfu Finance Leasing. In 2016, Chuangfu Finance Leasing strives to penetrate and develop retail and large customer channels, plan and expand business coverage regions, innovate and enhance product development capabilities and has finally transformed steadily to realize a more comprehensive business layout. As of 31 December 2016, the scale of leasing assets amounted to RMB1,238.8 million, representing an increase of 94.7% as compared to the same period of 2015. Revenue realized on accumulated basis for the current period was RMB99.3 million and net profit was RMB6.9 million, representing an increase of 76.9% and 133.5%, respectively, as compared to the same period of last year.

Yuntong Micro Credit

Yuntong Micro Credit has a registered capital of RMB200 million. As at the end of the Reporting Period, the Group held a total equity interest of 68%. Yuntong Micro Credit relies on the internet to provide high quality financial services to the massive small and micro enterprises and individual residents. It places high importance on both asset quality and development stability to realize reasonable economic value as well as social value with a view to become one of the representative enterprises of inclusive finance in China.

After rapid progress in research and development achieved in 2016, the business system of Yuntong Micro Credit was launched on the internet with online business processes. Customers enjoyed high quality customer experience with precise customer solicitation, fast approval process and extremely fast loan release through combining big data credit technology, information structuring technology and internet payment technology, which laid a solid foundation to increase the business volume in the next stage. Meanwhile, Yuntong Micro Credit adheres to an open product design concept with credit product models of formulating scenarios suitable for specific groups, conducting joint marketing with cooperative entities and sharing traffic flows to realize maximization of cooperative benefits.

Fosunling

Fosunling is a significant investment of the Group's layout in the innovative finance sector. Fosunling has a registered capital of RMB100 million and is 100% owned by the Group.

Fosunling concentrates on building an integrated investment and financing platform characterized by industrial depth and multi-dimensional ecosystem. Fosunling's own innovative financial platform "Fosunling" was launched online successfully in mid-September of 2015. As of 31 December 2016, the total trading volume of first launched online transactions of financial products was approximately RMB459.2 million (unaudited), with more than 76,800 individuals became registered customers of the platform. Fosunling will continue to provide an innovative and low-cost financing channel through the internet for financing parties, and strive to provide all-round services including finance, entertainment, healthcare and medical services for its customers.

INDUSTRIAL OPERATIONS

The industrial operations of the Group include four key segments: health, happiness, property development and sales, and resources. The health segment mainly includes Fosun Pharma, Starcastle Senior Living, Luz Saúde, Star Healthcare, Sanyuan Foods and Silver Cross; the happiness segment mainly includes Yuyuan, Club Med, Atlantis, Studio 8, Cirque du Soleil and Thomas Cook; the property development and sales segment mainly includes Forte, The Bund Finance Center and Resource Property; the resources segment mainly includes Hainan Mining and ROC.

HEALTH



PROPERTY DEVELOPMENT AND SALES





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

	2016	2015	Change year-on-year
Revenue	18,260.2	15,614.9	16.9%
Profit attributable to owners of the parent	1,222.8	1,099.2	11.2%

During the Reporting Period, the increase in both revenue and profit attributable to owners of the parent of the health segment was mainly due to the continuous and steady business growth of Fosun Pharma.

Fosun Pharma

During the Reporting Period, Fosun Pharma realized revenue of RMB14,506 million, representing an increase of 16.03% as compared to 2015; excluding the impact of the disposal of Handan Pharmaceutical Co., Ltd. in 2015 and the new acquisition of Hangzhou Wanbang Tiancheng Pharmaceutical Co., Ltd. and the new establishment of Wenzhou Geriatric Hospital Limited Company ("Wenzhou Geriatric Hospital") and other companies in 2016, the revenue would have increased by 16.16% on the same basis as compared to 2015.

In 2016, Fosun Pharma recorded total profit of RMB3,572 million and net profit attributable to the shareholders of the listed company of RMB2,806 million, representing an increase of 5.92% and 14.05%, respectively, as compared to 2015. The increase in each of the total profit and the net profit attributable to the shareholders of the listed company was mainly due to (1) the steady growth maintained by the businesses of Fosun Pharma, the further optimized sales structure, the construction of the marketing system and the positive effect of the supply chain integration; and (2) the rapid growth maintained by Sinopharm, an associate of Fosun Pharma.

During the Reporting Period, the pharmaceutical manufacturing and research and development segment of Fosun Pharma realized revenue of RMB10,150 million, representing an increase of 14.78% as compared to 2015. In 2016, the sales of the Fosun Pharma's major products in therapeutic areas such as cardiovascular system, central nervous system and anti-tumor, antimalarial series such as artesunate and anti-tuberculosis series products, maintained rapid growth. Among new and recent products, the cardiovascular therapeutic product alprostadil dried emulsion (You Di Er) and the metabolism system therapeutic product febuxostat tablets (You Li Tong) maintained rapid growth.



In 2016, Fosun Pharma continued to reinforce its substantially completed strategic deployment of healthcare services segment with high-end healthcare institutions in the more developed coastal cities and specialty and general hospitals in second-tier and third-tier cities in the PRC. During the Reporting Period, revenue from healthcare service business amounted to RMB1,676 million, representing an increase of 21.71% as compared to 2015. As at the end of the Reporting Period, the total number of beds available for the public in Foshan Chancheng Central Hospital Company Limited, Anhui Jimin Cancer Hospital, Yueyang Guangji Hospital Company Limited, Suqian Zhongwu Hospital Co., Ltd., Wenzhou Geriatric Hospital, etc. controlled by Fosun Pharma was 3,018.

During the Reporting Period, Fosun Pharma realized revenue of RMB2,653 million from the medical devices and medical diagnosis segment, representing an increase of 18.23% as compared to 2015. The increase in revenue of the medical devices and medical diagnosis business was mainly due to an increase in sales of consumables brought by the rapid increases in the number of installation of Da Vinci surgical robotic system as well as the volume of surgery by Da Vinci surgical robotic system.



Starcastle Senior Living

Starcastle Senior Living is a joint venture for developing senior living property in China. It was established by the Group and Fortress Investment Group LLC, each holding 50% of its equity interest. The company's first high-end senior living project is customized for Chinese senior citizens which commenced operations in May 2013, providing one-stop and whole process services to Chinese seniors from independent living to hospice care. The first phase had a total of 218 units with an occupancy rate of 97% as at 31 December 2016.

Luz Saúde

Luz Saúde is a leading private healthcare provider group in Portugal. It provides its services through 20 units (ten private hospitals, one national health service hospital under a public private partnership, seven private ambulatory clinics and two senior residences) and is present in the north, central and central-south of Portugal.

As at the end of the Reporting Period, Fidelidade held 98.8% equity interest in Luz Saúde. In 2016, Luz Saúde provided 1,395 beds and continued its growth in the Portuguese private healthcare market. Its consolidated operational revenue reached Euro450.7 million, an increase of 6.4% over the last year, mainly driven by the growth in the private healthcare segment (with an increase of 8.3%) which was mainly contributed by (i) a generalized increase in activity, both in ambulatory and inpatient services, despite the reintroduction of four holidays by the government, reducing the number of workdays; (ii) the acquisition of Hospital da Luz – Guimarães (including an acute care hospital and a specialized inpatient facility, with a total of 148 beds); and (iii) the full-year consolidation of the results of Hospital da Misericórdia de Évora.

During the Reporting Period, consolidated EBITDA reached Euro52.1 million, with an EBITDA margin of 11.6% as compared to 14.3% in 2015, which was mostly affected by the performance of Hospital Beatriz Ângelo (a public private partnership hospital), as a result of the significant increase in drug costs arising from the increase in Oncology and HIV/AIDS treatments, as well as by an increase in personnel costs. In the private segment, EBITDA decreased by 4.6% to Euro60.0 million as a consequence of price decreases in some areas and for some payers and the expansion of Hospital da Luz – Guimarães. Net profit attributable to shareholders totalled Euro17.4 million.

In 2016, Luz Saúde initiated a multi-year expansion program that will fuel its growth trajectory and consolidate its leadership in Portugal. Luz Saúde started this year the investment in the expansion of Hospital da Luz Lisboa (already the largest private hospital in the country) and Hospital da Luz Arrábida, in the expansion of Hospital da Luz Oeiras towards 80% more capacity in size, and in the acquisition of a land plot for a new hospital in Vila Real, with a total capital expenditure reaching Euro35 million in 2016.

Star Healthcare

Star Healthcare is a wholly-owned subsidiary of the Group, combining the Group's internal and external outstanding medical resources, and aims to provide one-stop and whole-process health management service and third-party insurance service for mid- to high-end member customers and corporate customers.

As at the end of the Reporting Period, Star Healthcare has built up one-stop healthcare management products targeted at mid- to high-end member customers, employee healthcare benefits planning products targeted at corporate customers, innovative fusion products for insurance customers as well as healthcare service products for groups of mothers and children. In 2016, Star Healthcare has formed a professional service team comprising insurance settlement specialists, medical experts, health managers and nutritionists to provide professional health management services to target customers through the multimedia customer service system and healthcare management system.

Facing the service demand in the insurance market, Star Healthcare has established a direct payment network in mainland China with coverage in 16 provinces and cities and over 200 cooperative medical institutions, mainly in the regions of Beijing, Shanghai, Guangzhou and Shenzhen. By leveraging the leading insurance settlement core system within the industry, Star Healthcare provides professional direct payment of medical management and settlement services for insurance companies. Such services will be provided to Yong'an P&C Insurance, Pramerica Fosun Life Insurance and Fosun United Health Insurance in 2017.

Sanyuan Foods

As at the end of the Reporting Period, the Group and Fosun Chuanghong, a fund managed by the Group, held 16.67% and 3.78% equity interest in Sanyuan Foods respectively. Sanyuan Foods is a renowned brand in the dairy industry of China, famous for the quality and safety of its products, and enjoys significant market advantages in Beijing and the peripheral markets. Fosun is optimistic about the future growth of dairy consumer goods in China.

After acquiring shares of Sanyuan Foods, Fosun utilized global resources to assist in formulating corporate strategies and introducing merger and acquisition targets for realizing integrated development in Sanyuan Foods and enhancing its leading position in the dairy industry of China.

In 2016, Sanyuan Foods completed the mergers of "Baxy (八喜)", a domestic leading brand in ice-cream, and "Avalon", a Canadian high-end organic dairy brand and successfully launched new products such as "Iceland yogurt (冰島式酸奶)" and "Light Energy (輕能)". In order to realize large-scale and professional production and upgrade company products, a processing, research and development and logistics centre for dairy products with daily fresh milk processing capacity of 1,000 tonnes was built in the Xinle Economic and Development Zone in Shijiazhuang, Hebei. Sanyuan Foods enhanced product marketing and brand promotions and adjusted product structure to provide high-quality products with high gross profit margins. As of the third quarter of 2016, revenue in the amount of RMB3,490.2 million was realized and net profit attributable to shareholders of the listed company amounted to RMB171.2 million.

Silver Cross

Silver Cross was an overseas investment of the Group and the acquisition was completed in July 2015. As at the end of the Reporting Period, the Company indirectly held 87.2% equity interest in Silver Cross through its subsidiary.

Silver Cross, which was established in 1877 by William Wilson, has established itself as a leading UK nursery brand. Silver Cross incorporates the leading edge product design with engineering mechanism to offer its customers a range of multifunctional and lightweight strollers alongside its hand-built legacy prams and complemented by its nursery furniture range. Silver Cross has an international distribution network covering the UK, Europe, the Middle East, Asia and Asia Pacific regions. In the UK, it has a significant retail presence with a strong national retail footprint and an extensive network of 170 independent retailers. Silver



Cross has flagship stores in Shanghai, Hong Kong and Moscow and sells through a number of high-end maternal and infant chain stores. Its business performance in emerging markets, such as Southeast Asia region, was also proven to be very successful. Silver Cross products have won numerous high profile awards such as Illustrious Junior Design Award and Which! Best Buy Award. In 2016, it became a licensee of Aston Martin and Marie Chantal, a famous high-end baby and infant lifestyle brand, for durable children products. During the Reporting Period, the revenue of Silver Cross amounted to GBP44.0 million and the profit before tax was GBP6.0 million.

HAPPINESS

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

Unit: RMB million

	2016	2015	Change year-on-year
Revenue	10,355.5	7,441.6	39.2%
Profit attributable to owners of the parent	414.4	175.1	136.7%

During the Reporting Period, revenue of the happiness segment was, in principle, contributed by the operating income from Club Med. The increase in the profit attributable to owners of the parent of the happiness segment was mainly attributable to the profitability of Club Med turning from its prior losses during 2016 and the gain on disposal of partial equity interest of Bona Film Group Limited.



Yuyuan

Yuyuan is mainly engaged in commercial retail and wholesale and retail of gold and jewellery, and it holds certain equity interest in Zhaojin Mining. During the Reporting Period, Yuyuan recorded revenue of RMB15,643.05 million, representing a decrease of 10.87% as compared to the same period of last year. Profit before tax was RMB716.41 million, representing a decrease of 30.06% as compared to the same period of last year. The net profit attributable to shareholders of the listed company amounted to RMB478.84 million, representing a decrease of 43.60% as compared to the same period of last year.

Due to changes in its accounting policies, Yuyuan retrospectively adjusted its financial information for the year ended 31 December 2015. As such, the comparative information of Yuyuan for the year ended 31 December 2015 has been restated.

Yuyuan recorded lower net profit mainly due to (i) the decrease in revenue from the gold and jewellery segment resulted in lower net profit on a year-on-year basis; (ii) Yulongcheng (豫龍城) in Shenyang was completed and commenced operation at the end of 2015, it is still in the nurturing period and profit was not resulted in the Reporting Period; and (iii) disposal of long-term equity investments and income from financial assets, gains on fair value changes of financial assets and investment gains received from investees all decreased as compared to the same period of last year.

Shanghai Yuyuan Gold and Jewelry Group Co., Limited (上海豫園黃金珠寶集團有限公司) under Yuyuan owns two major brands of “Laomiao Gold” and “Yayi Jewelry”. As at the end of the Reporting Period, the number of chain stores of the two brands amounted to 1,828.

Yuyuan was seeking tourism business projects actively to expand its tourism and hotel businesses. In 2015, Yuyuan acquired 100% equity interest in the Japanese company Hoshino Resort Tomamu (“**Hoshino**”) through Kabushiki Kaisha Shinsetsu (株式會社新雪), its wholly-owned subsidiary in Japan. In 2016, Hoshino entered into an agreement with Club Med, the leading brand of global resort chain group, to establish Club Med TOMAMU separately in the Hoshino resort area. Through the cooperation between Yuyuan and Club Med, a positive driving momentum was created for the operation of Hoshino. The Group will assist Yuyuan to develop the potential value of enormous flows of tourists, explore the business model of combining online and offline operations, and actively seek for opportunities to consolidate premium quality assets in the industry, in order to create value for shareholders.



Club Med

Despite the unstable geopolitical environment that has negatively affected the outbound markets and some of its destinations, including terrorist attacks occurred in North Africa, Turkey, France and Belgium last year, Club Med still managed to record a good result in the financial year of 2016.

During the Reporting Period, Club Med recorded operating profit of Euro44.1 million from resorts, representing a year-on-year increase of 36%. The growth in results was mainly attributable to the outstanding performance of skiing resorts, the increase in the number of tourists for long-haul travel destinations in Europe and also the growth of clients in both the Greater China Region and the Americas.

During the Reporting Period, Club Med opened three new resorts, including Sanya, Beidahu (a skiing resort in Jilin) and Lake Paradise (in the vicinity of Sao Paulo in Brazil). Club Med will continue to accelerate its development pace in China according to its plans. During the Reporting Period, the number of tourists in the Greater China Region recorded 200,000, which was 10 times more than such number at the time before Fosun's investment in 2010.



Atlantis

The Atlantis project is located at lots B1-f1-3 and B1-f1-4, in the middle part of Haitang Bay National Coast of Sanya in Hainan Province of China, and is a large-scale high-end theme resort hotel project with a water park and aquarium as its signature developed by the Group. The scale of the project exceeded RMB10 billion and was designated as the key construction project of Hainan Province. The project commenced construction in 2013 and its first phase compared to the hotel, water park and aquarium has topped out in July 2016. It is expected to commence trial operation in October 2017 and will be managed by Kerzner International Management FZ LLC. Tang Residence, the second phase of the project, had obtained the “Commercial Housing Pre-Sale Permit” and began pre-sale in November 2016. As of 31 December 2016, RMB 4,631.3 million was invested by the Group.

Name of project	Usage	Land area (sq.m.)	Total GFA (sq.m.)	Ownership of interest	Land cost (RMB million)	Development progress	Expected completion date	Construction and installation costs (RMB million)
Atlantis	Accommodation, food and beverage, cultural, sports and entertainment	537,420.2	492,215.1	99.98%	2,177.4 ^{Note}	Under development	2017	2,453.9

Note: The municipal infrastructure facilities related fees and deed taxes were added into the land costs as compared to 2015.

Studio 8

Studio 8 is an important investment made by the Group in the film industry, a significant step for the Group to enter the film and television entertainment industry. As at the end of the Reporting Period, the Group held 80% equity interest in the Class A investors of Studio 8. The Group exercises significant influence over the distribution arrangement of movies produced by Studio 8 in mainland China, Hong Kong, Macau and Taiwan, whereby the Group will build a global media entertainment, investment, financing and operating platform with its base in China's culture consumer market and focusing on the global film and television entertainment industry. During the Reporting Period, Studio 8 and Columbia TriStar Motion Picture Group, a company under Sony, co-invested and produced *Billy Lynn's Long Halftime Walk* directed by Ang Lee, which was released in November 2016 globally (including China). During the Reporting Period, the second film *Solutrean* completed filming smoothly and entered into the post-production stage. Currently, there are over 30 projects under research and development and we are expecting to announce some greenlight projects soon.



Cirque du Soleil

Cirque du Soleil from Canada was an overseas investment completed by the Group in July 2015. As at the end of the Reporting Period, CMF and Zhejiang Growth Fund, two funds managed by the Group, together with Yuyuan collectively held 24.81% equity interest in Cirque du Soleil. Specifically, CMF held approximately 14.04% equity interest, while Zhejiang Growth Fund and Yuyuan held approximately 7.96% and 2.81% equity interest, respectively.

Cirque du Soleil is a leading creative content provider for a wide variety of unique projects. With deep roots in Montréal, Quebec, the company extends its creative talent to other spheres of activity in addition to shows. Cirque du Soleil brings unswerving energy and spirit to each of its shows while maintains the highest standards of artistic quality and originality. In 2016, Cirque du Soleil launched touring shows of *Avatar*, entered Broadway with *Paramour*, and created *Luzia*, a Mexico theme touring performance. The company

also partnered with National Football League ("NFL") in second half of 2016 to create NFL's first immersive exhibition, which will be opened in New York's Times Square by the end of 2017. Cirque du Soleil will be the creative engine for such exhibition. Meanwhile, the company is also developing new contents such as dinner shows, ice shows and other hotel partnership programs. In terms of China, Cirque du Soleil is planning to launch its Hangzhou resident show by the end of 2018; *KOOZA* show will start its tour in Beijing and Shanghai during the second half of 2017; *Avatar* will also start its China tour in 2018. The investment in Cirque du Soleil represents the Group's continued focus within happiness segment following the Group's privatization of Club Med. The Group will work together with TPG VII CDS Holdings and Cirque du Soleil to expand its business within the China market in the future.

Thomas Cook

During the Reporting Period, the Group held an aggregate of 9.9% equity interest in Thomas Cook. Thomas Cook is one of the leading leisure travel groups in the world with deep-rooted branding tradition and leading position in the European tourism market. During the financial year of 2016, revenue of GBP7,810 million was recorded, approximately keeping flat over the same period of 2015. EBITDA of GBP512 million was recorded, which was increased by 5.8% as compared to same period of 2015. During the Reporting Period, website design and payment connection have been completed for the travel agency, Kuyi International Travel Agency (Shanghai) Co., Ltd. ("KUYI"), jointly established by the Group and Thomas Cook and regular business operations had commenced to offer domestic, overseas and MICE (meetings, incentives, conferencing/conventions, exhibitions and events) travel services to the growing middle class population both inside and outside China. As at the end of the Reporting Period, the Group held 51% shareholding in KUYI.



PROPERTY DEVELOPMENT AND SALES

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

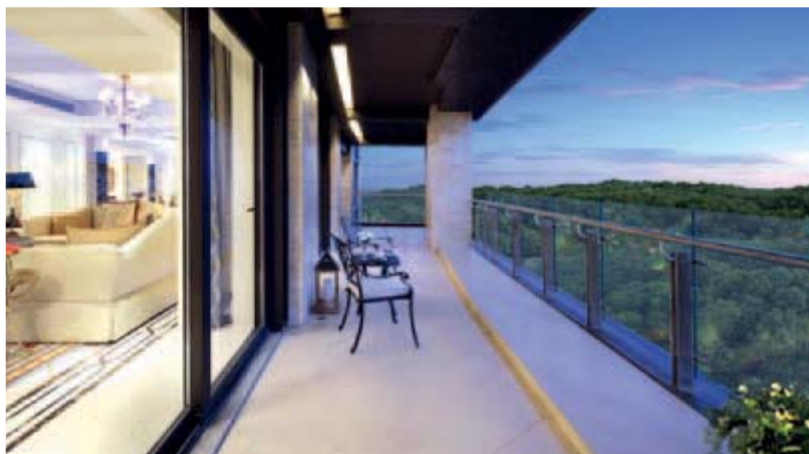
Unit: RMB million

	2016	2015	Change year-on-year
Revenue	13,898.2	16,893.7	-17.7%
Profit attributable to owners of the parent	3,098.9	2,993.5	3.5%

During the Reporting Period, the decrease in revenue of the property development and sales segment was mainly due to that certain properties of Forte were sold but not booked in 2016 and the property area (booked area) declined compared with last year. The profit attributable to owners of the parent of the property development and sales segment basically kept flat as compared to last year.

Forte

In 2016, against the backdrop of active transactions in the real estate market, Forte captured the market opportunities to accelerate its own turnover and achieved good sales results for the full year. In respect of operation, the Hive City strategy focusing on the integration of property and city as its core was implemented, and by combining with quality property resources from Cirque du Soleil, Club Med and Starcastle Senior Living services, etc., product competitiveness was created to enhance the overall value of the project. Forte focused on the city penetration direction and enhanced business development in first-tier and second-tier cities where it has established its presence. Meanwhile, connections with capital markets and various types of other financing channels were actively pursued to lower financing costs continuously and provide diversified sources of capital for business development.



Project Development

During the Reporting Period, Forte's total GFA under development was approximately 6,470,867.6 sq.m., and total attributable GFA amounted to approximately 4,203,432.1 sq.m., representing a decrease of approximately 0.9% as compared to the same period of 2015 (2015: total attributable GFA was approximately 4,242,113.6 sq.m.).

During the Reporting Period, the total GFA of newly commenced projects was approximately 2,048,744.3 sq.m., and total attributable GFA amounted to approximately 1,616,797.9 sq.m., representing an increase of approximately 16.2% as compared to the same period of 2015 (2015: total attributable GFA was approximately 1,391,452.4 sq.m.).

During the Reporting Period, total GFA of completed projects was approximately 1,051,849.5 sq.m., and total attributable GFA amounted to approximately 606,248.1 sq.m., representing a decrease of approximately 57.9% as compared to the same period of 2015 (2015: total attributable GFA was approximately 1,438,964.9 sq.m.).

Project Reserves

During the Reporting Period, Forte obtained 2 projects as additional project reserves with planned GFA of approximately 268,089 sq.m. and total attributable GFA amounted to approximately 129,445 sq.m., representing a decrease of approximately 80% as compared to the same period of 2015 (2015: total attributable GFA was approximately 646,109 sq.m.).

As at the end of the Reporting Period, Forte owned project reserves with total planned GFA of approximately 11,008,181.1 sq.m., total attributable GFA was approximately 6,953,351.1 sq.m., representing a decrease of approximately 18% as compared to the same period of 2015 (2015: total attributable GFA was approximately 8,476,587 sq.m.).

Property Sales

During the Reporting Period, Forte realized property contract sales area and contract sales revenue of approximately 1,679,787.2 sq.m. and RMB23,682 million respectively, and attributable contract sales area and contract sales revenue were approximately 1,243,226.4 sq.m. and RMB17,917.2 million respectively, representing an increase of approximately 22.1% and 22.8% respectively as compared to the same period of 2015 (2015: total attributable contract sales area and contract sales revenue were approximately 1,017,910.8 sq.m. and RMB14,595.1 million, respectively).

Property Booked

During the Reporting Period, the booked area and booked amount of properties by Forte were approximately 1,110,895.4 sq.m. and RMB15,757.8 million respectively, attributable booked area and booked amount were approximately 804,282.6 sq.m. and RMB11,651.1 million respectively, representing a decrease of approximately 29.9% and 38.4%, respectively, as compared to the same period of 2015 (2015: attributable booked area and booked amount were approximately 1,148,021.6 sq.m. and RMB18,911.4 million, respectively).

As of 31 December 2016, the area and amount sold but not booked were approximately 1,587,071.1 sq.m. and RMB23,213.2 million, respectively, and the attributable area and amount sold but not booked were approximately 1,128,189.4 sq.m. and RMB16,264.4 million respectively, representing an increase of approximately 47.4% and 54.2%, respectively as compared to the same period of 2015 (2015: attributable area and amount sold but not booked were approximately 765,367.0 sq.m. and RMB10,544.4 million, respectively).



The Bund Finance Center

The Bund Finance Center is a high-end complex project located in the core district of the Bund with the address of 600 Zhongshan No.2 Road (E), Shanghai 200010 China, the north side was completed in 2016, and the south side is applying for its Certification of Completion. The Bund Finance Center is an experiential financial complex in the Bund financial zone and this project comprises four different business modes, including Grade A offices, shopping center, Fosun arts center and boutique hotel, in order to facilitate multiple functions of finance, commerce, tourism, culture, arts and so forth under one roof.

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

Name of project	Usage	Land area (sq.m.)	Total GFA (sq.m.)	Ownership ratio	Land cost (RMB million)	Development progress	Expected completion date	Construction and installation costs (RMB million)
The Bund Finance Center	Office, commercial, hotel	45,472	425,392	50%	9,835	The north side (N1-N5) has passed acceptance examination; the south side (S1\S2) is applying for its Certification of Completion.	The north side was completed in 2016; the south side is applying for its certification of completion.	3,266

Name of project	Floor	Area (sq.m.)
GFA		425,392
Grade A offices	S1	107,062
	S2	103,079
	N1	21,363
	N2	25,185
	N4	10,316
Shopping center		118,098
Boutique hotel		36,331
Fosun arts center		3,959

Resource Property

Founded in 1999, Resources Property is an integrated service platform with investment and management capability in the property sector of the Group. Resources Property has established itself on the global development strategy of the Group. As a global diversified and integrated real estate service provider, Resource Property focuses on three major segments, including real estate transaction services, asset management and innovative investment, both local and abroad. After the official public listing on NEEQ in September 2015 (stock code: 833517), Resources Property has achieved a sales scale of over RMB40 billion for two consecutive years. With the outstanding performance, it is awarded the name of “Top 10 planning and agency organisation of overall strength”(2016年中國房地產策劃代理綜合實力TOP 10), enjoying a brand value of approximately RMB2.3 billion.

RESOURCES

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

Unit: RMB million

	2016	2015	Change year-on-year
Revenue	1,453.8	1,627.6	-10.7%
Loss attributable to owners of the parent	(193.5)	(463.5)	N/A

During the Reporting Period, the decrease in revenue of the resources segment was attributable to the decrease in the revenue of Hainan Mining and ROC as a result of industry decline. The decrease in loss attributable to owners of the parent was mainly due to the provision for impairment of oil and gas assets as a result of the decline of oil price in the second half year of 2015. The oil price stabilized in 2016 and no further impairment was provided in 2016.



Hainan Mining

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

The main product of Hainan Mining is iron ore. During the Reporting Period, prices of iron ore fell sharply, affected by the market fluctuation in the downstream steel industry. Relying on

its own advantages, Hainan Mining overcame market difficulties and enhanced its sales, with its sales of iron ore reaching 2,896.2 thousand tonnes in 2016, representing a decrease of 12.76% year-on-year. The finished iron ore output reached 2,905.8 thousand tonnes, representing a decrease of 3.44% year-on-year.

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

	Finished iron ore output (thousand tonnes)	Reserves of iron ore ^{Note}
2016	2,905.8	268 million tonnes
2015	3,009.3	266 million tonnes
Change year-on-year	-3.44%	

Note: According to the "Solid Minerals Geological Prospecting Standards" of the PRC, the figures in 2016 were estimated figures.

ROC

The Company launched an offer of acquisition to ROC in August 2014. In January 2015, ROC was wholly-owned by the Group and officially delisted from the Australian Securities Exchange.

During the Reporting Period, ROC realized sales revenue of USD99.6 million, net profit amounted to USD4.1 million, EBITDA was USD45.5 million and net cash inflow from operating activities amounted to USD24.7 million.

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

RECENT DEVELOPMENT

Fosun United Health Insurance

In August 2016, Shanghai Fosun Industrial Investment Co., Ltd. ("**Fosun Industrial Investment**"), a wholly-owned subsidiary of the Company) and other independent third parties received the official approval reply from the China Insurance Regulatory Commission granting consent for the establishment of Fosun United Health Insurance in Guangzhou of the PRC, with registered capital of RMB500 million. Fosun Industrial Investment will invest RMB100 million in the registered capital of Fosun United Health Insurance. The investment is another important strategic measure of the Group in building a healthy, happy and wealthy ecosystem, aiming to provide more diversified and customized insurance and health services for family customers by combining the Group's resources in the insurance and health sectors to create synergies. During the Reporting Period, Fosun United Health Insurance obtained approval for its business registration from the industrial and commercial authority in January 2017 and commenced operation. Fosun United Health Insurance strives to connect smoothly with various types of effective resources of big health to provide quality products throughout the full life cycle. Fosun United Health Insurance, as an integral part of Fosun's global insurance business, has ventured into the professional health insurance sector in the China market, which will further develop the insurance network of Fosun.

FINANCIAL REVIEW

NET INTEREST EXPENDITURES

Net interest expenditures, net of capitalized amounts of the Group, decreased to RMB4,433.5 million in 2016 from RMB4,492.7 million in 2015. The decrease in net interest expenditures in 2016 was mainly attributable to the decrease in interest rate. The interest rates of borrowings in 2016 were approximately between 0.13% and 8.50%, as compared with approximately between 0.57% and 8.70% for the same period of last year.

TAX

Tax of the Group decreased to RMB3,594.6 million in 2016 from RMB5,229.1 million in 2015. The decrease in tax was mainly resulted from the decrease in taxable profit from the Group.

BASIC EARNINGS PER SHARE OF ORDINARY SHARES

Basic earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB1.19 in 2016, representing an increase of 12.3% from RMB1.06 per share in 2015. Diluted earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB1.19 in 2016. The weighted average number of shares was 8,600.7 million shares for 2016, which was 7,580.4 million shares for 2015.

EQUITY PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

As at 31 December 2016, equity per share attributable to owners of the parent was RMB10.74, representing an increase of RMB1.94 per share from RMB8.80 per share as at 31 December 2015. The increase in equity per share attributable to owners of the parent was primarily due to the difference between RMB18,331.2 million and RMB1,226.6 million, which were the total comprehensive income attributable to owners of the parent in 2016 and the dividend distributed on 18 July 2016, respectively.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a proposed final dividend of HKD0.21 per ordinary share for the year ended 31 December 2016. Subject to the approval of the Company's shareholders at the Company's annual general meeting to be held on 6 June 2017, the proposed final dividend will be paid to the Company's shareholders on or around 17 July 2017. There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENT

The capital expenditure of the Group mainly consists of additions to property, plant and equipment, prepaid land lease payments, exploration and evaluation assets, mining rights, intangible assets, investment properties and oil and gas assets. We have been increasing our investment in the research and development of pharmaceutical products in order to produce more proprietary products with higher gross profit margin. We continued our commitment in property development, but will adjust our strategy according to market conditions. With an aim to further strengthen our leading role in the happiness industry, we have made extra efforts in the happiness segment. The amount of capital expenditures of the Group during the Reporting Period was RMB6,274.4 million. Details of capital expenditures of each business segment are set out in note 5 to financial statements.

As at 31 December 2016, the Group's capital commitment contracted but not provided for was RMB21,714.4 million. These were mainly committed for property development, addition of plant and machinery and investments. Details of capital commitment are set out in note 61 to financial statements.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

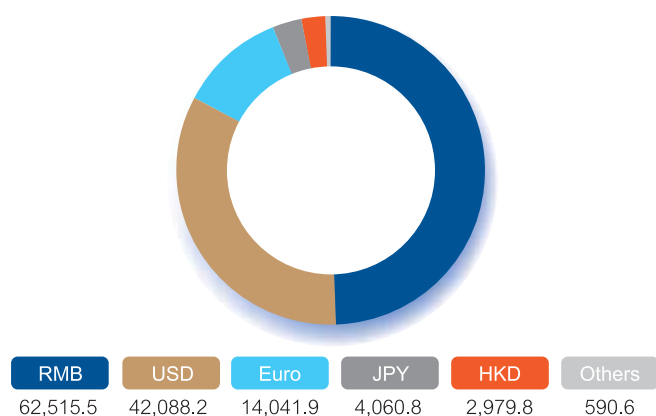
As at 31 December 2016, the total debt of the Group was RMB126,276.8 million, representing an increase over RMB115,110.0 million as at 31 December 2015, which was mainly due to the increase in borrowings as a result of business expansion of various segments of the Group. As at 31 December 2016, mid-to-long-term debt of the Group accounted for 65.3% of total debt, as opposed to 57.4% as at 31 December 2015. As at 31 December 2016, cash and bank and term deposits increased by 10.5% to RMB52,156.4 million as compared with RMB47,219.2 million as at 31 December 2015.

Unit: RMB million

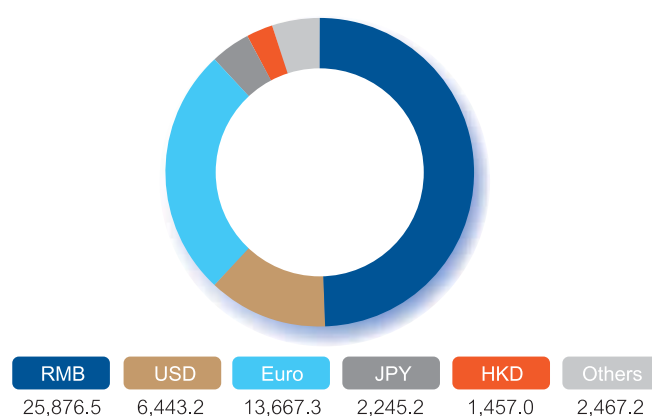
	31 December 2016	31 December 2015
Total debt	126,276.8	115,110.0
Cash and bank and term deposits	52,156.4	47,219.2

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 2016, is summarized as follows:

Total Debt



Cash and Bank Balances and Term Deposits



TOTAL DEBT TO TOTAL CAPITALISATION RATIO

As at 31 December 2016, the ratio of total debt to total capitalisation was 50.7% as compared with 53.6% as at 31 December 2015. This ratio has decreased as a result of the increase of the total capitalisation. Healthy debt ratios and abundant funds can reinforce the Group's ability to defend against risk exposure, and provide support to the Group in capturing investment opportunities.

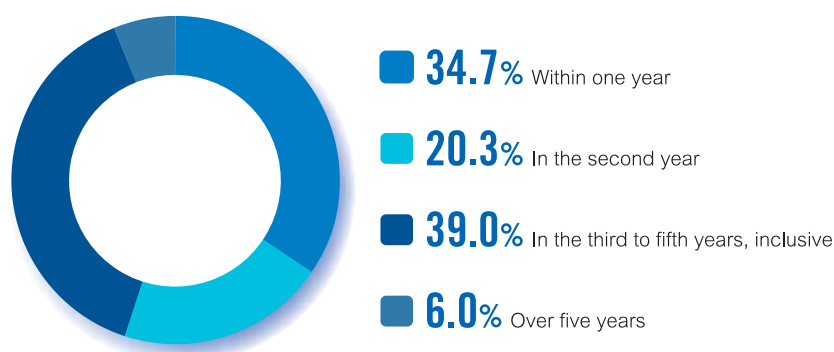
BASIS OF CALCULATING INTEREST RATE

To stabilize interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure according to the interest rate policy, seeking to optimise the interest rate level. As at 31 December 2016, 47.0% 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 2016 are as follows:



AVAILABLE FACILITIES

As at 31 December 2016, save for cash and bank and term deposits of 52,156.4 million, the Group had unutilized banking facilities of RMB158,332.6 million. The Group has entered into cooperation agreements with various major banks in China. According to these agreements, the banks granted the Group general banking facilities to support its capital needs. Prior approval of individual projects from banks in accordance with bank regulations of China must be obtained before the use of these banking facilities. As at 31 December 2016, available banking facilities under these arrangements totalled RMB235,350.3 million, of which RMB77,017.7 million was utilized.

CASH FLOW

In 2016, net cash flow used in operating activities was RMB12,003.2 million. Profit before tax for the year was RMB16,280.8 million. After making aggregate adjustment for the items such as investment gain and loss and financing costs included in profit before tax and offsetting the total amount of depreciation and amortisation which did not result in cash outflow, cash flow generated from operating activities decreased by RMB11,678.6 million. However, owing to the increase in accrued liabilities and other payables and provision for outstanding claims of RMB16,247.4 million and RMB3,289.6 million, respectively, the decrease in completed properties held for sale of RMB7,142.8 million, cash flow generated from operating activities increased. The increase in amounts due from related companies of RMB5,176.6 million, income tax payment of RMB3,777.2, the increase in prepayments, deposits and other receivables of RMB3,271.5 million and increase in properties under development of RMB2,863.4 million contributed to an decrease in the cash flow from operating activities. The increase in accrued liabilities and other payables was mainly due to the increase in Forte's advances from customers; the increase in provision for outstanding claims was mainly due to the expansion of insurance business; the decrease in completed properties held for sale was mainly due to the sales of Forte; the increase in amounts due from related companies was mainly due to the non-trade payment to associates and joint ventures; the increase in properties under development was mainly due to Forte's capital expenditure on the properties under development.

In 2016, net cash flow used in investing activities was RMB17,841.8 million, mainly used for the purchase of property, plant and equipment, purchase of investment properties purchase of investments at fair value through profit and loss and available-for-sale investments, acquisition of subsidiaries, associates and jointly-controlled entities, and increase in pledged bank balances and time deposits with original maturity of more than three months, which was partly offset by proceeds from disposal of investments at fair value through profit and loss, available-for-sale investments and investment properties, disposal of subsidiaries, disposal of associates and disposal of partial interests in associates, dividends received from available-for-sale investments.

In 2015, net cash flow from financing activities was RMB5,971.7 million, mainly generated from the new bank and other borrowings, as well as capital contribution from non-controlling shareholders of subsidiaries, which was partly offset by the repayment of bank and other loans, interest payment of bank loans and payment of dividends.

PLEGDED ASSETS

As at 31 December 2016, the Group had pledged assets of RMB37,718.1 million (31 December 2015: RMB50,485.9 million) for bank borrowings. Details of pledged assets are set out in note 40 to financial statements.

CONTINGENT LIABILITIES

The Group's contingent liabilities of RMB6,540.0 million as at 31 December 2016 (31 December 2015: RMB8,655.9 million). Details of contingent liabilities are set out in note 62 to financial statements.

INTEREST COVERAGE

In 2016, EBITDA divided by net interest expenditures was 5.4 times, the same with that in 2015.

FINANCIAL POLICIES AND RISK MANAGEMENT

General policy

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

Foreign currency exposure

RMB is the functional and presentation currency of the Group. As a result of the launching of global strategy, the proportion of assets denominated in currencies other than RMB held by the Group had continuously increased. Financial settlement and currency conversion as at the reporting date of these non-RMB assets may generate a certain amount of foreign exchange losses or gains, thereby affecting the Group's profits or net assets. Since the exchange rate reform in August 2015, the exchange rate of RMB against USD depreciated for a time and the volatility increased. We are uncertain of the trend of the exchange rate of RMB in the future. The cost of conversion of RMB into foreign currencies will be subject to the fluctuation of the exchange rate of RMB.

Interest rate exposure

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

Application of derivatives

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

FORWARD-LOOKING STATEMENTS

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

FIVE-YEAR STATISTICS

Unit: RMB million

Year	2012	2013	2014	2015	2016
Total equity	57,218.4	61,299.8	75,684.5	99,553.1	122,873.8
Equity attributable to owners of the parent	35,197.3	39,628.2	49,408.4	75,744.3	92,367.0
Equity per share attributable to owners of the parent (in RMB)	5.48	6.17	7.14	8.80	10.74
Indebtedness					
Total debt	56,902.6	69,084.4	95,834.2	115,110.0	126,276.8
Total debt/Total capitalization (%)	49.9%	53.0%	55.9%	53.6%	50.7%
Interest coverage (times)	3.9	5.3	5.1	5.4	5.4
Capital employed	92,099.9	108,712.6	145,242.6	190,854.3	218,643.8
Cash and bank balances	22,088.5	16,387.2	40,338.6	47,219.2	52,156.4
Property, plant and equipment	24,295.9	30,215.7	36,037.9	18,023.6	20,672.0
Investment property	3,985.0	9,896.3	16,883.9	40,898.7	30,493.3
Property under development	35,300.9	30,859.9	37,101.8	35,882.4	32,068.6
Prepaid land lease payments	1,801.2	1,994.0	2,921.4	2,143.9	2,105.3
Mining rights	821.6	794.6	784.9	564.5	531.3
Investment in associates	15,258.7	20,369.7	26,976.4	31,579.7	44,115.6
Available-for-sale investments	7,382.9	10,050.3	77,237.8	118,954.6	128,175.4
Investments at fair value through profit or loss	10,656.1	13,466.0	14,867.2	10,716.2	8,328.7
Profit attributable to owners of the parent	3,707.2	5,518.9	6,853.9	8,038.3	10,268.2
Basic earnings per share (in RMB)	0.58	0.86	1.02	1.06	1.19
Diluted earnings per share (in RMB)	0.58	0.86	0.99	1.05	1.19
Profit contribution by each business segment					
Insurance	(54.9)	523.6	1,117.0	2,104.2	2,411.3
Investment	1,884.8	1,301.3	2,195.3	3,787.4	4,297.5
Wealth Management and Innovative Finance	87.8	112.0	303.4	596.0	863.0
Health	721.4	818.1	1,096.0	1,099.2	1,222.8
Happiness	169.1	332.2	473.5	175.1	414.4
Property Development and Sales	1,494.9	2,087.0	2,397.5	2,993.5	3,098.9
Resources	462.8	602.4	129.9	(463.5)	(193.5)
Steel	(335.0)	415.5	280.0	(929.7)	—
EBITDA	10,748.9	14,163.2	18,682.1	24,422.5	23,891.3
Proposed dividend per share (in HKD)	0.170	0.150	0.170	0.170	0.210

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Group for the year ended 31 December 2016.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

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

A. THE BOARD

a) Responsibilities

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

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

b) Delegation of Management Function

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

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

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

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

c) Board Composition

The Board for the year ended 31 December 2016 comprised the following Directors:

Executive Directors

Mr. Guo Guangchang (*Chairman*)
 Mr. Liang Xinjun (*Vice Chairman and Chief Executive Officer*)⁽¹⁾
 Mr. Wang Qunbin (*President*)⁽²⁾
 Mr. Ding Guoqi⁽³⁾
 Mr. Qin Xuetang
 Mr. Chen Qiyu⁽⁴⁾
 Mr. Xu Xiaoliang⁽⁴⁾

Independent Non-Executive Directors

Mr. Zhang Shengman
 Mr. Zhang Huaqiao
 Mr. David T. Zhang
 Mr. Yang Chao

Notes:

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

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The Independent Non-Executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules. There is no financial, business, family or other material/relevant relationship among the Directors.

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

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

d) Appointment and Re-election of Directors

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

All Directors have entered into service contracts with the Company for a term of 3 years from 28 March 2017.

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

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

e) Continuous Professional Development of Directors

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

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

During the Reporting Period, the Company arranged a training session conducted by King & Wood Mallesons on notifiable transactions and reverse takeover and offered relevant reading materials including legal and regulatory update to the Board.

f) Board Meetings

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

g) Practice and Conduct of Board Meetings

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

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

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

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

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

h) Directors and Officers Liability Insurance

The Company has arranged the directors and officers liability insurance in respect of legal action against the Directors, the insured clause and scope of coverage of year 2016/2017 have been reviewed and renewed.

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, the posts of Chairman and Chief Executive Officer are held by Mr. Guo Guangchang and Mr. Liang Xinjun respectively⁽¹⁾. This segregation ensures a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business operations. Their respective responsibilities are clearly established and set out in writing.

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

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

C. BOARD COMMITTEES

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

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

Audit Committee

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

Note: (1) Mr. Liang Xinjun resigned as Chief Executive Officer of the Company with effect from 28 March 2017. Mr. Wang Qunbin has been re-designated as Chief Executive Officer on the same day.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function or external auditors before submission to the Board;
- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors; and
- To review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control system (including ensuring the adequacy of resources, qualification and experience of staff of the Company's accounting, internal audit and financial reporting function, their training programmes and budget) and associated procedures.

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

The Company's annual results for the year ended 31 December 2016 have been reviewed by the Audit Committee.

Remuneration Committee

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

The primary work of the Remuneration Committee includes making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management after assessing their performance, as well as on the remuneration policy and structure for all Directors and senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his close associates will participate in deciding his own remuneration, which will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

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

Nomination Committee

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

The main duties of the Nomination Committee include the following:

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

The Nomination Committee held one meeting during the Reporting Period to review the structure, size, composition and diversity of the Board, the independence of the Independent Non-Executive Directors and make recommendation to the Board in relation to the re-appointment of retiring Directors at the 2016 annual general meeting. The attendance records of each member of the Nomination Committee are set out below in the section “ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS”.

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

Board Diversity Policy

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

D. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings, and annual general meeting of the Company held for the year of 2016 is set out in the table below:

Name of Director	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Guo Guangchang	8/8	—	—	—	1/1
Liang Xinjun	8/8	—	2/2	—	1/1
Wang Qunbin	8/8	—	—	1/1	1/1
Ding Guoqi	8/8	—	—	—	0/1
Qin Xuetang	8/8	—	—	—	1/1
Chen Qiyu	8/8	—	—	—	0/1
Xu Xiaoliang	8/8	—	—	—	1/1
Zhang Shengman	8/8	2/2	2/2	1/1	1/1
Zhang Huaqiao	8/8	2/2	2/2	1/1	1/1
David T. Zhang	8/8	2/2	2/2	1/1	1/1
Yang Chao	8/8	2/2	2/2	1/1	0/1

E. MODEL CODE FOR SECURITIES TRANSACTIONS

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

F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Board is responsible for presenting a balanced and clear assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2016. The senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

G. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of Ernst & Young, the external auditors of the Company, about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on page 109.

During the Reporting Period, the remuneration paid to Ernst & Young, the external auditors of the Company, in respect of professional audit services, amounted to RMB9.4 million and no significant non-audit services were provided by Ernst & Young to the Company.

H. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees the management in the design, implementation and monitoring of the risk management and internal control systems efficiently, and the management provides a confirmation to the Board on the effectiveness of these systems. The Company identifies, evaluates and monitors significant risks faced by the Company and builds up its risk management and internal control system, taking into consideration the findings of internal audits and issues revealed during operation and management as well as audit findings of external auditors to achieve the goal of risk control. Such significant risks include decision-making risks of operation, financial control risks, and the risks arising from changes in business environment. We reviewed the risk management and internal control systems of the Company on a regular and ad hoc basis.

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

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

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

The Company adopts a zero tolerance policy for corruption acts of its staff and constantly reinforces anti-corruption risk control through work mechanisms such as keeping the report channel clear, establishing a professional investigation team and implementing the anti-corruption and supervision line vertical leadership of the Group and enterprises controlled by it. The anti-corruption supervision hotline and mailbox were announced through the portal website and other ways for the collection of reported information internally and externally and conducting relevant investigations, the probity of managers in performing their duties was supervised. The anti-corruption system was continuously improved through exploring the feasibility of establishing a concurrent anti-corruption supervision system for post-investment management of material investment projects and implementing the requirements under the “Personal Matters Reporting System for Key Position Cadres of Fosun Group” to build an atmosphere of integrity in performing duties by combining self-discipline and supervision. Meanwhile, anti-corruption inspections on subsidiaries continued to increase. Inspection opinions of supervisors were issued in the course of inspection on aspects of material risks, such as tender and bidding, project management, financial income and expenses, and reported directly to the Board and the management. Non-compliances with legal and disciplinary requirements were supervised by the management for rectifications. The rectification result was reported to the Board and attained the expected effects.

I. COMPANY SECRETARY

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

J. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

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

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

K. SHAREHOLDER RIGHTS

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

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

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

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

Putting Forward Enquiry/Requisition to the Board

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

Contact Details

Shareholders may send their enquiries or requisitions as mentioned above to the following:

Name: Fosun International Limited

Address: Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong

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

Key Shareholder Dates

Key shareholder dates for 2017 are:

- June 2017: annual general meeting;
- August 2017: release of announcement of interim results in respect of the six months ending 30 June 2017; and
- September 2017: release of interim report in respect of the six months ending 30 June 2017.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS



Guo Guangchang

Wang Qunbin

Chen Qiyu

Xu Xiaoliang

Guo Guangchang, aged 49, is an Executive Director and Chairman of the Company. Mr. Guo is one of the Co-Founders of the Group and has been chairman of Fosun High Technology since its establishment in November 1994. He is now also a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), a director of both Fosun Holdings and Fosun International Holdings (the direct and indirect controlling shareholders of the Company, respectively), a director of Club Med and the director of various companies within the Group. Mr. Guo was a non-executive director of Minsheng Bank (listed on the Hong Kong Stock Exchange and the SSE). Mr. Guo is now a member of the 12th National Committee of the Chinese People's Political Consultative Conference, a member of the 11th Standing Committee of All-China Federation of Industry & Commerce and All-China Youth Federation, vice chairman of The Zhejiang Chamber of Commerce, chairman of The Zhejiang Chamber of Commerce in Shanghai, etc.. Mr. Guo was a deputy to the 10th and 11th National People's Congress of the PRC, a member of the 9th National Committee of the Chinese People's Political Consultative Conference, etc.. Mr. Guo was awarded, among others, "Lifetime Achievement Award" in the 8th Annual World Chinese Economic Summit in 2016, "2015 Most Influential Corporate Leader in China" issued by China Entrepreneur Summit and Chinese Entrepreneur 30th Award Ceremony, and named, among others, in the "50 Most Influential Individuals of the Portuguese Economy in 2015" by the Portuguese mainstream media *Jornal de Negócios*, *Bloomberg Markets* "50 Most Influential List 2014 - Corporate Power Broker" and a famous American business magazine *Fast Company* (Chinese edition) "China 100 Most Creative People in Business 2014". Mr. Guo received a bachelor's degree in philosophy in 1989 and a master's degree in business administration in 1999, both from Fudan University.

Wang Qunbin, aged 47, is an Executive Director and Chief Executive Officer (CEO) of the Company. Mr. Wang is one of the Co-Founders of the Group and has been a director of Fosun High Technology since its establishment in November 1994. He is also a director of Henan Lingrui Pharmaceutical Co., Ltd. (listed on the SSE with stock code: 600285) and Yuyuan (listed on the SSE), non-executive director in Sinopharm (listed on the Hong Kong Stock Exchange) and Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE) and the director of various companies within the Group. Mr. Wang holds various positions including honorary chairman of The Huzhou Chamber of Commerce in Shanghai and vice chairman of China Chamber of International Commerce. Mr. Wang was listed in the "Hot 100 List in 2016" by the American insurance magazine *Insurance Business*, awarded "Asia Pacific Outstanding Entrepreneur Awards" issued by Enterprise Asia in 2014 and "Best Asian Corporate Director" at the Asian Excellence Recognition Awards 2014 by *Corporate Governance Asia*, 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.



Qin Xuetang

Wang Can

Kang Lan

Gong Ping

Chen Qiyu, aged 44, is an Executive Director and Co-President of the Company. Mr. Chen joined the Group in 1994. He is also an executive-director and chairman of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), a non-executive director and vice chairman of Sinopharm (listed on the Hong Kong Stock Exchange), a director of Zhejiang D.A. Diagnostic Company Limited (listed on the Growth Enterprise Market Board of the Shenzhen Stock Exchange with stock code: 300244), Sanyuan Foods (listed on the SSE) and Maxigen Biotech Inc. (listed on the Taiwan Stock Exchange with stock code: 1783) and the director of various companies within the Group. Mr. Chen is a member of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference, the chairman of China Medical Pharmaceutical Material Association, a vice president of China Pharmaceutical Industry Research and Development Association, a vice president of China Pharmaceutical Industry Association, the chairman of Shanghai Biopharmaceutical Industry Association and vice council chairman of Shanghai Society of Genetics. 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 43, is an Executive Director and Co-President of the Company. Mr. Xu joined the Group in 1998, he is also the chairman of Yuyuan (listed on the SSE), a non-executive director of Zhaojin Mining (listed on the Hong Kong Stock Exchange), a director of Resource Property (listed on the NEEQ) and the director of various companies within the Group. Mr. Xu was a non-executive director of Shanghai Zendai (listed on the Hong Kong Stock Exchange). Mr. Xu is now the co-chairman of Real Estate Association of The Zhejiang Chamber of Commerce, a member of Shanghai Youth Federation and a vice chairman of China Real Estate Chamber of Commerce. Mr. Xu was successively awarded the "Shanghai 4 May Youth Medal" and "Shanghai Top Ten Youth Business People". Mr. Xu graduated from the Innova Education School of Singapore with a diploma in 1995 and received a master's degree in business administration from the East China Normal University in 2002.

Qin Xuetao, aged 53, is an Executive Director and Senior Vice President of the Company. Mr. Qin is also acting as the director of various overseas companies within the Group. Since joining the Group in 1995, Mr. Qin has been in charge of the legal affairs of the Company, possessing in-depth knowledge in the area of mergers and acquisitions, as well as in corporate governance affairs of A-share listed companies. In addition, Mr. Qin oversees all matters related to the Company's audit, compliance, risk control and information disclosure systems. Mr. Qin received a bachelor's degree in law in 1985 from the Southwest University of Political Science and Law and was admitted to practice law in the PRC in 1990. Prior to joining the Group, Mr. Qin worked in the Law School of Fudan University.

Wang Can, aged 37, is the Executive Director, Senior Vice President and the Chief Financial Officer (CFO) of the Company. Mr. Wang joined the Group in 2012, and is now also the general manager of Investment Management Support Center, the non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), and the director of various companies within the Group. He once worked as the general manager of Investment Management Department, deputy CFO and general manager of Financial Planning & Analysis Department of the Group. Prior to joining the Group, Mr. Wang worked in Kingdee Software (China) Co., Ltd., PricewaterhouseCoopers Zhong Tian LLP, Standard Chartered Bank (China) Limited and China Lodging Group, Limited (listed on NASDAQ with stock code: HTHT). Mr. Wang is a non-practicing member of Chinese Institute of Certified Public Accountants (CICPA) and a member of The Association of International Accountants (AIA). Mr. Wang graduated from Anhui University in 1997 and received an EMBA degree from China Europe International Business School in 2014.

Kang Lan, aged 47, is the Executive Director, Senior Vice President and Chief Human Resources Officer of the Company and the President of Fosun Insurance Group. Ms. Kang joined the Group in 2010, and is also the non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), chairman of MIG and director of various insurance companies and other companies within the Group. Ms. Kang was the project manager of Nanjing High Technology Industry Development Company from August 1991 to June 1993, a researcher of Memorial Sloan-Kettering Cancer Center in the United States from October 1995 to May 1998, a research and development scientist in Wyeth from May 1998 to August 2000, a consultant of McKinsey & Company, Greater China Office from August 2002 to February 2007, and a senior client partner of Korn/Ferry International (listed on the NASDAQ with stock code: KFY), Greater China Office from March 2007 to August 2010. Ms. Kang received her bachelor's degree in biological sciences and biotechnology from Zhejiang University in 1991, master's degree in biochemistry from Tulane University in the United States in 1995, and MBA degree from the Wharton School of the University of Pennsylvania in 2002.

Gong Ping, aged 41, is the Executive Director and Senior Vice President of the Company. Mr. Gong joined the Group in 2011 and is also CEO of Fosun Property Holdings and chairman of Forte. Mr. Gong is now also vice chairman of Yuyuan, non-executive director of Shanghai Zendai (listed on the Hong Kong Stock Exchange), a director of Resource Property (listed on the NEEQ), as well as director of various companies within the Group. He used to serve as senior assistant to president of the Group, and general manager of Corporate Development Department. Prior to joining the Group, Mr. Gong worked at Pudong branch and the headquarters of Bank of Shanghai as well as the PRC headquarters of Standard Chartered Bank. Mr. Gong also served as global strategist at the headquarters of Samsung Group in Korea, carrying out special assignments across various sectors including financial services, technology and real estate worldwide. Mr. Gong graduated from Fudan University in 1998 with a Bachelor's degree in international finance, and then obtained his master's degree in finance from Fudan University in 2005. Mr. Gong also received his MBA degree from International Institute for Management Development (IMD) in Lausanne, Switzerland in 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS



Zhang Shengman

Zhang Huaqiao

David T. Zhang

Yang Chao

Lee Kai-Fu

Zhang Shengman, aged 59, has been an Independent Non-Executive Director of the Company since December 2006. Mr. Zhang is currently also a non-executive director of Future Land Holdings Co., Ltd. (listed on the SSE with stock code: 601155). Mr. Zhang worked in the PRC Ministry of Finance as deputy director and vice secretary from 1994 to 1995. From 1994 to 1995, Mr. Zhang was an executive director for China at the World Bank. From 1995 to 1997, Mr. Zhang was vice president and chief secretary of the World Bank. From 1997 to 2001, Mr. Zhang was senior vice director of the World Bank. Mr. Zhang was a managing director and chairman of the operations committee, the sanctions committee and the corporate committee on fraud and corruption policy of the World Bank from 2001 to 2005. Mr. Zhang joined Citigroup (listed on the New York Stock Exchange with stock code: C) in February 2006, and up to May 2016 once served as the chairman of the Public Sector Group, chairman and president of Asia Pacific of Citigroup. Mr. Zhang received a bachelor's degree in English literature in 1978 from Fudan University and a master's degree in public administration in 1985 from University of the District of Columbia. Mr. Zhang completed the Harvard Advanced Management Program in 1997.

Zhang Huaqiao, aged 53, has been an Independent Non-Executive Director of the Company since March 2012. Mr. Zhang is also an executive director and chairman of China Smartpay Group Holdings Limited (stock code: 08325), a non-executive director of Boer Power Holdings Ltd. (stock code: 01685), an independent non-executive director of Zhong An Real Estate Limited (stock code: 00672), China Huirong Financial Holdings Limited (stock code: 01290), Logan Property Holdings Company Limited (stock code:

03380), Luye Pharma Group Ltd. (stock code: 02186) and Wanda Hotel Development Company Limited (stock code: 00169), all of which are listed on the Hong Kong Stock Exchange, an independent non-executive director of Sinopec Oilfield Service Corporation (listed on the SSE with stock code: 600871 and on the Hong Kong Stock Exchange with stock code: 01033) and Yancoal Australia Ltd. (listed on the Australian Stock Exchange with stock code: YAL). From July 1986 to January 1989, Mr. Zhang was employed at the People's Bank of China in Beijing and from June 1999 to April 2006, Mr. Zhang worked at the Equities Department of UBS AG, Hong Kong Branch at which he first served as the head of the China research team and later became the co-head of the China research team. Mr. Zhang was the chief operating officer from March 2006 to September 2008 and executive director from May 2006 to September 2008 of Shenzhen Investment Limited (listed on the Hong Kong Stock Exchange with stock code: 00604). From September 2008 to June 2011, he was deputy head of China Investment Banking at UBS Securities Asia Limited. Mr. Zhang was an executive director and CEO of Man Sang International Limited (listed on the Hong Kong Stock Exchange with stock code: 00938) from September 2011 to April 2012, a director of Nanjing Central Emporium (Group) Stocks Co., Ltd. (listed on the SSE with stock code: 600280) from February 2013 to June 2015 and an independent non-executive director of Fuguiniao Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code: 01819) from May 2013 to June 2014 and Ernest Borel Holdings Limited (listed on the Hong Kong Stock Exchange with stock code: 01856) from June 2014 to November 2014. Mr. Zhang graduated from the Graduate School of the People's Bank of China with a master's degree in economics in 1986; and from the Australian National University with a master's degree in economics in 1991.

David T. Zhang, aged 54, has been an Independent Non-Executive Director of the Company since June 2012. Mr. Zhang is also a partner of Kirkland & Ellis LLP, a leading international law firm. Admitted to the practice of law in the State of New York, USA and based in Hong Kong, Mr. Zhang specializes in securities offerings and M&A transactions. He has extensive experience representing Chinese issuers and leading investment banks in US initial public offerings, Hong Kong initial public offerings and other Rule 144A and Regulation S offerings of equity, debt and convertible securities. Additionally, Mr. Zhang has represented a number of leading private equity funds, multinational corporations and sovereign wealth funds in connection with their investments and M&A transactions in the Greater China region and Southeast Asia. Mr. Zhang has been rated as a top capital markets attorney by *Chambers Global*, *Legal 500 Asia Pacific*, *IFLR1000* and *Chambers Asia Pacific*. Prior to joining Kirkland & Ellis LLP in August 2011, Mr. Zhang was a partner of Latham & Watkins LLP, a leading international law firm, for eight years. Mr. Zhang graduated from Beijing Foreign Studies University in 1981 and received his J.D. degree from Tulane University Law School in 1991.

Yang Chao, aged 66, has been an Independent Non-Executive Director of the Company since December 2014. Mr. Yang was the chairman of China Life Insurance Company Limited (listed on the Hong Kong Stock Exchange with stock code: 02628) from July 2005 to June 2011, the president and secretary of party committee of China Life Insurance (Group) Company from May 2005 to May 2011 and an independent non-executive director of SRE Group Limited (listed on the Hong Kong Stock Exchange with stock code: 01207) from November 2013 to December 2015. Mr. Yang is currently a member of the National Committee of the Chinese People's Political Consultative Conference and its Social and Legislative Committee. Mr. Yang, a Senior Economist, has more than 40 years of experience in the insurance and banking industries, and was awarded special allowance by the State Council. Mr. Yang graduated from Shanghai International Studies University and Middlesex University in the United Kingdom, majoring in English and business administration respectively, and received a master's degree in business administration.

Lee Kai-Fu, aged 55, has been an Independent Non-Executive Director of the Company since March 2017. Dr. Lee is now also the chairman of Sinovation Ventures (Beijing) Enterprise Management Co., Ltd. (listed on the NEEQ with stock code: 835966), a co-founder and the managing partner of Sinovation Ventures Development Funds, the chairman and chief executive officer of Innovation Works Limited, a non-executive director of Meitu, Inc. (listed on the Hong Kong Stock Exchange with stock code: 01357), an independent director of LightInTheBox Holding Co., Ltd. (listed on the New York Stock Exchange with stock code: LITB), an independent non-executive director of Shangri-La Asia Limited (listed on the Hong Kong Stock Exchange with stock code: 00069) and Hon Hai Precision Industry Co., Ltd. (listed on the Taiwan Stock Exchange with stock code: 2317). Dr. Lee has also been a director of various companies in the internet, artificial intelligence and other industries. From 1988 to 1990, Dr. Lee worked at Carnegie Mellon University, where he served as an assistant professor; between July 1990 and April 1996, Dr. Lee worked at Apple Inc. (listed on NASDAQ with stock code: AAPL), serving as a vice-president from December 1995; from July 1998 to July 2005, Dr. Lee was the vice president of Microsoft Corporation (listed on NASDAQ with stock code: MSFT); from July 2005 to September 2009, Dr. Lee was the president of Google China of Google Inc. (listed on NASDAQ with stock code: GOOGL), and he was responsible for launching the Google China R&D Center. Dr. Lee received his bachelor of arts degree and Ph.D. in computer science from Columbia University in May 1983 and Carnegie Mellon University in May 1988, respectively.

Senior Management Of The Company (In Alphabetical Order Of Last Name)

Li Haifeng, aged 58, is the Senior Vice President of the Company and the Chief Representative of Beijing office of the Group. Mr. Li is also the Head of the Group's general functions. Mr. Li joined the Group in 2001 and set up the Beijing office of the Group, and is now also the director of various companies within the Group. Mr. Li is responsible for integrating and maintaining public resources of the Group through building long-term cooperation in public sector, attending major foreign affairs and important activities on behalf of the Group, and conducting daily operational management and internal resources sharing of the Group's general functions. Mr. Li also takes lead on substantial collaboration and projects involving diverse-ownership reform, participates in the decision-making process of major foreign affairs, and deals with unexpected events of the Group. Mr. Li received a graduation certificate in Marxist theory from East China University of Science and Technology in 1996, a postgraduate certificate in Marxist philosophy from Fudan University in 2009 and a master's degree in business administration from Tsinghua University in 2013.

Pan Donghui, aged 47, is the Senior Vice President of the Company, the President of Fosun TMT & Entertainment Investment Group and the President of Fosun Internet Investment Group. Mr. Pan joined the Group in 1994 and now also is the director of various companies within the Group. For the past twenty more years, he served as a project manager of Forte, the chief representative of the Hong Kong office, the general manager of Investor Relations Department of the Company and senior assistant to president of Fosun High Technology. Mr. Pan has helped the Group achieve exponential growth and high turnarounds by managing investments in telecom, media and technology, venture capital and secondary market investments, directing investor relations affairs, and leading several large real estate development projects as well as pharmaceutical projects. Mr. Pan has rich experience in effective execution and value creation in respect of leverage buyout (LBO) and initial public offering (IPO). Mr. Pan received a bachelor's degree in 1991 from Shanghai Jiao Tong University and graduated from University of Southern California with a master's degree in business administration in 2009.

Qian Jiannong, aged 54, is the Senior Vice President of the Company and the President of Fosun Tourism & Commercial Group. Mr. Qian is also a director of Club Med, Grupo Osborne, S.A. and Folli Follie, chairman of Thomas Cook JV China, co-president and managing director of CMF and the director of other companies within the Group. Mr. Qian joined the Group in 2009 and took the lead of the team in completing a series of investments, such as, Club Med (France), Folli Follie (Greece), Atlantis (PRC), Vigor Kobo (Taiwan), Secret Recipe (Malaysia), CITS (PRC), Osborne (Spain) and Thomas Cook (UK), etc. Mr. Qian was a lecturer of Shanghai University of Finance and Economics, a senior manager of Metro Group of Germany, a vice general manager of Wumart Stores, Inc. (listed on the Hong Kong Stock Exchange with stock code: 01025) and the CEO and director of China Nepstar Chain Drugstore Ltd. (listed on the New York Stock Exchange with stock code: NPD). Mr. Qian has more than 20 years of experience in domestic and overseas retail and investment industries. Mr. Qian graduated from Shandong University with a bachelor's degree in economics in 1983 and obtained a master's degree in the economics in 1992 from University of Essen (currently known as University of Duisburg-Essen in Germany).

Tang Bin, aged 45. Mr. Tang joined the Group in 2003 and is currently the Senior Vice President of the Company, Chairman of Shanghai Fosun Capital Investment Management Co., Ltd., Chairman of Fosun Steel and Intelligent Equipment Group, Chairman of Fosun Energy Group, Co-Chairman and President of CMF, Co-President of Fosun Wealth Management Group and the director of other companies within the Group. Mr. Tang once held the positions of chief representative of Jiangxi office, chief representative of Beijing office, and investment director of Shanghai Fosun Industrial Investment Co., Ltd., and vice president, executive vice president, president of Fosun Capital. Prior to joining the Group, Mr. Tang worked as principle staff member in Personnel Division of Jiangxi Provincial Economic and Trade Commission, and deputy county head of People's Government of Jiujiang County, Jiangxi Province. Mr. Tang received a bachelor's degree in national economic management from Nanchang University in 1995, a MBA degree from Jiangxi University of Finance and Economics in 2001, and an EMBA degree from China Europe International Business School in 2013.

Zhang Houlin, aged 48, is the Senior Vice President of the Company and General Manager of Treasury Management Center of the Group. Mr. Zhang is also the chairman of Fosun Finance Company and the director of other companies within the Group. Mr. Zhang joined the Group in 2000 and takes comprehensive responsibility of the overall financing management of the Group, including capital strategic planning and capital risk control. Mr. Zhang worked at Agricultural Bank of China, Waigaoqiao sub-branch from December 1993 to October 2000. Mr. Zhang received a bachelor's degree in history in 1991 and a master's degree in business administration in 1998, both from Fudan University.

Gu Xiaoxu, aged 46, is the Vice President of the Company and the President of Fosun Bank Group. Ms. Gu joined the Group in 2011 and is now also the director of Mybank and other companies within the Group. Ms. Gu has been responsible for the financial investments and industrial operations of Fosun Bank Group. Ms. Gu has a wealth of management experience and broad financial and technological vision. The team she leads has won the Outstanding Investment Team Award of the Group in 2012, 2013 and 2014 successively. Ms. Gu has won the Outstanding Managers Award of the Group in 2014, etc.. Prior to joining the Group, Ms. Gu worked for Huaxia Bank Shanghai Branch and Shanghai Tonglian Finance Co., Ltd.. Ms. Gu obtained a bachelor's degree in transport administration from Shanghai Railway University (currently known as Tongji University) in 1992 and a master's degree in business administration from East China Normal University in 2000, and got the qualification of securities and funds in November 2004.

Li Tao, aged 44. Mr. Li joined the Group in March 2017. Mr. Li is now the Vice President of the Company and the Co-President of Fosun Insurance Group. Mr. Li served as CFO of China Taiping Insurance Group Co., Ltd. from November 2008 to February 2017. After the reorganization and overall listing of China Taiping Insurance Group Co., Ltd. in August 2013, Mr. Li served as CFO of China Taiping Insurance Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 00966), in charge of the financial lines, and also managed the actuarial, investment lines and overseas insurance business. From September 2001 to November 2008, Mr. Li served as the founding senior management and CFO of Taiping Life Insurance Co., Ltd.. From September 1993 to September 2001, Mr. Li worked for the financial accounting department of China People's Insurance Company, the London Financial and Insurance Division of

Coopers & Lybrand (currently known as PricewaterhouseCoopers), the finance department of China People's Insurance Group, the supervision office for personnel insurance department of China Insurance Supervision Committee, the internal audit and the finance department of AIA Insurance Co., Ltd. Shanghai Branch. Mr. Li obtained a bachelor's degree in English from Wuhan University in 1993. He received a master's degree in Business Administration from Fudan University in 2010 and became a member of the Association of Chartered Certified Accountants (ACCA) in 1999.

Yao Wenping, aged 48, is the Vice President of the Company and the President of Fosun Wealth Management Group. Mr. Yao joined the Group in 2009 and is now also the chairman of Fosun Hani Securities, Tebon Securities Co., Ltd. and Tebon Fund Management Co., Ltd.. Prior to joining the Group, Mr. Yao worked in Nanjing University, Huatai Securities Co., Ltd., Donghai Securities Co., Ltd., in charge of securities brokers, investment banks, fixed income, asset management, etc., and carried out pioneering works in aspects of wealth management, asset securitization, fund, etc. Mr. Yao has published 4 monographs, 1 translation, awarded the first prize in Selection of Member Research Results of the Shenzhen Stock Exchange, the first prize in Research Project of China Securities Industry Association, and the Best Innovation Award in China Securities and Futures Industry Science and Technology Award. Mr. Yao received a bachelor's degree in science in 1991 and a master's degree in economics in 1998, both from Nanjing University.

Company Secretary

Sze Mei Ming, aged 39, has been the Company Secretary of the Company since March 2009. Ms. Sze joined the Group in 2007. Ms. Sze holds a bachelor's degree in Arts from the University of Hong Kong, a bachelor's degree in laws from the University of London and a master's degree in Chinese and Comparative Law from the City University of Hong Kong. Ms. Sze has experience in the company secretarial industry for years and is a fellow member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

DIRECTORS' REPORT

The Board is pleased to present its report and the audited financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Group's principal businesses include integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes three major segments: insurance, investment, wealth management and innovative finance while the industrial operations include four key segments: health, happiness, property development and sales, and resources.

BUSINESS REVIEW OF THE GROUP IN 2016

A fair view of the business of the Group in 2016 and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the sections headed "Business Review" and "Financial Review" under Management Discussion and Analysis in this annual report respectively. Description of the major risks and uncertainties faced by the Group can be found throughout this annual report, particularly in the Directors' Report on page 73. Particulars of important events affecting the Group that have occurred since the end of the financial year 2016, if any, 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 2016 and the state of affairs of the Group at that date are set out in the financial statements and the accompanying notes on pages 115 to 287.

The Board has recommended the payment of a final dividend of HKD0.21 per Share for the year ended 31 December 2016 to the shareholders of the Company whose names appear on the register of members of the Company on 14 June 2017. Subject to approval by the shareholders of the Company at the annual general meeting of the Company to be held on 6 June 2017 (the "AGM"), the proposed final dividend is expected to be paid on or around 17 July 2017 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 1 June 2017 to Tuesday, 6 June 2017, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with Computershare Hong Kong Investor Services Limited, the share registrar of the Company (the "Share Registrar"), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "Registrar Address"), for registration no later than 4:30 p.m. on Wednesday, 31 May 2017.

The register of members of the Company will also be closed from Monday, 12 June 2017 to Wednesday, 14 June 2017, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be proposed at the AGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with the Share Registrar at the Registrar Address for registration no later than 4:30 p.m. on Friday, 9 June 2017.

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 55 to financial statements.

SUBSIDIARIES

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

BORROWINGS

Particulars of borrowings of the Group are set out in note 40 to financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2016, 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 24,350,500 Shares of the Company on the Hong Kong Stock Exchange at an aggregate consideration of HKD270,993,240.02. All the repurchased Shares were cancelled.

Details of the repurchase are summarized as follows:

Month of Repurchase	Total number of Shares repurchased	Highest price paid per Share (HKD)	Lowest price paid per Share (HKD)	Total purchase price paid (HKD)
February 2016	2,856,000	10.30	9.32	27,771,750.28
September 2016	8,894,500	12.08	10.84	103,853,369.94
December 2016	12,600,000	11.20	10.74	139,368,119.80
Total	24,350,500	—	—	270,993,240.02

Save as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2016.

CONVERTIBLE BONDS

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

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

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

During the Reporting Period, no Conversion of Convertible Bonds was exercised. Conversion of the remaining Convertible Bonds with principal amount of HKD369,000,000 has not yet been exercised.

SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 25 March 2015 (the **"Share Award Scheme"**).

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

On 1 April 2016, the Board resolved to award an aggregate of 5,410,000 award Shares to 69 selected participants under the Share Award Scheme. The award Shares were settled by way of (i) issue and allotment of 5,150,000 Shares (the **"New Award Shares"**) pursuant to a specific mandate; and (ii) 260,000 award Shares which were lapsed before vesting under the grant of 4,620,000 award Shares to 71 selected participants in 2015 under the Share Award Scheme. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the New Award Shares shall be transferred from the trustee, Computershare Hong Kong Trustees Limited (the **"Trustee"**) to the selected participants upon expiry of the respective vesting period. As at the end of the Reporting Period, the New Award Shares have been fully issued to the Trustee.

The total number of non-vested award Shares granted to a selected participant under the Share Award Scheme shall not exceed 1.0% of the total number of issued Shares from time to time.

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

Name of Director	Date of grant	Vesting period ⁽¹⁾	Number of awarded Shares				Outstanding as at 31 December 2016
			Outstanding as at 1 January 2016	Vested during the year	Granted during the year	Lapsed/ cancelled during the year	
Ding Guoqi ⁽³⁾	1 April 2016	31 March 2017 to 31 March 2019	310,000	102,300	385,000	—	592,700
Qin Xuetao	1 April 2016	31 March 2017 to 31 March 2019	290,000	95,700	350,000	—	544,300
Chen Qiyu	1 April 2016	31 March 2017 to 31 March 2019	250,000	82,500	330,000	—	497,500
Xu Xiaoliang	1 April 2016	31 March 2017 to 31 March 2019	190,000	62,700	330,000	—	457,300
Zhang Shengman	1 April 2016	31 March 2017 to 31 March 2019	10,000	3,300	35,000	—	41,700
Zhang Huaqiao	1 April 2016	31 March 2017 to 31 March 2019	10,000	3,300	35,000	—	41,700
David T. Zhang	1 April 2016	31 March 2017 to 31 March 2019	10,000	3,300	35,000	—	41,700
Yang Chao	1 April 2016	31 March 2017 to 31 March 2019	—	—	35,000	—	35,000
Sub-total			1,070,000	353,100	1,535,000		2,251,900
Other selected participants	1 April 2016	31 March 2017 to 31 March 2019	3,410,000	1,085,700	3,875,000	(387,300)	5,812,000
Total			4,480,000	1,438,800	5,410,000⁽²⁾	(387,300)	8,063,900

Notes:

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

Percentage of Award Shares to be Vested	Vesting Date
33%	31 March 2017
33%	31 March 2018
34%	31 March 2019

- (2) including the 260,000 Shares which were lapsed before vesting under the grant of 4,620,000 award Shares to 71 selected participants in 2015 under the Share Award Scheme.
- (3) Mr. Ding Guoqi resigned as Executive Director with effect from 28 March 2017.

SHARE OPTION SCHEME

The Company adopted its share option scheme on 19 June 2007 (the “**Share Option Scheme**”). The major terms of the Share Option Scheme are as follows:

- 1) The purpose of the Share Option Scheme is to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group.
- 2) The participants of the Share Option Scheme are any Director (including independent non-executive Director), employee (whether full-time or part-time), consultant or advisor who in the sole discretion of the Board has contributed or will contribute to the Group.
- 3) The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% (or other percentage as stipulated in the Listing Rules) of the Shares in issue from time to time. Subject to the aforesaid limit, the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes must not, in aggregate, exceed 643,750,000 Shares, being 10% of the issued Shares of the Company, the date of listing of the Shares, unless separate shareholders' approval has been obtained. The total of 643,750,000 Shares available for issue under the Share Option Scheme representing approximately 7.49% of the issued Shares as at the date of this annual report.
- 4) The maximum entitlement of each participant under the Share Option Scheme is 1% of the issued Shares of the Company unless such grant has been duly approved by resolution of the shareholders of the Company in general meeting.
- 5) The exercise period of any option granted under the Share Option Scheme must not be more than 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 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.
- 8) Subject to earlier termination by the Company in a general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period to be determined and notified by the Board to the grantee during which the option may be exercised and in any event shall not be more than 10 years commencing on the date on which the offer in relation to such option is deemed to have been accepted in accordance with the terms of the Share Option Scheme and expiring on the last day of the ten-year-period.

In order to consistently implement the core values of entrepreneurship of the Company, encourage value creation, active commitment and business contribution by its core management staff, continue to improve on its multi-layered and long-term incentives mechanism, and actively promote management innovation and cultural heritage, the Company has decided to grant share options (the “**Options**”) to the first 18 global core management staff (the “**Grantees**”) during the Reporting Period.

The following table discloses movements in the Company's outstanding Options during the Reporting Period.

Name of Grantee	Date of grant of the Options	On 1 January 2016	Granted during the Reporting Period	Number of the Options		On 31 December 2016	Exercise period of the Options ^{(1), (2), (3)}	Exercise price of the Options per Share (HKD)
				Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period			
Ding Guoqi ⁽⁴⁾	8 January 2016	—	10,000,000	—	—	10,000,000	8 January 2021 to 7 January 2026	11.53
Qin Xuetang	8 January 2016	—	10,000,000	—	—	10,000,000	8 January 2021 to 7 January 2026	11.53
Chen Qiyu	8 January 2016	—	10,000,000	—	—	10,000,000	8 January 2021 to 7 January 2026	11.53
Xu Xiaoliang	8 January 2016	—	10,000,000	—	—	10,000,000	8 January 2021 to 7 January 2026	11.53
Other Grantees	8 January 2016	—	71,000,000	—	4,000,000	67,000,000	8 January 2021 to 7 January 2026	11.53
Total			111,000,000			107,000,000		

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

- (1) up to the first 20% of the Options, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing on the date of the grant of Options (the "Option Period");
- (2) up to a further 30% of the Options, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period; and
- (3) in respect of the remaining 50% of the Options, which, for the avoidance of doubt, comprise those Options which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period.
- (4) Mr. Ding Guoqi resigned as Executive Director with effect from 28 March 2017.

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

SISRAM MEDICAL PLAN

The shareholders of the Company and Fosun Pharma approved the adoption of the Sisram Medical Plan on 28 May 2015 and 29 June 2015 respectively (the relevant details of the Sisram Medical Plan under the following paragraphs are set out in the circular of the Company dated 24 April 2015 ("**Circular**"), unless otherwise defined, the capitalized terms set out herein shall have the same meaning as set out in the Circular). The purpose of Sisram Medical Plan is to enhance the management participation in Alma Lasers, which is important that they would be offered an opportunity to obtain ownership interest in Sisram Medical and to enjoy the results of Sisram Medical attained through their efforts and contributions. The persons eligible for participation in the Sisram Medical Plan shall include any Sisram Employees and/or Non-Sisram Employees of Sisram Medical or any of its Associates, and the basis for their eligibility shall be determined by the Sisram Board based on such Sisram Participant's contribution or potential contribution to the development and growth of Sisram Medical.

The total number of Sisram Shares which may be issued upon exercise of all options to be granted under the Sisram Medical Plan is 106,500 Sisram Shares, representing approximately 14.49% of the issued share capital as at the date of the 2016 Annual Report. Subject to adjustment from time to time pursuant to the terms of the Sisram Medical Plan, a maximum of 100,000 Sisram Shares, representing approximately 13.61% of Sisram Medical's issued share capital as at the date of the 2016 Annual Report, shall be available for issuance under the Sisram Medical Plan.

The maximum number of Sisram Shares issued and to be issued upon the exercise of the Awards granted under the Sisram Medical Plan and any other share option schemes of Sisram Medical to the participation in the Sisram Medical Plan (including both exercised and outstanding Awards), in any twelve-month period up to the date of grant shall not exceed 1% of the number of Sisram Shares in issue as at the date of grant unless (i) the issue of a circular by Fosun Pharma and Fosun International containing such particulars as may be required by the Hong Kong Listing Rules from time to time is dispatched to their respective shareholders; (ii) the shareholders of Fosun Pharma and Fosun International approve the grant of the Awards in excess of the 1% limit referred to in the Sisram Medical Plan; and (iii) the relevant Sisram Participant and its associates shall abstain from voting.

Unless determined otherwise in the relevant Award Agreement, with respect to any, some or all Sisram Options, each Sisram Option shall vest and become exercisable over a four-year period from its Date of Grant, such that one-sixteenth of such Sisram Shares shall vest at the end of each three-month period, on each anniversary of the Date of Grant, commencing on the first anniversary, provided that the Sisram Participant remains continuously employed by or in the service of Sisram Medical or its Affiliate during the relevant year.

During the Reporting Period, no Sisram Option has been granted under the Sisram Medical Plan. The Sisram Medical Plan shall terminate at the end of ten years from its day of adoption, unless terminated earlier in accordance with the terms of the Sisram Medical Plan. The Purchase Price of each Sisram Share subject to a Sisram Option shall be determined by the Sisram Board or the Committee at its sole and absolute discretion in accordance with Applicable Law, and shall not be less than the Fair Market Value of Sisram Shares on the date of grant. If such authority is delegated by the Sisram Board to the Committee in compliance with the then effective Applicable Law, it shall be subject to any guidelines as may be determined by the Sisram Board from time to time. No consideration is payable to Sisram Medical upon acceptance of the Sisram Option in accordance with the terms of the Sisram Medical Plan.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the Consolidated Statement of Changes in Equity on pages 122 to 125 of this annual report and details of movements in the reserves of the Company during the Reporting Period are set out in note 70 to financial statements.

On 31 December 2016, the Company's reserves available for distribution, calculated in accordance with the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to RMB2,647,815,000, of which RMB1,616,101,000 has been proposed as a final dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

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

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

DIRECTORS

The Directors during the Reporting Period were:

Executive Directors

Mr. Guo Guangchang (*Chairman*)

Mr. Liang Xinjun (*Vice Chairman and Chief Executive Officer*)⁽¹⁾

Mr. Wang Qunbin (*President*)⁽²⁾

Mr. Ding Guoqi⁽³⁾

Mr. Qin Xuetang

Mr. Chen Qiyu⁽⁴⁾

Mr. Xu Xiaoliang⁽⁴⁾

Independent Non-executive Directors

Mr. Zhang Shengman

Mr. Zhang Huaqiao

Mr. David T. Zhang

Mr. Yang Chao

Notes:

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

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

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

The Board appointed Mr. Wang Can, Ms. Kang Lan and Mr. Gong Ping as the Executive Directors and Dr. Lee Kai-Fu as an Independent Non-Executive Director and the appointment came into effect on 28 March 2017. According to Article 111 of the Articles of Association, Mr. Wang Can, Ms. Kang Lan, Mr. Gong Ping and Dr. Lee Kai-Fu shall retire at the AGM and shall be eligible for re-election.

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

DIRECTORS OF SUBSIDIARIES

As at 31 December 2016, the names of all the directors who serve the subsidiaries of the Company or act as the sole director of subsidiaries of the Company are published on the Company's website.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 66 to 72 of this annual report.

DIRECTORS' SERVICE CONTRACTS

All Directors have entered into service contracts with the Company for a term of 3 years from 28 March 2017.

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

DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

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

Details of the Directors and senior management remuneration are set out in note 9 to financial statements.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors subsequent to the date of 2016 interim report and up to the end of the Reporting Period are set out below:

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

There were no changes in the Directors' major positions held within the Group.

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

Name of Director	Date of changes	Original position	Current position
Ding Guoqi ⁽¹⁾	20 September 2016	Director of Hainan Mining	—
Zhang Shengman	22 August 2016	—	Director of Future Land Holdings Group Co. Ltd. (Stock Code: 601155.SH)

Note: (1) Mr. Ding Guoqi resigned as Executive Director with effect from 28 March 2017.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2016, none of the Directors nor their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

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

As at 31 December 2016, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

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

Name of Director/chief executive	Class of Shares	Number of Shares	Type of interests	Approximate percentage of Shares in issue
Guo Guangchang	Ordinary	6,155,972,473 ⁽¹⁾	Corporate	71.55%
Ding Guoqi ⁽²⁾	Ordinary	24,644,320	Individual	0.29%
Qin Xuetang	Ordinary	14,822,640	Individual	0.17%
Chen Qiyu	Ordinary	14,353,000	Individual	0.17%
Xu Xiaoliang	Ordinary	11,920,000	Individual	0.14%
Zhang Shengman	Ordinary	395,000	Individual	0.00%
Zhang Huaqiao	Ordinary	45,000	Individual	0.00%
David T. Zhang	Ordinary	45,000	Individual	0.00%
Yang Chao	Ordinary	35,000	Individual	0.00%

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

Name of Director/ chief executive	Name of associated corporation	Class of shares	Number of shares	Type of interests	Approximate percentage of class shares in issue
Guo Guangchang	Fosun Holdings	Ordinary	1	Corporate	100.00%
	Fosun International Holdings	Ordinary	32,225	Individual	64.45%
	Fosun Pharma	A Shares ⁽⁴⁾	114,075	Individual	0.01%
		A Shares ⁽⁴⁾	932,538,780	Corporate	46.37%
		H Shares	5,019,000	Corporate	1.24%
Liang Xinjun ⁽³⁾	Fosun International Holdings	Ordinary	12,220	Individual	24.44%
Wang Qunbin	Fosun International Holdings	Ordinary	5,555	Individual	11.11%
	Fosun Pharma	A Shares ⁽⁴⁾	114,075	Individual	0.01%
Qin Xuetang	Fosun Pharma	A Shares ⁽⁴⁾	114,075	Individual	0.01%
Chen Qiyu	Fosun Pharma	A Shares ⁽⁴⁾	114,075	Individual	0.01%

Notes:

- (1) Pursuant to Division 7 of Part XV of the SFO, 6,155,972,473 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.
- (2) Mr. Ding Guoqi resigned as Executive Director with effect from 28 March 2017.
- (3) Mr. Liang Xinjun resigned as Executive Director and Chief Executive Officer with effect from 28 March 2017.
- (4) 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 2016, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of the substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	6,155,972,473 ⁽²⁾	71.55%
Fosun International Holdings ⁽¹⁾	6,155,972,473 ^{(2) (3)}	71.55%

Notes:

- (1) Fosun International Holdings is owned as to 64.45%, 24.44% and 11.11% by Messrs. Guo Guangchang, Liang Xinjun and Wang Qunbin, respectively.
- (2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings and, therefore, Fosun International Holdings is deemed, or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.
- (3) Mr. Guo Guangchang is the sole director of Fosun Holdings and Fosun International Holdings. Mr. Guo, by virtue of his ownership of shares in Fosun International Holdings as to 64.45%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2016, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SUFFICIENCY OF PUBLIC FLOAT

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

CONNECTED TRANSACTIONS

For the year ended 31 December 2016, the Company entered into the following connected transactions:

1. On 1 April 2016, the Board has resolved to award an aggregate of 5,410,000 award shares to 69 selected participants under the Share Award Scheme. The award shares will be settled by way of: (i) issue and allotment of New Award Shares pursuant to a specific mandate obtained in the annual general meeting held on 1 June 2016; and (ii) 260,000 award shares which were lapsed before vesting under the grant of 4,620,000 award shares to 71 participants in 2015 under the Share Award Scheme. Upon issuance and allotment of the New Award Shares, the Trustee will hold the New Award Shares in trust for the selected participants and such New Award Shares shall be transferred to the selected participants upon satisfaction of the vesting conditions. The number of New Award Shares granted to each of the selected participants is in accordance with their respective contributions to the Group. Pursuant to Rule 14A.12(1) (b) of the Listing Rules, the trustee is an associate of a connected person of the Company and the issue of the New Award Shares to the Trustee shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details about the Share Award Scheme are set out in the section headed "Share Award Scheme" under the Directors' Report in this annual report, the announcement of the Company dated 1 April 2016 and the circular of the Company dated 28 April 2016.

2. On 27 June 2016, Yadong Fosun Industrial Technology Development Co. Ltd. ("**Yadong Industrial Development**"), an indirectly wholly owned subsidiary of the Company and Tibet Xingye Investment Management Co., Ltd. ("**Tibet Xingye**"), entered into the property share transfer agreement (the "**Transfer Agreement**") in respect of transfer of certain equity interest in Fosun Chuanghong. Pursuant to the Transfer Agreement, Yadong Industrial Development agreed to acquire and Tibet Xingye agreed to sell 35.21% equity interest in Fosun Chuanghong at a total consideration of RMB582 million. Tibet Xingye is an associate of Mr. Guo Guangchang, a Director, and is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules. The transaction under the Transfer Agreement hence constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details are set out in the announcements of the Company dated 13 December 2011 and 27 June 2016.
3. On 7 July 2016, Fosun Pharma, Sinopharm and Tebon Innovation Capital Co., Ltd. ("**Tebon Innovation**") entered into the capital increase agreement (the "**Capital Increase Agreement**"), pursuant to which the parties propose to increase their capital contribution into Sinopharm Holding Medical Investment Management Co., Ltd. ("**Sinopharm Medical Investment**"), in proportion to their respective equity interest holding therein, in the aggregate amount of RMB500 million. According to the Capital Increase Agreement, Fosun Pharma proposes to contribute RMB225 million, Sinopharm proposes to contribute RMB225 million and Tebon Innovation proposes to contribute RMB50 million into the registered capital of Sinopharm Medical Investment. Upon completion of the transactions contemplated under the Capital Increase Agreement, the percentage of shareholding of each of Fosun Pharma, Sinopharm and Tebon Innovation in Sinopharm Medical Investment will remain unchanged. As Tebon Innovation is an associate of Mr. Guo Guangchang, a Director and controlling shareholder of the Company, Tebon Innovation is a connected person of the Company under Rule 14A.07 of the Listing Rules. Therefore, the transaction contemplated under the Capital Increase Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details are set out in the joint announcement of the Company and Fosun Pharma dated 7 July 2016 and in the announcements of Fosun Pharma dated 22 October 2015 and 18 November 2015.

DISCLOSEABLE TRANSACTIONS

For the year ended 31 December 2016, the Company entered into the following discloseable transactions:

1. On 28 July 2016, Fosun Pharma Industrial Pte. Ltd. (a wholly-owned subsidiary of Fosun Pharma, the "**Buyer**"), has entered into certain transaction documents with relevant vendors (as defined in the announcement of the Company dated 28 July 2017, the "**Vendors**") and Gland Pharma Limited (the "**Target Company**"), pursuant to which the Buyer proposes to invest in no more than USD1,261.37 million to acquire in aggregate approximately 79.997% equity interest in the Target Company from the Vendors and to subscribe for the compulsorily convertible preference shares of the Target Company, with a nominal value of INR⁽¹⁾10 each to be issued by the Target Company representing approximately 6.083% equity interest of the Target Company (the "**Acquisition**"). Upon the completion of the Acquisition, the Buyer, Fosun Industrial Co., Limited, Ample Up Limited, Lustrous Star Limited and Regal Gesture Limited will hold approximately 86.08% equity interest in the Target Company. Further details are set out in the joint announcement of the Company and Fosun Pharma dated 28 July 2016, the announcements of Fosun Pharma dated 4 August 2016 and 30 March 2017 and the circular of Fosun Pharma dated 11 August 2016.
2. On 29 July 2016 (Portugal time), Fosun Industrial Holdings Limited (a wholly-owned subsidiary of the Company, "**Fosun Industrial**") has delivered to BCP a letter (the "**Letter**") containing a firm proposal by Fosun Industrial (or its affiliates) to invest in BCP through a capital increase reserved to Fosun Industrial (or its affiliates) on certain terms and conditions (the "**Capital Increase**"). Further to the delivery of the Letter, BCP has accepted the proposal in the Letter. Fosun Industrial and Chiado, an indirect wholly-owned subsidiary of the Company, entered into a legally binding Memorandum of Understandings (the "**MOU**") with BCP on 18 November 2016 (Portugal time) in respect of Fosun Industrial's investment in the shares of BCP (the "**BCP Shares**") through Chiado and Chiado entered into a subscription agreement (the "**Subscription Agreement**") with BCP on the same day. Pursuant to the MOU, Fosun Industrial has expressed its conditional intention to, through future transactions (including but not limited to capital increases), increase its participation in BCP to approximately 30% of the share capital of BCP. Pursuant to the Subscription Agreement, Chiado has agreed to subscribe for 157,437,395 shares at a subscription price of Euro1.1089 per share to be issued by BCP through a private placement reserved to Chiado, equivalent to approximately 16.67% share capital of BCP post-completion of the Capital Increase. The total consideration is Euro174,582,327.32. On 9 January 2017 (Portugal time), Chiado has issued a subscription order (as defined in the announcement of the Company dated 10 January 2017, the "**Subscription Order**"). After completion of the Subscription Order in February 2017, Chiado held approximately 23.92% of the share capital of BCP. The total consideration of the rights issue subscription contemplated under the Subscription Order amounted to approximately Euro374 million. Further details are set out in the announcements of the Company dated 31 July 2016, 20 November 2016, 10 January 2017 and 7 February 2017.

Note: (1) Rupees, the lawful currency of India and INR10 is equivalent to approximately RMB1

3. On 9 September 2016, all conditions precedent set out in a non-public takeover offer (cash offer) dated 5 July 2015 issued by Fosun Industrial to the shareholders of H&A in relation to the sale and purchase of all the registered no-par value ordinary shares of H&A (the **"Acquisition"**) have been fulfilled, and the Acquisition has been completed. Upon the completion, the Group holds approximately 99.91% equity interest in H&A. H&A has become a subsidiary of the Company. Further details are set out in the announcements of the Company dated 7 July 2015 and 9 September 2016.
4. On 8 November 2016, the non-public issuance by Fosun Pharma (the **"Issuance"**) has been completed. Fosun Pharma has issued a total of 100,436,681 A shares at the subscription price of RMB22.90 per A share to the subscribers. The net proceeds raised (deducting related expenses of the Issuance incurred) amounted to RMB2,275,249,558.22. After completion of the Issuance, the equity interest in Fosun Pharma indirectly held by the Company has been diluted from 40.02% to 38.36% of the total issued share capital of Fosun Pharma and the Company continues to have control over Fosun Pharma. Further details are set out in the announcements of the Company dated 17 April 2015 and 9 November 2016.
5. On 5 December 2016 (New York time), Mettlesome Investments Limited and Mettlesome Investments (Cayman) III Limited, both of which are indirect wholly-owned subsidiaries of the Company (the **"Sellers"**), Ironshore and the Company entered into the stock purchase agreement with Liberty Mutual (the **"Purchaser"**), pursuant to which the Sellers have agreed to sell and the Purchaser has agreed to purchase the 100% of the outstanding ordinary shares of Ironshore at a consideration of approximately USD3 billion in cash (subject to price adjustments) (the **"Disposal"**). Upon consummation of the Disposal, the Group will cease to hold any interest in Ironshore and Ironshore will cease to be a subsidiary of the Company. Further details are set out in the announcement of the Company dated 5 December 2016.
6. On 12 December 2016, Zhejiang Fosun Commerce Development Limited (**"Zhejiang Fosun"**) (an indirect wholly-owned subsidiary of the Company) and Jiaxing Shengshi Shenzhou Wenli Investment Partnership (Limited Partnership) (**"Jiaxing Shengshi"**) have entered into the share transfer agreement, pursuant to which Zhejiang Fosun has agreed to sell and transfer and Jiaxing Shengshi has agreed to purchase and receive the 50% equity interests held by Zhejiang Fosun in Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (the **"Project Company"**) at a consideration of RMB5,330 million (the **"Transaction"**). Upon consummation of the Transaction, the Project Company will cease to be a subsidiary of the Company. Further details are set out in the announcements of the Company dated 27 April 2010, 28 June 2010, 2 November 2011, 23 September 2015 and 12 December 2016.

NON-COMPETITION UNDERTAKING

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

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

RELATED PARTY TRANSACTIONS

Related party transactions entered by the Group during the Reporting Period are disclosed in note 63 to financial statements.

EVENTS AFTER THE REPORTING PERIOD

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

ENVIRONMENT POLICY AND THE PERFORMANCE

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

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

RELATIONSHIP WITH ITS EMPLOYEES, CUSTOMERS, SUPPLIERS AND INVESTORS

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

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

MAJOR RISKS AND RESPONSIVE MEASURES

The Group adopts a prudent attitude in the course of investment and operation, and minimizes the costs of risks for the Group and dynamically manages the risk exposure through a scientific investment decision-making process, a stringent pre-investment assessment and post-investment management system. As the Group increases global investments, particularly the investment in the financial sector, the Group has further strengthened risk management and control at the group level in 2016 and improved the enterprise risk management system in the aspects of, among other things, organization structure, management system and workflow to enhance the risk management standards. Nevertheless, the Group is still fully aware of the risks and uncertainties faced in its operations, such as:

1. Strategic risk

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

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

2. Market risk

Market risk refers to the risk of unexpected losses suffered by the Group arising from adverse movements in, among other things, interest rates, equity prices, real estate prices and exchange rates. During the past year, drastic changes occurred in the international environment with frequent emergence of black-swan events. Incidents such as "Brexit" and a series of terrorist attacks in Europe contributed to instabilities in global politics and economic patterns, and increased the uncertainties in international investments. The exchange rate risk and equity risk faced by the Group in global investments have also increased.

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

3. Credit risk

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

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

4. Liquidity risk

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

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

5. Insurance risk

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

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

6. Compliance risk

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

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

7. Operation risk

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

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

8. Reputation risk

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

9. Capital management

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

10. Risk contagion

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

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

FUTURE DEVELOPMENT OF THE GROUP

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

AUDITORS

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

On Behalf of the Board

Guo Guangchang
Chairman

28 March 2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Message from the Management

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

Social Welfare of Fosun

Since the establishment of the Group, it has adhered to the concept of "Self-improvement, Teamwork, Performance and Contribution to Society". The Group has been fulfilling corporate social responsibility, and committed to serving the community, people, and country.

Fosun Foundation was founded in November 2012, a public welfare organization whose main donor is the Group. Fosun Foundation is engaged in aiding victims of natural disasters, helping the under-privileged and the physically challenged people and funding cultural and educational public welfare, youth start-up, employment and other social welfare undertakings. Over the years, Fosun Foundation has donated more than 40 public welfare programs annually with education and culture as the two main directions, and the annual donation reached RMB45 million.

In 2015, Fosun Foundation began to expand overseas public welfare, and has carried out public welfare activities in New York, Lisbon, Berlin and other places to promote the values of Fosun, establish the brand image of Fosun, and open overseas markets.

Protecting Innovative Entrepreneurship Competition in Portugal



Protecting Innovative Entrepreneurship Competition (the "Protecting Competition") is another charity event about fostering young talent. It was launched by Fosun in Portugal after Fosun iLab, the Sino-Portugal MBA Exchange Competition. The Protecting Competition, which is conducted by Fosun through collaboration with Beta-i, a renowned innovative workshop based in Europe, focuses on seeking out talented young people and encourages entrepreneurship among them. It also assists the participants in refining their innovative ideas and provides guidance on project incubation, trains them in the skills of conducting roadshows and attracting investment from venture capital funds.

In 2016, the Protecting Competition successfully carried out the road show in Portugal and China, had a good publicity in Portugal, and promoted exchanges among college students, and interaction among Chinese and Portuguese people. This competition will continue to develop in the future, and become an entrepreneurial activities of international influence once a year.

28 Liberty Community Cultural Activities



28 Liberty of the Group, which is located in New York, always adheres to launching the cultural and public welfare activities, integrates into the community, and serves the public. 28 Liberty assisted the Lower Manhattan Cultural Council in organizing the locally famous River to River Festival, and invited Roomful of Teeth, an A cappella group which won a Grammy award for Best Chamber Music/Ensemble Performance to present a superb show.

In June 2016, Fosun held a piano exhibition with “Singing Hope” on the square before 28 Liberty. It endowed 50 donated pianos with new life and color, and held a tour in five districts of New York to bring the charm of music and art to poor communities. Through the spread of art, all are connected with love and beauty.

Since the acquisition of 28 Liberty, the Group has honored the commitment to serving the community. Through transformation, the square of the building has become the cluster of community amenities. The Group held delicacy festival there, provided free Wi-Fi and other public services, and made relentless efforts for the prosperity of Lower Manhattan.



“InnoStar” International Innovative Entrepreneurship Competition

In November 2016, Fosun “InnoStar” International Innovative Entrepreneurship Competition Finals sponsored by the Group was successfully closed in Shanghai. The competition attracted thousands of internet start-ups from the United States, Europe, Australia and China. Octopus, the internet data collection platform from Shenzhen distinguished from over 1,000 entries around the country and won the championship.

Fudan-Fosun Health Dream Fund

In June 2016, Fudan-Fosun Health Dream Fund Awards Ceremony was held in Fudan University. It was the first time that Fudan-Fosun Health Dream Fund was presented. After the recommendation of various departments and affiliated hospitals and the collective review by the committee, 30 people won Excellent Teacher of Shanghai Medical College Award in 2015, and 8 people won Hospital Management Award.

At the 110th Anniversary of Fudan University, the Group donated RMB100 million through Fosun Foundation to establish “Fudan-Fosun Health Dream Fund”. The fund was mainly used for the construction of Fudan University No.1 Medical Research Building, to support the medical development strategy of Fudan, recognize teams and individuals who make outstanding contributions in medical research, innovation management, achievement transformation and education development, promote the dissemination of the concept of health, help to improve the level of medical services, benefit people and uphold “Chinese Dream” with “Health Dream”.

The Group promoted Sino-German exchanges and made donation to Goethe University

In October 2016, the Group and the German private bank H&A held “Fosun Night” in Frankfurt. In the event, Fosun Foundation donated exchange scholarship to Johann Wolfgang Goethe-Universität Frankfurt am Main (namely Goethe University) and provided German students with opportunities to exchange and study in Chinese first-class universities in the next three years. The move was the commitment of the Fosun Foundation in supporting education for a long-term and attaching importance to the cultural and educational exchanges between China and Germany. The event was another attempt of “breaking down walls and building bridges” in Fosun’s partnership with German enterprises, which further promoted the economic and cultural exchanges between China and Germany.

Fosun Charity Night Concert

In September 2016, the concert “Love of the New World – Fosun Charity Night” hosted by the Fosun Foundation was held at Shanghai Symphony Hall. The revenue of the concert will be used to support the development of public health programs. The concert was the first time that Fosun Foundation held a public performances. In the future, such public shows will be regularly held every year to create a well-known public event in Shanghai.



Fosun endeavors to fulfill corporate social responsibility by participating in voluntary works in Hong Kong



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

In 2016, Fosun participated in the “Heart to Heart Project” organized by The Hong Kong Federation of Youth Groups (HKFYG) and became one of the “Heart to Heart Companies”. Through sponsoring Hong Kong teenagers and schools to organize volunteer activities in the neighborhood, Fosun was able to foster the values of making contribution to the society and serving the community.

In October 2016, Fosun organized “Organic Farm Day” with the organic farm of HKFYG. Fosun’s staff brought primary school students from Hong Kong’s low-income families, and provided these students with opportunities to learn about and gain a taste of organic life. This was aimed at instilling the awareness of cherishing natural environment in Hong Kong’s new generation.

In January 2017, Fosun sponsored community project “Neighborhood First” for HKFYG, and organized neighborhood Lunar New Year reunion dinner to enable the elderly who live alone, low-income families, Comprehensive Social Security Assistance families and people with disabilities to experience the festive care from others, so as to express Fosun’s care for the underprivileged communities.



Fosun stepped into Hong Kong University of Science and Technology – Sharing Fosun's investment philosophy with Hong Kong's new generation

In September 2016, Fosun Group led a delegation to Hong Kong University of Science and Technology (HKUST), conducting an in-depth communication with students, faculty members and guests from HKUST. The delegation shared Fosun's investment philosophy with students and encouraged them to create the future with entrepreneurial spirit and seek a win-win development with the society, bringing Fosun's corporate social responsibility to the campus in Hong Kong.

Public Welfare Travelers



In July 2016, Fosun Foundation launched the first Public Welfare Travelers event with Forte and KUYI. It accommodated Fosun's tourism and real estate resources to attract the attention of Chinese families to the public welfare of travel destination. In the tsunami-stricken area in Thailand, the young volunteers visited special schools, helped disabled children and planted mangrove on their own to prevent disasters, which embedded the seeds of love in the hearts of young participants and cultivated public welfare successors with public welfare trips.

The Third Pramerica-Fosun Spirit of Community Awards

Fosun Foundation brought Pramerica-Fosun Spirit of Community Awards to China in 2014 and has held the awards for three consecutive years. It has also carried out activities in Beijing and Shanghai to expand the influence, arouse the middle school students' enthusiasm for public welfare in China, and promote the Chinese teenagers' awareness with a global perspective.



Community Service Work

The Group knows that community is the foundation on which enterprises are based. Establishing a good image of “qualified citizen” in communities, and seeking collaborative development with communities is a guideline for us to handle community relations. Fosun has always insisted on taking a scientific and pragmatic attitude and effective measures to solve major problems related to community construction so that, on one hand, the business operations of enterprises can really benefit the general public in relevant areas, on the other hand, a harmonious and healthy external environment can be created to enable enterprises to gain a firm foothold and develop steadily from intense market competition. The Group insists on establishing a “sense of resident”, cares for and supports community activities, does good and practical things for the community and establishes a good image of “qualified citizen” in communities.

Social Sponsorship

Social sponsorship is a kind of actions taken by enterprises to contribute to the society and is an activity of manifesting the excellent social image of enterprises through the comprehensive utilization of various resources of enterprises. Under the highly developed modern market economic conditions, Fosun is deeply aware that economic organizations living in today's society, in addition to considering their own interests, must also assume certain social responsibilities and obligations to show that they are members of the society and shall contribute their efforts to the society. Social sponsorship is an effective way for enterprises to gain trust and support from all sectors of the society and the general public in communities and implement community benefits constantly through corporate behaviors.

Fosun and its portfolio companies adhere to the following principles when engaging in social sponsorship related activities: enhance the sponsorship awareness of all staff particularly enterprise leaders, regard sponsorship activities as a form of contribution to communities; specify the purpose of sponsorship, conduct investigations and researches, carefully select the target for sponsorship; develop a detailed sponsorship plan, strengthen communication with news media when implementing the plan, increase the effectiveness of the activities themselves as much as possible; pay attention to inspection and assessment after finishing the activities, and summarize experience and lessons to provide reference for future sponsorship activities; for other sponsorship requests made by some groups in communities or the public which are beyond the scope of the capacity of enterprises, provide serious explanations or turn to the relevant government departments to help solve the problem.

Community Security

The legal environment of a community not only affects the normal life of community residents but also affects the normal production and operation activities of enterprises. Therefore, both the community public and enterprises should put emphasis on the construction of their surrounding security environment and should make their due contribution to improve the security situation of the surrounding environment.

Fosun has always adhered to compliance with the law and regards compliance as the core requirements of enterprises. Once any violation of the rules and regulations is found within enterprises, it will maintain a zero tolerance strategy and deal with the violation resolutely and severely. Community security is of vital importance in the normal production, operation and life of enterprises. While adopting a stringent approach for themselves, Fosun's portfolio companies attached great importance to the stability and security of the surrounding communities. We believe that enterprises are more powerful and organizational members within communities with relatively strong human, financial and material resources and should assume the corresponding responsibility. We actively participate in communities' anti-criminal activities among citizens and assist communities in containing and eliminating hidden dangers in communities.

Collaborative Development

Fosun firmly believes that achieving collaborative development with communities is a high-level goal for enterprises to engage in community activities and it is presented through the formation of increasingly close common interest groups by enterprises and communities. During the specific implementation of the regional collaborative strategy, we adhere to the following ideas:

With the deepening of operation behavior of enterprises, Fosun members should gradually get rid of the intrinsic awareness of emphasizing the completion of economic targets and despising the link with the community economy and should recognize that the comprehensive and stable development of communities is an important support for maintaining the economic power of enterprises and should fully establish the economic ties between enterprises and communities. For the community public, we actively promote the reciprocal relationship between enterprises and the public so as to lead the public to believe that through reasonable reciprocal and mutual exchange channels, the public can conveniently obtain quality products and services provided by Fosun and feel the benefits of community enterprises. At the same time, we establish the ideas of respecting communities and sharing both honor and disgrace with communities, implant the awareness of service and develop the habit of dealing with and solving stakeholder issues in proper consultation with all sectors of communities.

In specific community practices, we try to let enterprises and communities open markets to each other. Many of the life and production materials of enterprises can be provided locally and communities can become material supply bases for various service resources of enterprises. For certain materials required by enterprises, can be obtained from the communities where the enterprises are located, such resources should be effectively used. Resources lacked by communities can be fed back by enterprises. Through the effective promotion of enterprise resources, we can fully activate community resources and increase the production and living standards of the community public.

Enterprises require the expansion of scale, land, staff, policies and other conditions during the development of communities. Under full cooperation between the two sides, complementary advantages as well as a double purpose can be achieved. Basic industries of communities can be fully mobilized. Enterprises can also cut costs and continuously enhance their vitality. The comprehensive capacity of both sides is mutually enhanced through positive interactions. As such, they can gradually become common interest groups.

Supply Chain Management

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

In order to achieve the further standardization, systematization, informationization and sharing of procurement business management of the Group and enterprises controlled by it, the Group has developed and promulgated the "Procurement White Paper" ("**Procurement White Paper**"). The Procurement White Paper has compiled procurement management systems that have been promulgated by the Group: "Basic Guidelines for Procurement Management", "Basic Guidelines for Supplier Management", "Management Measures for Strategic Procurement", "Procurement Management Assessment and Red, Yellow and Green Light Management Measures" and "Procurement-related Complaints Handling Management Regulations". In addition, the Procurement White Paper has also made clear provisions or guidelines in the aspects of procurement system construction, procurement business implementation management, supplier management, procurement resource sharing, procurement management information system and procurement professional code of ethics.

On the basis of carrying out systematization construction, the Group is also actively involved in the construction of the procurement information technology system. Fosun's procurement and tender information platform (ep.fosun.com) provides services to portfolio companies within the Group. Over the past few years, we leveraged our strategic and centralized procurement advantages by focusing on the objective of "cost reduction and efficiency enhancement", engaged in business collaboration and resource sharing, and further developed towards the direction of meticulous management, providing supply chain services and enhancing internal customer experience. On the basis of the construction of Fosun's procurement and tender information platform, the relevant unit firmly grasped the industrial internet development opportunity in the B2B procurement and supply chain sector through communication and exploration, and constructed the supply chain coordination and integration service platform with the unique advantage of "investment + operation". In 2016, we initiated platform construction and business promotion in respect of "One Link Network (一鏈網)" (www.onelinkplus.com). By focusing platform construction on the idea of "common platform + vertical industry", we put the emphasis on constructing the five segments of credit, procurement, supply chain, financial services and integrated services, and promoted the construction of solutions for a number of industries. The "One Link Network" platform has been launched and put into trial operation during the year. Up to now, the "One Link Network" platform has covered nearly 175 portfolio companies within the Group, bringing together resources of more than 21,500 suppliers.

Anti-Corruption and Supervision

The Company adopts a zero tolerance policy for bribery, embezzlement and other corruption acts of all staff. An Anti-Corruption and Supervision department was established to conduct special investigations into and punish staff for corrupt practice. Professional investigation teams with extensive work experience in public security economic investigations and procuratorate anti-corruption investigations were established at the Group's Anti-Corruption and Supervision department, and anti-corruption and supervision telephone numbers and mail boxes were published at the Company's website for receiving internal and external report information and conducting relevant investigations and supervising staff integrity and the diligent performance of duties by staff. We have various regulations and systems for staff integrity and internal investigation procedures which include: "Incorruptible Working Regulations for Employees", "Management Measures for Cash Gifts and Gifts Received during Business Activities", "Regulations regarding Personal Matters Reporting for Key Position Cadres of Fosun Group", "Several Provisions on Anti-corruption and Supervision Line Case Investigation and Punishment", "Guideline for Tender Activities Regulation and Supervision", "Regulations for Anti-corruption Inspection", "Management Measures for Anti-corruption and Supervision Lines", "Anti-corruption Assessment and Red, Yellow and Green Light Management Measures", etc.

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

Preventive measures: First, publish online the code of conduct on anti-corruption, investigation and punishment and other systems, anti-corruption propaganda manuscripts, report methods and the results of punishing relevant staff, expand the influence of anti-corruption investigation in the whole Group; second, maintain investigation and punish fraudulent practice, promote the atmosphere of anti-corruption, create a culture of anti-corruption in the Group and all core enterprises that all corruption cases will be investigated; furthermore, actively participate in the activities of China Enterprise Anti-fraud Alliance, promote dishonest staff blacklist construction, increase the social costs of acts without good faith.

Report procedure: Anti-corruption supervision telephone numbers and mail boxes are published at the Company's web site and in the process of each tender and subsidiary inspection to receive internal and external report information, and designated staff are assigned to collect, assess and investigate each piece of report information.

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

Environmental Health, Safety and Quality

Policies

"Self-improvement, Teamwork, Performance and Contribution to Society" constitutes the cultural values of the Group and the Group has been endeavoring to work with all sectors of the society to build a healthy natural and business ecosystem.

We have always put environmental protection, occupational health, safety production and quality control (EHSQ) as an important part of the fulfillment of social responsibility, which is embedded in the Company's sustainable development strategy. In 2016, according to the new situation, the Group renewed the "Safety, Quality and Environment Policy of Fosun Group" again and it was fully implemented in companies within the Group.



Our commitment reflects the Group's persistence in the following:

1. To comply with environmental protection laws and regulations and the government's emission standards and requirements, constantly improve management and use advanced technology to reduce waste gas, waste water, solid waste and greenhouse gas emissions during the life cycle of enterprises, and strive to minimize the impact on the environment;
2. To make good use of and treasure resources, improve production technology so as to effectively use natural resources, carry out energy conservation and emission reduction, and constantly adopt more environmentally friendly raw materials;
3. To reduce the impact of production operations on natural resources, protect the environment of mining areas, and actively carry out mine geological disaster and environmental management;
4. To provide a safe working environment for employees and protect employees and contractor personnel from occupational injuries; and
5. To provide customers with safe products and services, and strive to achieve excellence.

For details, please refer to "Safety, Quality and Environment Policy of Fosun Group".

FOSUN 复星

复星集团安全质量环境政策

Fosun Group Environmental, Health, Safety & Quality Policy

复星集团认为人是企业最宝贵的财富，因此，集团公司明确了安全质量环境的方针与政策，并向社会承诺：

复星集团坚信：

- 在运营过程中严格遵守中国法律法规及复星的标准，同时严格遵守经营活动所在国、地区的各项法律法规；
- 在运营过程中，为我们的员工、承包商、访问者及我们生活和工作的社区创建一个安全、健康、环保和可靠的生活和工作场所；
- 倡导集团公司控股、参股企业和合作伙伴，建立和遵循 OSHAS 18001、ISO 14001、安全生产标准化为基线的安全、质量、环境管理体系，定期检查和评审，确保其有效运行；
- 通过项目检查员的 EHS&Q 培训，项目投后的 EHS&Q 监控，项目退出时 EHS&Q 相关管理措施，确保 EHS&Q 管理和要求始终贯穿于投资活动和后期运营的始终；
- 每位复星集团员工，无论在任何时候都有责任和义务做好安全质量环保工作，并做到不伤害自己、不伤害他人和不被他人伤害；同时每位员工无论在任何时候都有责任和义务，督促或要求别人做好安全质量环保工作。这也是我们复星集团雇佣员工的前提条件；
- 坚持可持续发展的方针，我们将倡导企业，通过减少废物、废气及废水的排放，有效地利用能源并同时寻求机会回收利用废弃物，减轻我们的生产和经营活动对于环境及人员的影响；
- 本着对社会应尽的义务，我们提供优质产品，保证客户使用安全。

- 所有事故和伤害都可以避免；
- 管理者必须管理安全、质量、环境；
- 所有运营和作业危害都能够被控制、降低与消除；
- 所有员工都必须无条件接受安全、质量、环境培训；

- 所有员工都必须及时纠正人的不安全行为和物的不安全状态；
- 安全环境与生产、质量同样重要！
- 质量是产品力的核心，我们力求精益求精！

复星集团将确保安全、质量、环境政策在集团公司内，包括投资的各个行业和企业内，以及办公场所等得到有效执行。非常感谢所有员工对复星集团安全质量环境政策的支持。

Fosun Group recognizes people as its most important asset, and identifies the policy of Environmental, Health, Safety and Quality "EHS&Q Policy". We are committed to:

- Operate in compliance with China applicable legislations and Fosun internal standards, and strictly abide by the applicable local laws and legislations of the business activities of the host country/region.
- A safe, healthy, cooperative living and work environment will be provided for our employees, contractors, visitors and community near our operations.
- Creating/improving our group holding, shareholding companies and cooperation partners to set up and update its environmental, health, safety and quality management system in accordance with OSHAS 18001/ISO 14001 and Work Safety Standardization System, conducting regularly check and auditing to ensure it operates smoothly and effectively.
- Insure all investment activities to involve EHS&Q management thoroughly via some effective methods such as conducting EHS&Q due diligence before investment, strengthening EHS&Q supervision on the invested companies etc.

We believe:

- All injuries and occupational illnesses are preventable.
- Line managers are responsible for safety, health, environment and quality issues.
- All operation risk and hazards can be controlled, reduced or eliminated.
- It is mandatory for all employees to be trained on safety, health, environment and quality.
- Unsafe behavior and conditions must be corrected in time.
- Safety is to be considered on an equal level with production and quality.
- Quality is the core of products, we strive for excellence!

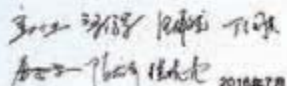
The policy of Environmental, Health, Safety and Quality will be carried out effectively in all Fosun Group's site, including mining, pharmaceuticals & healthcare, real-estate, steel, and all office's affairs.

We would like to thank you all for your support to Fosun Group EHS&Q Policy.

■ It is the duty of every employee in Fosun Group to demonstrate a good EHS&Q performance to do not to endanger themselves or higher colleagues in any where and any time. It is also the duty of every employee to remind or request other people to work in a good EHS&Q performance in any where and any time. This is a condition of employment.

■ Adhere to the sustainability principle. Make, handle, use, transport, sell or dispose of products, in a safe and environmental friendly manner. Continue to drive down the environmental and health impact of our operations by reducing waste, emissions and discharges and by using energy efficiently. At the same time, we will explore opportunities to reuse and recycle waste.

复星集团董事会
Fosun Group Board of Directors



2016年7月
July 2016



Environmental Protection

As an investment group, Fosun ensures that EHSQ risk control and management are implemented throughout the whole process of investment and operating activities through measures such as pre-investment due diligence on the environmental protection, occupational health, safety production, quality control (EHSQ) of the target companies, post-investment EHSQ management and control and advisory services, EHSQ check for withdrawal. While advocating low-carbon work and life at the headquarters, the Group actively supports its portfolio companies to improve, upgrade and effectively make efforts and investments in environmental protection to ensure that discharges and emissions are in compliance with the standards and regulations. The Group actively encourages and supports enterprises to respond to the government's call for implementing energy-saving and emission reduction projects to improve the utilization of natural resources and reduce emissions.

Steel

In 2016, Nanjing Nangang Iron & Steel United Co., Ltd. (“**Nanjing Nangang**”) strictly abided by environmental laws and regulations, consciously fulfilled social responsibility and invested RMB110 million in stepping up efforts in pollution control. In particular, machine-side furnace head smoke ground dust removal station in which more than RMB16 million were invested was put into operation in October 2016 and became the first steel enterprise using domestic coke pushing dust removal station technology at 6-meter coke ovens in the PRC. Particulates at the outlet after primary dust removal of the converter were less than $30\text{mg}/\text{Nm}^3$. This is now promoted to iron and steel enterprises across the country as a domestic advanced dust removal technique. Nanjing Nangang strengthened the management of environmental protection facilities to ensure the emission of all kinds of pollutants according to standard, satisfactorily completed the emission reduction target issued by the municipal government, successfully passed the inspection by the Central Supervision and Inspection Group for Environmental Protection and withstood the test of G20 summit environmental management and control. The plant environment and environmental management work of Nanjing Nangang were recognized and well-received by the environmental protection authorities of the government and Nanjing Nangang was accredited as a clean production environmentally friendly enterprise by China Iron and Steel Association.

Nanjing Nangang improved the fuel ratio of the sintering process and controlled the nitrogen oxide emission concentration below 80% of the emission standard in order to reduce total nitrogen oxide emissions. Meanwhile, it strengthened the operation and maintenance management of sintering and pellet desulfurization facilities to improve the efficiency of desulfurization and approximately 17,400 tonnes of sulphur dioxide were removed for the full year.

Disposal of solid waste:

Nanjing Nangang controlled the amount of hazardous waste generated at the source through clean production and reduced the impact of solid waste on the environment through comprehensive utilization and other measures. In 2016, Nanjing Nangang in aggregate disposed of 123.12 tonnes of waste oil, 89.182 tonnes of waste oil drums and 57.46 tonnes of waste lead-acid batteries in accordance with the laws and regulations. The company comprehensively reused 1,338.4 tonnes of waste tar residue, 2,237 tonnes of biochemical sludge, 1,109,700 tonnes of converter steel slag, 2,937,500 tonnes of blast furnace slag and 810,800 tonnes of other smelting slag.

Energy Saving and Emission Reduction:

Nanjing Nangang insisted on implementing clean production projects. Through its unremitting efforts, all indicators were generally higher than the primary standard for clean production in the PRC. Nanjing Nangang has passed the ISO14001 environmental management system and GB/T23331 energy management system certification, and becomes a “national metallurgical industry energy-saving and emission reduction model base” and is the national steel industry’s first “national circular economy standardized pilot unit” in the steel industry in China. Signing a carbon emission reduction purchase agreement with the World Bank, it is the first steel industry project for “carbon financing” of the World Bank.

Case: Environmental improvement measures



1#Sintering machine tail dust removal efficiency enhancement



Construction of a machine-side furnace head smoke ground dust removal station

Mining

Hainan Mining attaches great importance to environmental protection. In 2016, effective monitoring data for various kinds of pollutants amounted to nearly 20,000. Both the annual self-monitoring result and the supervisory monitoring result met the standard. Good results were achieved in environmental protection emission, energy saving and emission reduction. The industrial wastewater discharge compliance rate was 100% and the exhaust emission compliance rate was 100%. In particular, the water cycle utilization rate has been greatly improved, reaching 91%.

In addition, as a mining enterprise which is engaged in the mining of natural resources, Hainan Mining attaches great importance to geological hazard and environmental management and has invested large sums of funds through the years in mine geological disaster and environmental management, which has been recognized by the government. Hainan Mining carried out mine rehabilitation, tree planting and greening. 300,000 *Acacia Confusa* trees were planted in the 280m dumping site, South stope and Fengshuxia stope, covering approximately 89,000 square meters (approximately 133.5 mu).

Pharmaceutical

Fosun Pharma attaches importance to environmental protection. Wastewater generated during production and operation, air pollutants, plant boundary noise and industrial waste (general waste & hazardous waste) were discharged in compliance with the relevant requirements of the national and local regulations. Pollution control devices and facilities were constructed concurrently during the initial stage of the construction project. At the same time, the Group requested to provide adequate organizational assurance and technical support in various aspects of environmental management such as human resource, operating rules, monitoring and environmental emergency plans, which ensured the sustainable development of the enterprise.

Subject to meeting regulatory requirements, Fosun Pharma also actively explored various measures and approaches to reduce pollutant emission and strove to reduce the impact of its operating activities on the environment. In 2016, the member enterprises of Fosun Pharma successively adopted measures such as changing coal boiler to more clean fuels like clean diesel, dual fuel or even using central gas supply of industrial parks, upgrade of wastewater treatment devices or increase subsequent advanced treatment units, reuse of recycled water so that Fosun Pharma impact on the environment was reduced continuously. Individual member enterprises commenced the trial implementation of the carbon emission measurement pilot program and sought ways for improvement, and strove for low carbon and green and jointly created ecological communities.

In 2016, Fosun Pharma's COD emissions totaled 490 tonnes, an increase of 0.5% over 2015. Ammonia nitrogen emissions totaled 60.55 tonnes, an increase of 8.1% over 2015. All member enterprises met standards for the discharge of water pollutants and continued to achieve up-to-standard discharge and did not subject to any penalty for excessive wastewater discharge and nor received any complaints from surrounding communities about wastewater discharge by the member enterprises. With respect to exhaust emission, in 2016, Fosun Pharma continued to replace the coal-fired boilers in use by following the relevant requirements for air pollution emission, including various enterprises such as Hebei Wanbang Folan Pharmaceutical Co., Ltd. ("**Wanbang Folan**"), Hunan Dongting Pharmaceutical Co., Ltd. ("**Dongting Pharmaceutical**"), Suzhou Laishi Blood Transfusion Equipment Co., Ltd. ("**Laishi Transfusion**"). Shine Star (Hubei) Biological Engineering Co., Ltd. ("**Shine Star**") renovated the internal environmental protection facilities to reduce the particulates in air pollutants produced by coal-fired boilers. Such improvement in aggregate reduced airborne particulates by approximately 91 tonnes. In 2016, Chongqing Carelife Pharmaceutical Co., Ltd. was imposed a violation administrative penalty for failure to normally open the air treatment facilities (absorption liquid circulation pump) during construction. The management of the enterprise immediately took initiatives such as opening the pollution control device, start an investigation into the incident and accountability after learning this, and at the same time, strengthened environmental management. This incident did not cause any serious environmental impact. Besides, there were no other violation incidents in respect of air pollution. With respect to hazardous wastes, all member enterprises of Fosun Pharma entrusted qualified contractors to carry out compliant treatment in accordance with the statutory requirements in the aspects of application, approval, transfer and disposal. In 2016, the three member enterprises, Dongting Pharmaceutical, Wanbang Folan and Laishi Transfusion, reduced raw coal consumption by 3,158 tonnes due to the coal to electricity (or natural gas) project. Accordingly, 909 tonnes of cinders (solid waste) were reduced.

In 2016, Fosun Pharma summed up water resource and energy consumption and the results compared to 2015 were as follows:

- 1) Water consumption and unit water consumption intensity: Total water consumption was 8,769,376 tonnes, an increase of 52,439 tonnes or 0.6% over 2015. Compared to the same basis, total water consumption for 2016 declined by approximately 139,000 tonnes or 1.61% over 2015. Water consumption intensity was 5.99 tonnes/RMB10,000 output value and declined by 1.9 tonnes/RMB10,000 output value year on year on the same basis, a decrease of 24.1%. In 2016, Shine Star increased the frequency of recycled water usage for the cooling water tower. This adjustment is expected to save 396,000 tonnes of water;
- 2) Power consumption: Total power consumption was 478,175,186 KW.h, an increase of 53,707,564 KW.h or 12.7% over 2015. In 2016, Dongting Pharmaceutical, Wanbang Folon and Laishi Transfusion successively completed the coal to electricity (or natural gas) project. Meanwhile, the production capacity of various enterprises such as Shine Star was expanded. The combination of the above changes ultimately led to a substantial increase in Fosun Pharma total power consumption in 2016; and
- 3) Overall energy consumption and overall energy consumption intensity: Overall energy consumption was 185,690,272 kgce, an increase of 12,276,649 kgce or 7.1% over 2015. Overall energy consumption intensity was 126.93 kgce/RMB10,000 output value in 2016, a decrease of 30.08 kgce/RMB10,000 output value or 19.2% over 2015. In 2016, Shanghai Chemo Wanbang Biopharma Co., Ltd. launched a clean product project, with overall energy consumption intensity declining from 184.42 in 2015 to 148.91 kgce/RMB10,000 output value in 2016. Moreover, enterprises experiencing a relatively large decline were Jiangsu Wanbang Biopharmaceuticals Group Co., Ltd. (formerly known as Jiangsu Wanbang Biopharmaceuticals Co., Ltd.), Dongting Pharmaceutical and Suzhou Erye Pharmaceutical Co., Ltd. ("Suzhou Erye").

Safety Management

To ensure enterprises are operated in accordance with the laws and regulations, reduce and eliminate environment/health/safety (EHS) risks and implement the Group's social commitment in respect of EHS, the Group issued a framework standard for the environment/health/safety (EHS) management system manual and the audit system in 2013. The system is established based on OHSAS18001, ISO14001 and national production safety standardization and comprises five sections, namely system management elements, environment, safety, occupational health, fire protection and loss prevention. According to the scores, the EHS management standard and on-site equipment, technology and the actual management status of staff operation of enterprises are divided into five grades from low to high (0-1.5, 1.6-2.5, 2.6-3.5, 3.6-4.5, 4.6-5) for quantitative evaluation. Enterprises with relatively low scores (less than 1.5 points) are included in red light enterprises for focused supervision; at the same time, the audit results are linked to the KPI (key performance index) of the leadership of units subject to audit, which has vigorously ensured that the EHS management standard system is effectively carried out in the enterprises.

EHS System Audit



Suzhou Erye EHS System Audit



Hainan Mining EHS System Audit

The Group is committed to providing a safe and comfortable working environment for its employees. In order to keep in line with the International Safety Performance Indicator System, the Group issued the "Occupational Health, Safety and Environmental Protection Performance Indicators Management Procedure of the Safety and Environmental Protection Special Standard of Fosun Group" in September 2016, requiring the enterprises to report all lost time injury and the frequency of such cases and other EHS leading indicators, which has further enhanced and refined EHS management.

EHS activities of Hainan Mining



Fire fighting emergency drill



Vehicle escape emergency drill

Potential hazard rectification at Nanjing Nangang



Mechanic guarding rectification



Carrying out anti-corrosion works

Product Liability

The Group firmly believes that product quality is the core of product strength. We strive for excellence and make use of advanced quality control methods and means such as the implementation of Lean Six Sigma Management to strive to provide customers with safe and high-quality products.

The portfolio companies of the Group have established the product recall system in accordance with the laws and regulations and the relevant management system of the state to ensure that they can take effective measures to quickly recall products in accordance with the product recall system in the event of a quality accident. Fosun Pharma complied with national/international product quality and product safety laws and regulations and affixed product labels in accordance with the national/international standards. All pharmaceutical member enterprises firmly implemented GMP standard quality system construction. Under the Group's management platform, the pharmaceutical enterprises were facilitated to establish quality systems meeting the new GMP requirements through such forms as quality management system audit, site inspection, etc. Fosun Pharma also implemented quality risk management in an all-round manner based on the new domestic GMP and international CGMP requirements. Medical diagnostic member enterprises followed the "Medical Devices Supervision and Management Regulation" and ancillary regulations, particularly significant changes in new product registration. All member enterprises made contingency plans and formulated management systems such as the preparation, verification, approval and change of all levels of production control documents to meet the requirements stipulated in the registration management measure. We attach great importance to the safety of pharmaceutical products and strictly implement the "Reporting and Monitoring Management System for Adverse Drug Reactions" to strictly monitor adverse drug reactions and report the data.

Fosun emphasizes the construction quality of real estate, adheres to establishing brands with quality and implements them in the various stages of project construction. There were also a number of outstanding projects emerging in 2016 and two selected projects are briefly described as follows:

Forte Financial Island in Chengdu



Forte Financial Island was recognized as “Standardized Construction Site of Chengdu”, “Standardized Construction Site of Sichuan” and “Green Site of Chengdu”. It hosted the “Construction Quality and Safety Standards On-site Observation Meeting of Sichuan Province for 2016 (2016 年度四川省建築工程品質安全標準化現場觀摩會)” and accepted the on-site inspection conducted by the Ministry of Housing and Urban-Rural Development in December 2016 and was highly appraised.

Xinghong Hefei Financial Innovation City (星泓合肥金融創新城)



Xinghong Hefei Financial Innovation City won the titles of “Safe and Civilized Construction Site of Anhui Province” and “High Quality Structural Project of Hefei”.

Human Resources

As of 31 December 2016, the Group had approximately 53,000 employees.

In 2016, Foun's key initiatives of humance resources were focusing on urging the Group's platform, Unicorn and C2M strategy. In order to improve the effect of talent management and build an elite organization, we further clarified Fosun's talent concepts, attracted and forged both elite individuals and elite teams; optimized and promoted the multi-dimensional Partnership Model around the Group; innovated the talent management mechanism, edged the organizational and talent structure.

We further optimized the mechanism of Recruitment Committee. Benefiting from the internal referral system, the success rate of talent acquisition was increased. To support the Group's global business development, we strengthened the implementation of glocalized talent strategy. By organizing the global campus recruitment again, a batch of “post-90s” excellent investment personnel were recruited successfully from domestic and overseas top universities and colleges, serving as fresh blood supply for implementing our global deployment strategy. The function of “handy business school” was utilized constantly to create and explore various learning opportunities, linking up potential talent training camps at various stages. Through establishing a mobile e-learning platform, conducting proprietary research and development and introducing integrated and shared learning resources, fragmented time was fully utilized to attain continuous learning effect.

Through adjusting the organization structure, a flat organization was enabled to enhance organization capabilities and efficiency. More transparency was provided on promotion criteria and career path for talents. Meanwhile, further improvements were made to the “partnership models” at various levels and to all ancillary measures for implementing the global partner Share Option Scheme, key talent Share Award Scheme and other incentive programs. Continuous efforts were exerted to optimize and enhance the effectiveness of various incentive mechanisms. To align the interests of investment personnel with those of the shareholders, the Group optimized the Co-investment Management Policy, implemented the incentive concept for co-investment mechanism of “sharing gains and risks”, and further improved the processes of co-investment and incentive control.

Fulfillment of the Commitment to Employees

As an investment-oriented group, Fosun regards its employees as its most valuable capital. Fosun has been aiming to become the best employer and the best platform for employees to realize their value. We fully protect the interests of employees, improve the employee incentive schemes, and provide employees with humanistic care and services. We are always concerned with the personal development of our staff, emphasize the importance of cultivating outstanding talents with an international perspective, provide professional and systematic training and career development planning and platform so as to allow both the Company and our employees to develop together.

Employee Caring and Services

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

Employee Caring

Fosun established different schemes for various employee groups. We enhanced caring for expatriate employees and their families and created caring models for junior and senior employees. The Company will send birthday wishes and gifts to expatriate employees every year and hold consolation activities for them during New Year, and for their families, the Company will give away festival gifts during festivals and holidays to console them. For long-term service employees, the Company will commend and reward them during the New Year celebration at the end of the year. We also adopted incentive and benefit schemes tailored for our core employees, outstanding employees and young employees with high potential. According to the different needs of various employees, the Company made appropriate adjustments and improvements to employee benefits in different aspects such as physical examination, birthday care, team building, travel insurance and health insurance in 2016. We take full advantage of the Group's own insurance, finance, consumption, health and other resources so that employees can share all types of internal products, services and related resources at lower costs and more conveniently.

Fosun also cares about the physical and mental health of female employees and provides special care to them. The Group expresses its appreciation for the female employees' work on Women's Day every year on 8 March. We also regularly organize lectures on women's health and prevention of occupational diseases.

We have been striving to provide diverse forms of care for employees and their families (including all-round care for the growth of the “Children of Fosun Employees” and enrich the family life of our employees). We organize various activities every year and invite employees and their families to participate, hoping to help our employees and their families enjoy happy lives.

Employee Services

We use the Internet and various new channels to enrich employee services and have introduced our personnel service mobile platform “HR Micro Portal” (HR微門戶) after introducing our personnel service hotline mobile application “A La Ding”(阿拉釘) in 2015. We have further optimized and innovated methods of benefit distribution and internal communication, such as announcing or introducing employee benefits through our own mobile application, displaying various remuneration benefits and human resources policies through scroll display and online banners on the home page of our Group's intranet. We distribute employee benefits through our self-developed mobile application platform. We also use the platform to organize virtual fairs, allow users to online recharge and pay for meals.

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

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

Employee Training and Development

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

Cultural Promotion

Employees in training will be allowed to have a unified understanding of the Group's corporate culture and values. Meanwhile, we also work with external consulting companies and universities or colleges in the integration of our internal and external training materials and resources, in an attempt to promote our corporate brand. In addition, the Company has developed a unified mechanism regarding the promotion, guidance, communication and coordination of talents. It effectively bridges the gap between the diverse talents of different cultural backgrounds, realizing harmonious relationships among the members of Fosun's big family.

Strategy Interpretation

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

Overseas Talents Training

The Group accelerates its globalization by promoting the exchanges of talents between domestic and overseas enterprises and realizing cross-cultural management. It facilitates cultural integration and strategic collaboration, and aims at setting common objectives; it also provides more worldwide cross-regional training in skills and acquisition of knowledge.

Career Development

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

Training Cases

Investment Case Review

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

Professional Talent Training

Establishing various lines of professional and specialized training, focusing on investment, insurance, finance, risk control, human resources and other areas; and encouraging "learn from practice" with the aim of honing the employees' business acumen and enhancing their adaptability.

Skills Enhancement Training

Establishing Fosun's lecture hall to help employees enhance basic knowledge and skills, improving efficiency and effectiveness at work, enabling them to efficiently carry out work as professional managers of business whose work are up to standard.

Mobile Learning Platform

We built an anytime, anywhere and unobstructed learning platform by utilizing fragmented time. In 2016, we introduced and internally transformed a total of 56 micro courses covering skill-training classes in a variety of areas such as investment, finance and soft skills, which provided a convenient online learning platform for employees of the Group, employees of enterprises under incubation and employees of some core enterprises.

Luncheon Session

The Group held 41 lunch-time sharing sessions in 2016 according to its strategic focus to share its corporate strategies, hot topics on investment, internet and best practices. More than 2,500 employees attended the sessions.

Fosun Ambassador Program

We conducted two Fosun Ambassador Programs in 2016 to facilitate the integration of Fosun's investment teams and the domestic and overseas portfolio companies and deepen overseas portfolio companies understanding of Fosun's culture, investment strategy and investment management. More than 30 middle and senior management members from overseas portfolio companies and different regions working in different areas participated in the intensive exchange program for 10 days.

Talent Echelon Training Program

The training program lasting for nearly one year was organized for employees with high potential at all levels internally in accordance with the Group's development strategy, which is an important way for Fosun to train investment experts and potential business leaders. With the form of interactive project learning as the main theme, the highly potential talent training program brought students under different plans together from project teams and improved the comprehensive ability of employees through real project cases to precipitate and accumulate business experience. Meanwhile, combined with classroom learning, interactive learning, online learning and other forms of multi-dimensional learning, we helped students consolidate their business base and enhance business skills.

Post-90s Fresh Talk

As a young company, Fosun has also set up a showcase stage for post-90s employees. Emerging things in the current industry such as various interesting and cutting-edge topics like e-sports, live mode, Pandora, unmanned driving and pan-entertainment IP value were explained by post-90s young employees using the mobile internet platform.

Employment and Labour Standards

Our employees are our most valuable capital and also the core of competitive advantages of the Group. The Group has been adhering to the principle of "attracting people with development, bringing people together with career, training people with work and appraising people with performance" and advocates fair competition and opposes discrimination. All employees and job applicants are not confined by factors such as sex, age, race, skin color and religious belief. The establishment of all human resources policies strictly complies with all rules and relevant regulations in connection with remuneration and dismissal, recruitment and promotion, employee schedule, equal opportunities, diversity 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 where our operations were located and the employment of child labor or forced labor was prohibited.

Employee Incentive

The Group has consistently advocated a performance-oriented remuneration incentive mechanism with a view to providing employees with an overall reward system with internal fairness and external competitiveness so as to better achieve the objectives of attracting, motivating and retaining employees.

The Group has established and constantly improved the "multi-level, entire-coverage" remuneration incentive system to advocate the concept of "sharing gains and risks", share the fruits of business growth with employees, build a diligent and dedicated professional manager team, and achieve personal growth and development while receiving incentive incomes.

Awards received by the Group and Directors in 2016

March	Mr. Wang Qunbin, Executive Director and Chief Executive Officer of the Company, ranked in the “Hot 100 List in 2016” by the American <i>Insurance Business</i> magazine.
April	At the Third Cross-Border Investment and M&A Summit as well as the Second Annual Golden Whistle Awards Ceremony, the fund under the management of the Company received the honor of the “Golden Whistle Top 10 Chinese Buyers” as a result of its successful acquisition of Canadian company Cirque du Soleil through the fund under the management of the Company.
May	American magazine <i>Forbes</i> released the list of the world's largest public companies in 2016 known as “The Forbes Global 2000”. The Company has been ranked 434th globally, up 102 places from 2015, and ranked 47th amongst all Chinese enterprises. This marks the first time that the Company reached the Top-500 spot in Forbes Global 2000, earning the best-ever ranking on the list.
July	The Company ranked 73rd and 63rd on “China's Fortune 500” in 2016 in terms of operating revenue and profit respectively, as released by <i>Fortune China</i> .
August	The Company's Letter to Shareholders from Annual Report 2015, has been awarded the International ARC Awards in the category of Investment Holdings, organised by MerComm, Inc. The Company received the China Spectrum Award at the 10th China Brand Festival.
September	The Company was awarded the “GoforIsrael Investor Achievement Prize” at the 16th GoforIsrael China-Israel Investment Conference. The Company received two awards at the 8th Annual M&A Atlas Awards for global M&A: “Asia Pacific Private Equity Firm of the Year” and the “Global Entertainment & Media Deal of the Year”.
October	The Company ranked 28th on the list of Most Acclaimed Chinese Companies for 2016, released by <i>Fortune China</i> . The Company received Gold Award in “The Corporate Awards 2016” from <i>The Asset</i> , the renowned international asset management and investment magazine.
November	The Company's Chairman Guo Guangchang was presented with the “Lifetime Achievement Award” in the 8th Annual World Chinese Economic Summit (WCES) in recognition of his consistent contributions to the global economy and society as well as the remarkable entrepreneurial spirit he has shown in the global economic arena.
December	Mr. Wang Can, Executive Director and Chief Financial Officer of the Company, was awarded “CGMA 2016 Financial Leader” at the CGMA (Chartered Global Management Accountant) 2016 China Awards Ceremony and CFO Summit Forum. The Company received the “2016 Best Investment Value Award for Listed Companies” in the category of listed companies with market value of more than HK\$30 billion, as presented by the appraisal committee of the Best Investment Value Award for Listed Companies (BIVA). The Company ranked “Top 50 of 2016 China Global Companies” and “Top 10 of 2016 China Companies' Cross-border M&A Investment Cases” at the Third Conference of China's Outbound Forum.

INDEPENDENT AUDITOR'S REPORT

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 115 to 287, which comprise the consolidated statement of financial position as at 31 December 2016, 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 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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

Key audit matter*Fair value measurement of investment properties*

As at 31 December 2016, the carrying amount of investment properties, which are stated at fair value, amounted to approximately RMB30,493 million. The measurement of fair value requires significant estimation. Management uses external valuers to support its determination of the fair values of all investment properties and the Group's policy is that property valuations are performed by external valuers on a regular basis. The valuation of the investment properties is highly dependent on estimates and assumptions, such as estimated rental, capitalisation rates, occupancy rates and market knowledge. The use of different estimates and assumptions could result in significantly different fair values.

The Group's disclosures about fair value measurement of investment properties are included in notes 2.5 and 3, estimation uncertainties (iv), which specify the policies regarding to the fair value measurement of investment properties and note 14 which specifically explains the fair value hierarchy, valuation techniques and the key inputs to the valuation of investment properties.

How our audit addressed the key audit matter

Amongst our audit procedures, we have considered the objectivity, independence and expertise of the external appraisers. We involved internal valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples, which included reference to the leasing contracts, external market rents and historical information of occupancy rates, and in respect of the capitalisation rates, our internal specialists assisted us in checking to the market data applied by real estate industry analysis etc. We also assessed the adequacy of the disclosures on the fair value measurement of investment properties.

Key audit matter*Impairment of available-for-sale investments*

As at 31 December 2016, available-for-sale investments (including current and non-current portions) of the Group amounted to RMB128,175 million. The management carries out impairment tests on available-for-sale investments at the end of each reporting period and impairments are provided when objective evidence of impairment exists. The management determines whether impairment occurs on debt investments after evaluating objective impairment evidence such as significant financial difficulty of the issuer or debtor and a breach of contract. In the case of equity investments, objective impairment evidence includes a significant or prolonged decline in the fair value of an investment below its cost. Significant judgements are involved when evaluating the existence of the objective evidence of impairment and the determination of the impairment losses to be recognised in profit and loss for available-for-sale investments.

The Group's disclosures about impairment of available-for-sale investments are included in notes 2.5 and 3, estimation uncertainties (iii), which specify the impairment test policies for the available-for-sale investments, and note 23 in which the impairment loss recognised in the current year is disclosed.

How our audit addressed the key audit matter

In our audit, we obtained an understanding of and evaluated the internal controls over impairment tests process. We assessed the significant judgement and rationale used by the management in evaluating the objective evidence of impairment for available-for-sale investments and we performed the independent tests by analysing the observable data that came to our attention to evaluate if there was any objective evidence of impairment. We examined the impairment tests performed by the management in determining the amount of impairment losses when there was objective evidence of impairment. We also assessed the adequacy of the disclosures on the impairment of available-for-sale investments.

Key audit matter**How our audit addressed the key audit matter***Valuation of insurance contract liabilities*

The Group had significant insurance contract liabilities (including current and non-current portions) stated at RMB45,688 million as at 31 December 2016. The valuation of insurance contract liabilities relies on significant judgement over uncertain future outcomes, mainly including the timing and ultimate settlement of long-term policyholder liabilities. Actuarial models are used to support the calculation of insurance contract liabilities. The complexity of the models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Assumptions used in the valuation, such as investment return, discount rate, mortality, morbidity, expense, lapse are set up by applying significant judgements.

The Group's disclosures about valuation for insurance contract liabilities are included in notes 2.5 and 3 estimation uncertainty (xiii) which specifically explain the methodologies and assumptions used in the valuation and notes 47, 48 and 50 which disclose the details of the insurance contract liabilities recognised as at 31 December 2016.

In our audit, we have performed audit procedures on the underlying data used in valuation of some specific liabilities to source documentation. By applying our industry knowledge and experience we compared the methodology, models and assumptions used against recognised actuarial practices.

We involved our internal actuarial specialists to assist us in performing the following procedures in this area which among others included: assessing the design and testing the operating effectiveness of internal controls over the technical areas including management's determination and approval process for setting of assumptions, actuarial analyses including estimated versus actual results and experience studies; assessing the assumptions by reference to the historical experience, business expectation of the Group, and the market practices; reviewing the methodology and assumptions used 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 change in estimation to be in line with the changes in assumptions adopted by the Group.

We also focused on the adequacy of the Group's disclosures of the valuation for insurance contract liabilities.

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Ernst & Young

Certified Public Accountants

Hong Kong

28 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
REVENUE	6	73,966,562	78,796,889
Cost of sales		(48,094,096)	(61,135,274)
Gross profit		25,872,466	17,661,615
Other income and gains	6	22,609,531	25,864,006
Selling and distribution expenses		(11,007,684)	(7,680,142)
Administrative expenses		(12,365,138)	(8,767,118)
Other expenses		(6,709,978)	(9,312,810)
Finance costs	7	(4,845,431)	(4,724,031)
Share of profits and losses of:			
Joint ventures		106,827	1,066,950
Associates		2,620,224	2,074,079
PROFIT BEFORE TAX	8	16,280,817	16,182,549
Tax	10	(3,594,619)	(5,229,122)
PROFIT FOR THE YEAR		12,686,198	10,953,427
Attributable to:			
Owners of the parent		10,268,185	8,038,282
Non-controlling interests		2,418,013	2,915,145
		12,686,198	10,953,427
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year (RMB)	12	1.19	1.06
Diluted			
– For profit for the year (RMB)	12	1.19	1.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Note	2016 RMB'000	2015 RMB'000 (Restated)
PROFIT FOR THE YEAR		12,686,198	10,953,427
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Available-for-sale investments:			
Changes in fair value		11,103,463	3,012,488
Reclassification adjustments for gains/(losses) included in the consolidated statement of profit or loss			
– gain on disposal		(2,107,386)	(4,868,248)
– impairment loss		1,473,197	(99,412)
Income tax effect	27	(1,040,926)	754,531
		9,428,348	(1,200,641)
Change in other life insurance contract liabilities due to potential (gains)/losses on financial assets		(17,280)	472,029
– Income tax effect		6,821	44,087
		(10,459)	516,116
Fair value adjustments of hedging instruments in cash flow hedges		(23,794)	—
– Income tax effect		6,310	—
		(17,484)	—
Fair value adjustments of hedging of a net investment in a foreign operation		316,497	—
– Income tax effect		(69,058)	—
		247,439	—
Share of other comprehensive income of joint ventures		67,074	—
Share of other comprehensive income/(loss) of associates		221,580	(164,525)
Exchange differences on translation of foreign operations		496,236	(118,603)

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		10,432,734	(967,653)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation gain upon transfer from owner-occupied property to investment property	14	54,114	—
– Income tax effect	27	(15,018)	—
		39,096	—
Actuarial reserve relating to employee benefit		(74,807)	—
– Income tax effect		45,369	—
		(29,438)	—
Share of other comprehensive income of associates		293,811	—
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		303,469	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		10,736,203	(967,653)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		23,422,401	9,985,774
Attributable to:			
Owners of the parent		18,331,214	7,621,487
Non-controlling interests		5,091,187	2,364,287
		23,422,401	9,985,774

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	20,672,028	18,023,602
Investment properties	14	30,493,267	40,898,689
Prepaid land lease payments	15	2,105,331	2,143,888
Exploration and evaluation assets	16	225,731	197,500
Mining rights	17	531,296	564,507
Oil and gas assets	18	1,050,517	970,236
Intangible assets	19	6,024,968	9,189,950
Goodwill	20	9,862,200	10,366,162
Investments in joint ventures	21	17,662,504	11,809,125
Investments in associates	22	44,115,608	31,579,652
Available-for-sale investments	23	105,785,016	97,956,123
Properties under development	24	9,330,509	17,035,471
Loans receivable	25	813,210	553,789
Prepayments, deposits and other receivables	26	2,540,614	3,854,693
Deferred tax assets	27	4,801,141	5,221,803
Inventories	28	267,836	323,708
Policyholder account assets in respect of unit-linked contracts	29	3,112,170	3,594,381
Insurance and reinsurance debtors	30	115,473	128,787
Reinsurers' share of insurance contract provisions	31	4,377,481	9,620,463
Term deposits	32	348,692	465,135
Placements with and loans to banks and other financial institutions		73,068	—
Loans and advances to customers	33	454,502	—
Derivative financial instruments	34	379,652	—
Finance lease receivables	35	288,517	—
Total non-current assets		265,431,331	264,497,664

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CURRENT ASSETS			
Cash and bank	32	51,807,704	46,754,045
Investments at fair value through profit or loss	36	8,328,696	10,716,167
Derivative financial instruments	34	445,382	15,921
Trade and notes receivables	37	4,321,733	4,120,969
Prepayments, deposits and other receivables	26	15,977,831	10,358,356
Inventories	28	2,705,018	2,347,989
Completed properties for sale		7,737,290	10,898,015
Properties under development	24	22,738,105	18,846,968
Loans receivable	25	2,130,688	1,735,066
Due from related companies	38	11,741,735	3,707,641
Available-for-sale investments	23	22,390,416	20,998,463
Policyholder account assets in respect of unit-linked contracts	29	636,076	471,535
Insurance and reinsurance debtors	30	6,434,748	8,146,186
Reinsurers' share of insurance contract provisions	31	1,468,553	3,452,133
Placements with and loans to banks and other financial institutions		37	—
Loans and advances to customers	33	2,904,371	247,581
Finance lease receivables	35	929,759	—
		162,698,142	142,817,035
Assets of a disposal group/non-current assets classified as held for sale	39	58,650,003	103,245
Total current assets		221,348,145	142,920,280

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	40	43,874,088	48,788,443
Loans from related companies	42	—	193,000
Trade and notes payables	43	9,569,939	10,613,116
Accrued liabilities and other payables	44	33,710,957	24,450,255
Tax payable		4,035,686	3,787,469
Finance lease payables	45	48,686	46,161
Deposits from customers	46	18,511,530	1,300,688
Due to the holding company	38	381,646	979,101
Due to related companies	38	3,647,173	2,944,692
Derivative financial instruments	34	505,115	204,015
Accounts payable to brokerage clients		68,823	34,462
Unearned premium provisions	47	5,194,018	12,881,979
Provision for outstanding claims	48	10,518,108	14,461,347
Provision for unexpired risks		360,623	432,410
Financial liabilities for unit-linked contracts	49	237,459	251,577
Investment contract liabilities	49	1,382,071	4,940,511
Other life insurance contract liabilities	50	1,429,933	1,359,147
Insurance and reinsurance creditors	51	3,109,676	3,740,375
Due to banks and other financial institutions	52	715,681	—
Placements from banks and other financial institutions		270,276	—
		137,571,488	131,408,748
Liabilities directly associated with the assets classified as held for sale	39	40,674,050	—
Total current liabilities		178,245,538	131,408,748
NET CURRENT ASSETS		43,102,607	11,511,532
TOTAL ASSETS LESS CURRENT LIABILITIES		308,533,938	276,009,196

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	40	82,094,953	65,859,536
Convertible bonds	41	307,730	268,983
Finance lease payables	45	197,224	120,334
Deposits from customers	46	68,715	—
Derivative financial instruments	34	802,875	—
Deferred income	53	1,514,423	1,019,108
Other long term payables	54	4,160,042	4,086,385
Deferred tax liabilities	27	8,841,545	9,042,528
Provision for outstanding claims	48	16,764,930	32,548,001
Financial liabilities for unit-linked contracts	49	3,510,787	3,814,339
Investment contract liabilities	49	55,370,424	48,204,699
Other life insurance contract liabilities	50	11,420,408	11,374,815
Insurance and reinsurance creditors	51	175,360	117,333
Due to banks and other financial institutions	52	426,987	—
Placements from banks and other financial institutions		3,707	—
Total non-current liabilities		185,660,110	176,456,061
Net assets		122,873,828	99,553,135
EQUITY			
Equity attributable to owners of the parent			
Share capital	55	36,157,089	36,046,143
Treasury shares		(93,008)	—
Equity component of convertible bonds		68,674	68,674
Other reserves		56,234,244	39,629,492
		92,366,999	75,744,309
Non-controlling interests		30,506,829	23,808,826
Total equity		122,873,828	99,553,135

Guo Guangchang
Director

Wang Can
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 55)	Treasury share RMB'000	Other deficits RMB'000 (note 56(a))	Statutory surplus reserve RMB'000 (note 56(b))	Available- for-sale investment revaluation reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2016 (as previously reported)	36,046,143	—	(443,540)	4,641,387	435,425	1,578,712	68,674	34,381,707	(1,455,999)	75,252,509	22,901,566	98,154,075
Retrospective adjustments of business combination under common control and finalised purchase price allocation (note 2.4.1 and 2.4.2)	—	—	—	—	7,644	520,000	—	(35,844)	—	491,800	907,260	1,399,060
At 1 January 2016 (as restated)	36,046,143	—	(443,540)	4,641,387	443,069	2,098,712	68,674	34,345,863	(1,455,999)	75,744,309	23,808,826	99,553,135
Profit for the year	—	—	—	—	—	—	—	10,268,185	—	10,268,185	2,418,013	12,686,198
Other comprehensive income for the year:												
Changes in fair value of available-for-sale investments, net of tax	—	—	—	—	7,282,799	—	—	—	—	7,282,799	2,731,632	10,014,431
Reclassification adjustments for gains/(losses) in the consolidated statement of profit or loss												
– gain on disposal, net of tax	—	—	—	—	(1,357,446)	—	—	—	—	(1,357,446)	(333,907)	(1,691,353)
– impairment loss, net of tax	—	—	—	—	982,863	—	—	—	—	982,863	122,407	1,105,270
Share of other comprehensive income of associates	—	—	—	—	148,821	293,811	—	—	2,604	445,236	70,155	515,391
Fair value adjustments of hedging instruments in cash flow hedges, net of tax	—	—	—	—	—	(16,737)	—	—	—	(16,737)	(747)	(17,484)
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	—	—	—	—	—	210,323	—	—	—	210,323	37,116	247,439
Revaluation gain upon transfer from owner-occupied property to investment property, net of tax	—	—	—	—	—	38,401	—	—	—	38,401	695	39,096
Actuarial reserve relating to employee benefit, net of tax	—	—	—	—	—	(24,154)	—	—	—	(24,154)	(5,284)	(29,438)
Share of other comprehensive income of joint ventures	—	—	—	—	67,074	—	—	—	—	67,074	—	67,074
Change in other life insurance contract liabilities due to potential gains on financial assets, net of tax	—	—	—	—	—	(8,890)	—	—	—	(8,890)	(1,569)	(10,459)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	443,560	443,560	52,676	496,236
Total comprehensive income for the year	—	—	—	—	7,124,111	492,754	—	10,268,185	446,164	18,331,214	5,091,187	23,422,401

Consolidated Statement of Changes in Equity
Year ended 31 December 2016

	Attributable to owners of the parent											
	Available-for-sale											Total equity
	Issued capital	Treasury share	Other deficits	Statutory surplus reserve	investment revaluation reserve	Other reserve	Convertible bonds	Retained earnings	Exchange fluctuation reserve	Non-controlling interests		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(note 55)		(note 56(a))	(note 56(b))									
Acquisition of subsidiaries (note 58(a))	—	—	—	—	—	—	—	—	—	—	129,807	129,807
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	3,540,338	3,540,338
Share issue expenses	(2,602)	—	—	—	—	—	—	—	—	(2,602)	—	(2,602)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(901,986)	(901,986)
Final 2015 dividend declared	—	—	—	—	—	—	—	(1,226,568)	—	(1,226,568)	—	(1,226,568)
Transfer from retained profits	—	—	—	1,718,512	—	—	—	(1,718,512)	—	—	—	—
Share of other reserve of associates	—	—	—	—	—	(205,417)	—	—	—	(205,417)	(285,403)	(490,820)
Deemed disposal of partial interests in subsidiaries without losing control	—	—	—	—	—	640,909	—	—	—	640,909	(640,909)	—
Fair value adjustment on the stock redemption option granted to non-controlling shareholders of a subsidiary	—	—	—	—	—	5,862	—	—	—	5,862	60,467	66,329
Equity-settled share-based payments of the Company (note 59)**	113,548	(93,008)	—	—	—	65,477	—	—	—	86,017	—	86,017
Equity-settled share-based payment of a subsidiary	—	—	—	—	—	14,413	—	—	—	14,413	22,705	37,118
Deemed acquisition of additional interests in a subsidiary	—	—	—	—	—	1,629	—	—	—	1,629	(1,629)	—
Acquisition of additional interests in subsidiaries	—	—	—	—	—	(208,049)	—	—	—	(208,049)	(316,574)	(524,623)
Transformation of joint stock system of a subsidiary based on net assets	—	—	—	—	—	(45,670)	—	45,670	—	—	—	—
Business combination under common control***	—	—	—	—	—	(582,000)	—	—	—	(582,000)	—	(582,000)
Re-purchase of shares	—	—	—	—	—	—	—	(232,718)	—	(232,718)	—	(232,718)
At 31 December 2016	36,157,089	(93,008)	(443,540)*	6,359,899*	7,567,180*	2,278,620*	68,674	41,481,920*	(1,009,835)*	92,366,999	30,506,829	122,873,828

* These reserve accounts comprise the consolidated other reserves of RMB56,234,244,000 (31 December 2015 as restated: RMB39,629,492,000) in the consolidated statement of financial position.

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

*** As stated in note 2.4.1, in June 2016, the Group completed the acquisition of Shanghai Fosun Chuanghong Equity Investment Fund Partnership (L.P.) which has been accounted for as business combination under common control and the settlement of the consideration amounting to RMB582,000,000 was accounted for as a deemed distribution to the shareholder.

Consolidated Statement of Changes in Equity
Year ended 31 December 2016

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 55)	Other deficits RMB'000 (note 56(a))	Statutory surplus reserve RMB'000 (note 56(b))	Available- for-sale investment revaluation reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2015 (as previously reported)	16,281,011	(443,540)	3,229,375	1,259,885	1,171,059	721,171	28,614,104	(1,424,642)	49,408,423	26,276,069	75,684,492
Retrospective adjustments of business combination under common control	—	—	—	5,117	520,000	—	(35,844)	—	489,273	828,870	1,318,143
At 1 January 2015 (as restated)	16,281,011	(443,540)	3,229,375	1,265,002	1,691,059	721,171	28,578,260	(1,424,642)	49,897,696	27,104,939	77,002,635
Profit for the year	—	—	—	—	—	—	8,038,282	—	8,038,282	2,915,145	10,953,427
Other comprehensive income for the year:											
Changes in fair value of available-for-sale investments, net of tax	—	—	—	2,179,831	—	—	—	—	2,179,831	553,017	2,732,848
Reclassification adjustments for gains /(losses) included in the consolidated statement of profit or loss											
– gain on disposal, net of tax	—	—	—	(2,883,113)	—	—	—	—	(2,883,113)	(980,769)	(3,863,882)
– impairment loss, net of tax	—	—	—	(59,166)	—	—	—	—	(59,166)	(10,441)	(69,607)
Share of other comprehensive loss of associates	—	—	—	(59,485)	—	—	—	(3,894)	(63,379)	(101,146)	(164,525)
Change in other life insurance contract liabilities due to potential losses on financial assets, net of tax	—	—	—	—	436,495	—	—	—	436,495	79,621	516,116
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(27,463)	(27,463)	(91,140)	(118,603)
Total comprehensive (loss)/income for the year	—	—	—	(821,933)	436,495	—	8,038,282	(31,357)	7,621,487	2,364,287	9,985,774

Consolidated Statement of Changes in Equity
Year ended 31 December 2016

	Attributable to owners of the parent										
			Statutory	Available- for-sale				Exchange		Non-	Total
	Issued	Other	surplus	investment	Other	Convertible	Retained	fluctuation	Total	controlling	equity
	capital	deficits	reserve	revaluation	reserve	bonds	earnings	reserve		interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 55)	(note 56(a))	(note 56(b))								
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	373,565	373,565
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	1,263,076	1,263,076
Rights issue of new shares	9,537,094	—	—	—	—	—	—	—	9,537,094	—	9,537,094
Placing of shares**	7,288,395	—	—	—	—	—	—	—	7,288,395	—	7,288,395
Transfer from retained profits	—	—	1,412,012	—	—	—	(1,412,012)	—	—	—	—
Share issue expenses	(20,061)	—	—	—	—	—	—	—	(20,061)	—	(20,061)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	(743,052)	(743,052)
Final 2014 dividend declared	—	—	—	—	—	—	(1,035,103)	—	(1,035,103)	—	(1,035,103)
Share of other reserve of associates	—	—	—	—	12,395	—	—	—	12,395	(33,338)	(20,943)
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	(5,620,224)	(5,620,224)
Deemed disposal of partial interests in a subsidiary without losing control	—	—	—	—	86,318	—	—	—	86,318	(86,318)	—
Fair value adjustment on the stock redemption option granted to non-controlling shareholders of a subsidiary	—	—	—	—	(971)	—	—	—	(971)	(3,435)	(4,406)
Equity-settled share-based payments	—	—	—	—	25,676	—	—	—	25,676	5,809	31,485
Deemed acquisition of additional interests in a subsidiary	—	—	—	—	(7,364)	—	—	—	(7,364)	7,364	—
Acquisition of additional interests in subsidiaries	—	—	—	—	(144,896)	—	176,436	—	31,540	(823,847)	(792,307)
Conversion of convertible bonds to ordinary shares	2,959,704	—	—	—	—	(652,497)	—	—	2,307,207	—	2,307,207
At 31 December 2015 (restated)	36,046,143	(443,540)*	4,641,387*	443,069*	2,098,712*	68,674	34,345,863*	(1,455,999)*	75,744,309	23,808,826	99,553,135

* These reserve accounts comprise the consolidated other reserves of RMB39,629,492,000 as restated in the consolidated statement of financial position.

** During the year of 2015, the Company completed the placing of 465,000,000 shares at the placing price of HKD20.00 per share.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		16,280,817	16,182,549
Adjustments for:			
Depreciation of items of property, plant and equipment	8	1,644,506	2,746,177
Amortisation of prepaid land lease payments	8	48,841	76,107
Amortisation of intangible assets	8	1,109,249	414,535
Amortisation of mining rights	8	18,609	26,945
Amortisation of oil and gas assets	8	355,837	483,401
Exploration expensed and written off	16	34,772	86,411
Provision for impairment of items of property, plant and equipment	8	30,923	125,975
Provision for impairment of intangible assets	8	3,548	—
Provision for impairment of oil and gas assets	8	—	338,224
Provision for impairment of mining rights	8	—	101,523
Provision for impairment of available-for-sale investments	8	2,306,787	1,823,695
Provision for impairment of investments in associates	8	524,420	49,153
Provision for impairment of receivables	8	165,361	142,892
Reversal for impairment of insurance and reinsurance debtors	6	(2,605)	(204,104)
Provision for inventories	8	70,255	381,595
Provision for impairment of completed properties for sale	8	293,065	401,926
Provision for impairment of loans and advances to customers	8	64,361	—
Provision for impairment of properties under development	8	—	377,631
Gain on disposal of subsidiaries	6	(559,558)	(7,180,957)
Gain on bargain purchase of subsidiaries	6	(279,589)	(847,409)
Gain on bargain purchase of associates	6	(1,276,423)	—
Gain on disposal of available-for-sale investments	6	(4,962,845)	(6,671,444)
Gain on disposal of investments at fair value through profit or loss	6	(56,899)	(434,394)
Gain on disposal of associates	6	(4,790,497)	(361,587)
(Gain)/loss on disposal of joint ventures	6/8	(191,508)	73,946
Gain on disposal of partial investments in associates	6	—	(2,534,538)
Gain on deemed disposal of partial investments in associates	6	(328,640)	—
Gain on disposal of items of property, plant and equipment	6	(108,619)	(1,714)
Gain on disposal of non-current assets held for sale	6	—	(130,600)
Gain on disposal of investment properties	6	(183,685)	—
(Gain)/loss on fair value adjustment on investments at fair value through profit or loss	6/8	(1,322,215)	1,912,096
Gain on fair value gains on investment properties	6	(1,315,460)	(1,838,511)
Gain on fair value adjustment on derivative financial instruments	6	(1,784)	—
Interest expenses		4,433,471	4,492,741
Interest income	6	(514,755)	(912,697)
Dividends and interests from investments at fair value through profit or loss	6	(959,535)	(467,971)
Dividends and interests from available-for-sale investments	6	(3,200,957)	(2,683,723)
Share of profits and losses of associates		(2,620,224)	(2,074,079)
Share of profits and losses of joint ventures		(106,827)	(1,066,950)
Subtotal carried forward		4,602,197	2,826,844

	2016 RMB'000	2015 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES <i>(continued)</i>		
Subtotal brought forward	4,602,197	2,826,844
CASH INFLOW BEFORE WORKING CAPITAL CHANGES	4,602,197	2,826,844
Increase in properties under development	(2,863,423)	(11,392,141)
Decrease in completed properties held for sale	7,142,813	12,533,841
Increase in trade and notes receivables	(232,609)	(1,133,356)
Increase in prepayments, deposits and other receivables	(3,271,531)	(3,050,713)
(Increase)/decrease in inventories	(323,305)	895,080
Increase in insurance and reinsurance debtors	(2,529,970)	(1,553,931)
Increase in reinsurers' share of insurance contract provisions	(2,245,454)	(948,323)
(Increase)/decrease in amounts due from related companies	(5,176,628)	1,485,096
Decrease in loans and advances to customers	312,288	—
Decrease in trade and notes payables	(1,066,867)	(332,511)
Increase/(decrease) in accrued liabilities and other payables	16,247,354	(2,799,606)
Increase in deferred income	442,701	561,934
(Decrease)/increase in other long term payables	(235,855)	237,275
Decrease in amounts due to the holding company	—	(313,490)
Increase/(decrease) in amounts due to related companies	702,481	(835,757)
Increase in accounts payable to brokerage clients	34,361	—
Decrease in placements with and loans to banks and other financial institutions	32,791	—
Decrease in placements from banks and other financial institutions	(489,936)	—
Decrease in amounts due to banks and other financial institutions	(279,748)	—
Increase/(decrease) in deposits from customers	462,437	(395,432)
Increase in restricted pre-sale proceeds of properties	(976,956)	(367,010)
(Increase)/decrease in required reserve deposits	(890,098)	188,383
Increase in unearned premium provisions	55,382	282,159
Increase in provision for outstanding claims	3,289,636	949,793
Increase in insurance and reinsurance creditors	1,362,612	533,398
Decrease in provision for unexpired risks	(71,787)	(6,055)
(Decrease)/increase in other life insurance contract liabilities	(281,935)	93,823
Increase in investment contract liabilities	2,029,431	3,588,333
CASH GENERATED FROM OPERATIONS	15,780,382	1,047,634
Tax paid	(3,777,217)	(4,467,307)
NET CASH FLOWS GENERATED/(USED IN) FROM OPERATING ACTIVITIES	12,003,165	(3,419,673)

Consolidated Statement Of Cash Flows
Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(3,852,270)	(2,965,343)
Increase of prepaid land lease payments		(9,890)	(412,939)
Increase of investment properties		(1,033,799)	(4,034,045)
Purchase of intangible assets		(871,340)	(518,358)
Purchase of exploration and evaluation assets		(122,011)	(135,325)
Purchase of oil and gas assets		(278,260)	(342,417)
Purchase of available-for-sale investments		(60,825,540)	(41,722,865)
Purchase of investments at fair value through profit or loss		(5,273,777)	(5,709,420)
Proceeds from disposal of investments at fair value through profit or loss		5,359,899	6,171,394
Proceeds from disposal of available-for-sale investments		48,815,399	39,726,532
Proceeds from disposal of items of property, plant and equipment		356,647	183,137
Proceeds from disposal of prepaid land lease payments		—	108,254
Proceeds from disposal of intangible assets		67,588	175,182
Proceeds from disposal of subsidiaries	58(b)	3,670,461	6,114,148
Proceeds from disposal of associates and disposal of partial interests in associates		1,179,171	5,625,147
Proceeds from disposal of joint ventures		843,369	11,272
Proceeds from disposal of non-current assets held for sale		58,947	338,495
Acquisition of subsidiaries	58(a)	(3,831,093)	(24,984,835)
Acquisition of associates		(4,888,219)	(7,485,114)
Acquisition of joint ventures		(919,518)	(918,579)
Dividends and interests received from available-for-sale investments		3,767,481	2,779,969
Dividends and interests received from investments at fair value through profit or loss		914,902	461,568
Dividends received from associates		739,709	863,159
Dividends received from joint ventures		20,459	—
Shareholder loans (provided)/repaid		(655,043)	2,686,208
(Increase)/ decrease in pledged bank balances and time deposits with original maturity of more than three months		(2,865,920)	2,525,353
Prepayments for proposed acquisitions of long term assets		(785,203)	(1,751,643)
Collection of the prepayment for proposed acquisition of investments or other long term assets		—	1,331,370
Proceeds received from disposal of investment properties		2,075,249	—
Interest received		500,796	844,599
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(17,841,806)	(21,035,096)

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of finance lease rental payments		(16,573)	(100,732)
Capital contribution from non-controlling shareholders of subsidiaries		3,540,338	974,076
New bank and other borrowings		76,032,384	97,744,310
Repayment of bank and other borrowings		(64,688,517)	(70,984,816)
Dividends paid to non-controlling shareholders of subsidiaries		(751,986)	(743,052)
Acquisition of additional interests in subsidiaries		(666,977)	(883,201)
Dividends paid to shareholders		(1,824,023)	(501,667)
Rights issue of new shares (net of share issue expenses)		—	9,537,094
Placing of shares		—	7,268,334
Deemed distribution to the ultimate controlling shareholder	58(a)(iv)	(582,000)	—
Repurchase of shares		(232,718)	—
Interest paid		(4,838,214)	(5,828,772)
NET CASH FLOWS FROM FINANCING ACTIVITIES		5,971,714	36,481,574
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		38,572,210	26,545,405
CASH AND CASH EQUIVALENTS AT END OF YEAR		38,705,283	38,572,210
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AS STATED IN			
THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	32	36,103,302	38,572,210
Cash and cash equivalents attributable to assets of a disposal group classified as held for sale	39	2,601,981	—
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS		38,705,283	38,572,210

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2016

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 integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes three major segments: insurance, investment and wealth management and innovative finance while the industrial operations include four key segments: health, happiness, property development and sales and resources.

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain investments which have been measured at fair value. Non-current assets/assets of a disposal group classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.5. 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 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

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

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
 - (i) the materiality requirements in HKAS 1;
 - (ii) that specific line items in the consolidated statement of profit or loss and the consolidated statement of financial position may be disaggregated;
 - (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
 - (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the consolidated statement of financial position and the consolidated statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

- (b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.
- (c) *Annual Improvements to HKFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions²</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts²</i>
HKFRS 9	<i>Financial Instruments²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 15	<i>Revenue from Contracts with Customers²</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers²</i>
HKFRS 16	<i>Leases³</i>
Amendments to HKAS 7	<i>Disclosure Initiative¹</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses¹</i>

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

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ No mandatory effective date yet determined but available for adoption

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

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

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

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

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

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

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

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

2.4 PRIOR YEAR RESTATEMENT

2.4.1 Restatement of prior years' financial statements as a result of business combinations for entities under common control

In June 2016, Yadong Fosun Industrial Technology Development Co., Ltd., an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 35.21% equity interest in Shanghai Fosun Chuanghong Equity Investment Fund Partnership (L.P.) ("Chuanghong Fund") at a purchase consideration of RMB582,000,000. After the completion of the acquisition, Chuanghong Fund was accounted for as a subsidiary of the Group, because the Group could control Chuanghong Fund a general partner and the 35.21% interests as a limited partner. Since the Company and Chuanghong Fund were under common control of Mr. Guo Guangchang ("Mr. Guo", the ultimate controlling shareholder of the Company) before and after the completion of the aforesaid acquisition, the business combination of Chuanghong Fund has been accounted for by applying pooling of interest method.

Business combinations arising from transfers of interests in entities that are under the control of the ultimate shareholder that controls the Group are accounted for as if the acquisitions had occurred at the beginning of the earliest date presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquired entities' financial statements from the perspective of controlling shareholder.

Upon transfer of interest in an entity to another entity that is under the control of the ultimate shareholder that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

The consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

The opening balances as at 1 January 2015 and comparative information as at 31 December 2015 and for the year ended 31 December 2015 have been restated in the consolidated financial statements.

2.4 PRIOR YEAR RESTATEMENT (Continued)**2.4.2 Restatement of prior year's financial statements as a result of finalised purchase price allocation of the acquisition of Club Med**

In February 2015, Club Med Invest (former name: Gaillon Invest II), an indirectly owned subsidiary of the Company, acquired 100% of the equity interests in Club Med, at a total consideration of EUR916,664,000 (equivalent to RMB6,240,832,000). The assessment of the fair values of the identifiable assets and liabilities of Club Med was still undergoing and the information of the fair values of the identifiable assets and liabilities was provisional as at 31 December 2015.

During the year, the Company finalised the assessment of the fair values of the identifiable assets and liabilities of Club Med and the Company retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as at the acquisition date.

The comparative information as at 31 December 2015 and comparative information for the year ended 31 December 2015 have been restated in the consolidated financial statements.

2.4.3 Quantitative impact on the consolidated financial statements**i. Restated consolidated statement of comprehensive income for the year ended 31 December 2015**

	As previously reported RMB'000	Effect of prior year adjustments		As restated RMB'000
		RMB'000 (note 2.4.1)	RMB'000 (note 2.4.2)	
Net other comprehensive loss				
to be reclassified to profit or loss				
in subsequent periods	(974,632)	6,979	—	(967,653)
Total comprehensive income for the year	9,978,795	6,979	—	9,985,774
Attributable to:				
Owners of the parent	7,618,960	2,527	—	7,621,487
Non-controlling interests	2,359,835	4,452	—	2,364,287

Details of the restated consolidated statement of comprehensive income for the year ended 31 December 2015 include the following:

	As previously reported RMB'000	Effect of prior year adjustments		As restated RMB'000
		RMB'000 (note 2.4.1)	RMB'000 (note 2.4.2)	
Available-for-sale investments:				
Changes in fair value	3,005,509	6,979	—	3,012,488

2.4 PRIOR YEAR RESTATEMENT (Continued)**2.4.3 Quantitative impact on the consolidated financial statements** (Continued)**ii. Restated consolidated statement of financial position as at 31 December 2015**

	As previously reported RMB'000	Effect of prior year adjustments		As restated RMB'000
		RMB'000 (note 2.4.1)	RMB'000 (note 2.4.2)	
Total non-current assets	262,586,561	1,191,912	719,191	264,497,664
Total current assets	142,748,650	152,430	19,200	142,920,280
Total current liabilities	130,967,192	220	441,336	131,408,748
Total non-current liabilities	176,213,944	—	242,117	176,456,061
Equity attributable to				
owners of the parent	75,252,509	491,800	—	75,744,309
Non-controlling interests	22,901,566	852,322	54,938	23,808,826
Total equity	98,154,075	1,344,122	54,938	99,553,135

Details of the restated consolidated statement of financial position as at 31 December 2015 include the following:

	As previously reported RMB'000	Effect of prior year adjustments		As restated RMB'000
		RMB'000 (note 2.4.1)	RMB'000 (note 2.4.2)	
Non-current assets				
Property, plant and equipment	17,176,435	—	847,167	18,023,602
Goodwill	10,713,380	—	(347,218)	10,366,162
Investments in associates	31,209,652	370,000	—	31,579,652
Available-for-sale investments	97,134,211	821,912	—	97,956,123
Deferred tax assets	5,002,561	—	219,242	5,221,803
Current assets				
Cash and bank	46,601,795	152,250	—	46,754,045
Prepayments, deposits and other receivables	10,338,976	180	19,200	10,358,356
Current liabilities				
Trade and notes payables	10,436,233	—	211,345	10,647,578
Accrued liabilities and other payables	24,220,044	220	229,991	24,450,255
Non-current liabilities				
Deferred tax liabilities	8,800,411	—	242,117	9,042,528

2.4 PRIOR YEAR RESTATEMENT *(Continued)*

2.4.3 Quantitative impact on the consolidated financial statements *(Continued)*

iii. Restated consolidated statement of cash flows as for the year ended 31 December 2015

	As previously reported RMB'000	Effect of prior year adjustments RMB'000 (note 2.4.1) RMB'000 (note 2.4.2)		As restated RMB'000
Net cash flows used in operating activities	(3,420,245)	572	—	(3,419,673)
Net cash flows used in investing activities	(20,512,722)	(522,374)	—	(21,035,096)
Net cash flows from financing activities	36,462,574	19,000	—	36,481,574
Net increase in cash and cash equivalents	12,529,607	(502,802)	—	12,026,805
Cash and cash equivalents at beginning of the year	25,890,353	655,052	—	26,545,405
Cash and cash equivalents at end of the year	38,419,960	152,250	—	38,572,210

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

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

Interests in joint operations

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

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

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

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

Business combinations and goodwill

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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

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

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

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

Fair value measurement

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

Buildings	4 to 50 years
Plant and machinery	3 to 20 years
Office equipment	2 to 10 years
Motor vehicles	4 to 15 years
Leasehold improvements	The shorter of the lease terms and their useful lives
Freehold land	Not depreciated

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

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

Investment properties

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties *(Continued)*

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

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation gain recognised in other comprehensive income. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the consolidated statement of profit or loss.

Non-current assets and disposal groups held for sale

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Trademarks

Trademarks with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives of not exceeding 25 years. Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of trademarks with indefinite useful lives are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Medicine licences

Medicine licences with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of medicine licences are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Patents and technical know-how

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

Business network

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

Research and development costs

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

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

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

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 22 years.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation assets

For mining rights

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

For oil and gas assets

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

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

- is expected to be recovered through sale or successful development and exploitation of the area of interest; or
- relates to an exploration discovery for which at balance date a reasonable assessment of the existence or otherwise of economically recoverable reserves is not yet completed, or additional appraisal work is underway or planned.

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

Mining rights

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Oil and gas assets

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

Leases

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

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

When the Group is a lessor under finance leases, an amount representing the minimum lease payment receivables and initial direct costs is included in the consolidated statement of financial position as loans and accounts receivables. Any unguaranteed residual value is also recognised at the inception of the lease. The difference between the sum of the minimum lease payment receivables, initial direct costs, the unguaranteed residual value and their present value is recognised as unearned finance income. Unearned finance income is recognised over the period of the lease using the effective interest rate method.

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

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

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Loans and receivables

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

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity and debt investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost *(Continued)*

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

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

Assets carried at cost

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

Available-for-sale financial investments

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

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

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

Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial guarantee contracts

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

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and commodity derivative contracts, to hedge its foreign currency risk, interest rate risk and commodity price risk, respectively. These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the consolidated statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the consolidated statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the consolidated statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the consolidated statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the consolidated statement of profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Amounts recognised in other comprehensive income are transferred to the consolidated statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Treasury shares

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

Inventories

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

Properties under development

Properties under development are stated at cost which includes all development expenditures, including land costs, interest charges and other costs directly attributable to such properties.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle.

Properties under development are valued at the lower of cost and net realisable value at the end of the reporting period and any excess of cost over the net realisable value of an individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling prices in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Completed properties for sale

Completed properties for sale are recognised in the consolidated statement of financial position at the lower of cost and net realisable value. Net realisable value is estimated by the directors based on the prevailing market conditions. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Any excess of cost over the net realisable value of an individual item of completed properties for sale is accounted for as a provision.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

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

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

(a) Sale of goods

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

(b) Sale of completed properties

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

(c) Service income

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

(d) Insurance income

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

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

(e) Rental income

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

(f) Interest income

Revenue is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(g) Dividend income

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model, further details of which are given in note 59 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

The Group provides the post-employment benefits mainly as follows: (i) defined contribution pension schemes for all employees of the companies in Mainland China; (ii) employee benefits to qualified former employees ("Qualified SOE Employees") and qualified retirees ("Qualified Retirees") of former state-owned enterprises in Mainland China; (iii) a pension scheme for all eligible employees of the companies in Hong Kong; (iv) accommodation benefits for all eligible employees of the companies in Mainland China, 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 Mainland China, other than Qualified SOE Employees and Qualified Retirees of former state-owned enterprises ("Former SOEs") as set out below, are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred.

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

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

Qualified SOE Employees

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

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

The Former SOEs paid basic salary and social benefit funds on a monthly basis to these Qualified SOE Employees until they reach 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

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

Qualified Retirees

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

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

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

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

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

According to the relevant People's Republic of China ("PRC") rules and regulations, the PRC companies now comprising the Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administered by government agency are charged to the consolidated statement of profit or loss as and when they are incurred.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits (continued)

(v) Employee benefits to all eligible employees of the subsidiaries in Portugal

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

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

In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

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

(vi) Employee benefits to all eligible employees of the subsidiary in France

All eligible employees of the subsidiary in France receive certain short-term benefits, such as vacation pay, "13th month" bonuses, sick leave, health insurance, and unemployment insurance in France.

The post-employment benefit plans of the subsidiary in France are based on legal obligations in each host country and on its subsidiaries' compensation policies. Long-term benefit plans include both defined contribution and defined benefit plans.

(a) *Defined contribution plans*

Under defined contribution plans, the subsidiary in France pays contributions to an external fund that is responsible for paying the benefits. The payment of contributions releases the employer of its further obligation towards his employees. The main defined contribution plans consist of government-sponsored basic and supplementary pension plans in Europe and defined-contribution pension plans in North America.

Contributions to all of these plans are recognised as an expense for the period in which they are due.

(b) *Defined benefit plans*

Under defined benefit plans, the subsidiary in France has an obligation to pay benefits to employees either at the end of their employment or during their retirement. The defined benefit plans of the subsidiary in France are unfunded and are covered by provisions recorded in the financial statements.

The main defined benefit plans of the subsidiary in France concern indemnities payable to employees on retirement (France, Greece and Turkey) or when they leave the subsidiary in France (Italy and Japan).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The functional currencies of the Company and PRC subsidiaries are Hong Kong dollars ("HKD") and RMB, respectively. The financial statements are presented in RMB. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Company and its subsidiaries incorporated outside Mainland China are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

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

Insurance and investment contracts

(a) Classification of contracts

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

As provided for in HKFRS 4, investment contracts with a discretionary profit sharing component also continue to be classified as insurance contracts, and other investment contracts are accounted for under HKAS 39.

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

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

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

(b) Provision for unearned premiums

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

Expenditure incurred with the acquisition of non-life insurance contracts, including brokerage commissions and other expenses allocated to the acquisition, is deferred over the course of the period to which it relates and is recognised as a deduction from the amount of the unearned premium reserves on insurance contracts.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(c) Claims provision

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

(d) Mathematical provision for life insurance

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

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

(e) Profit sharing provision

The profit sharing provision in the other life insurance contract liabilities includes amounts payable to policyholders or contract beneficiaries, in the form of a profit sharing scheme, whether already allocated or yet to be allocated, provided that such amounts have not yet been distributed.

Profit sharing provision to be allocated

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

This provision is set up as a charge to profit sharing to be attributed, in the consolidated statement of profit or loss, or as a direct charge to the other comprehensive income resulting from adjustments to the fair value of available-for-sale financial assets linked to life insurance with a profit sharing component, depending on the assets' classification.

Throughout the duration of the contracts of each type or set of types, the balance of the provision for profit sharing to be allocated corresponding to this is used in full.

Provision for allocated profit sharing

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(f) Provision for interest rate commitments

The provision for interest rate commitments is set up for all life insurance and life insurance operations with a guaranteed interest rate, whenever the effective yield on investments representing mathematical provisions on certain insurance contracts, lower than the technical interest rate used to determine the mathematical provisions of those contracts.

(g) Portfolio stabilisation provision

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

(h) Provision for unexpired risks

This provision is calculated for all non-life insurance and is intended to respond to situations in which premiums to be allocated to subsequent years regarding contracts in force at the date of the financial statements are not sufficient to pay for the indemnities and the expenses to be allocated to the respective technical lines of business. This provision is calculated on the basis of the ratios for claims, operating costs, ceding and income, in accordance with which is defined by the Portuguese Insurance Regulator.

(i) Technical provisions for outwards reinsurance

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

(j) Liabilities to subscribers of unit-linked products

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(k) Liabilities to subscribers of other investment contracts

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

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

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

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

(m) Liability adequacy test

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – Group as lessor

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements (Continued)

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

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

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

The Group considers that it controls Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Fosun Pharma with a 38.83% equity interest as at 31 December 2016. The remaining 61.17% of the equity shares in Fosun Pharma are widely held by many other shareholders. The Group controls the board of directors of Fosun Pharma, and holds relatively larger voting rights than other dispersed public shareholders. Since the date of Fosun Pharma's domestic shares being listed on the Shanghai Stock Exchange, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

(iv) Deferred tax liabilities

Deferred tax liabilities are recognised for withholding corporate income taxes relating to the unremitted earnings of the Group's subsidiaries established in Mainland China that are subject to withholding taxes. Significant management judgement is required to determine the amount of deferred tax liabilities, based upon the likely distribution level of such earnings from these subsidiaries in the foreseeable future. The amount of deferred tax liabilities addition arising from the withholding tax associated with the investments in subsidiaries in Mainland China for the year ended 31 December 2016 was RMB90,786,000 (31 December 2015: RMB178,779,000). Further details are contained in note 27 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 2016 was RMB9,862,200,000 (31 December 2015: RMB10,366,162,000). Further details are given in note 20 to the financial statements.

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

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. For the year ended 31 December 2016, impairment losses in the amount of RMB558,891,000 (2015: RMB614,875,000) have been recognised as set out in note 8 to the financial statements.

(iii) Impairment of available-for-sale investments

The Group classifies certain investments as available-for-sale investments and recognises changes in fair value in other comprehensive income. When the fair value declines, management makes judgement about the decline in value to determine whether there is an impairment that should be recognised in the consolidated statement of profit or loss. For the year ended 31 December 2016, impairment losses in the amount of RMB2,306,787,000 (2015: RMB1,823,695,000) have been recognised for available-for-sale investments as set out in note 8 to the financial statements. As at 31 December 2016, the carrying amount of available-for-sale investments (including current and non-current portion) was RMB128,175,432,000 (31 December 2015: RMB118,954,586,000).

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

Estimation uncertainty *(Continued)*

(iv) Estimation of fair value of investment properties

As described in note 14 to the financial statements, investment properties were revalued on 31 December 2016 on an open market value and existing use basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

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

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2016 was RMB30,493,267,000 (31 December 2015: RMB40,898,689,000). Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

(v) Fair value of financial instruments determined using valuation techniques

Fair value of financial instruments, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 66 to the financial statements.

(vi) Provision for bad debts of trade and notes receivables and prepayments, deposits and other receivables

The Group reviews the recoverability and ageing of trade and notes receivables and prepayments, deposits and other receivables and provides impairment losses if the balances are not fully recoverable. The assessments involve estimation of the recoverability of these balances. Any change in key assumptions of estimations would affect the carrying amount of the trade and notes receivables and prepayments, deposits and other receivables, and provision expenses in the period in which such estimate has been changed.

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

Estimation uncertainty *(Continued)*

(vii) Estimation of rehabilitation cost provision

For mining rights

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

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

For oil and gas assets

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

(viii) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

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

The Group determines the estimated useful lives for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

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

Estimation uncertainty *(Continued)*

(x) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2016 was RMB1,331,980,000 (31 December 2015: RMB1,055,320,000). The amount of unrecognised tax losses and deductible temporary differences as at 31 December 2016 was RMB13,842,934,000 (31 December 2015: RMB11,305,062,000). Further details are contained in note 27 to the financial statements.

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

Net realisable value of inventories, properties under development and completed properties for sale is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of each reporting period.

(xii) Contingent consideration for acquisition of subsidiaries

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

(xiii) Assessment of insurance contracts liabilities

The Group's insurance contracts liabilities are assessed on the basis of the methodologies and assumptions described in note 2.5. These liabilities reflect a quantified estimate of the impact of future events on the accounts of the Group's insurance companies, based on actuarial assumptions, claims history and other methods accepted in the sector. Owing to the nature of insurance activity, the assessment of claims provisions and other insurance contracts liabilities is highly subjective and the real amounts payable in the future may differ significantly from the estimates. Management reassesses these estimates at the end of each reporting period, however, that the liabilities on insurance contracts recognised in the consolidated financial statements adequately reflect the best estimate at the end of the reporting period of the amounts to be disbursed by the Group. As at 31 December 2016, the total carrying amount of insurance contracts liabilities was RMB45,688,020,000 (2015: RMB73,057,699,000), which includes unearned premium provisions amounting to RMB5,194,018,000 (2015: RMB12,881,979,000), provision for outstanding claims amounting to RMB27,283,038,000 (2015: RMB47,009,348,000), provision for unexpired risks amounting to RMB360,623,000 (2015: RMB432,410,000) and other life insurance contract liabilities amounting to RMB12,850,341,000 (2015: RMB12,733,962,000).

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

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2016 are set out below:

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries						
上海復星高科技(集團)有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.)	PRC/ Mainland China	4,800,000	100.0%	—	100.0%	Investment holding
上海復星產業投資有限公司 (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC/ Mainland China	600,000	—	100.0%	100.0%	Investment holding
復星金融控股有限公司 (Fosun Financial Holdings Limited)	Hong Kong	HKD18,598,275,000	100.0%	—	100.0%	Investment holding
復星地產控股有限公司 (Fosun Property Holdings Limited)	Hong Kong	HKD1	100.0%	—	100.0%	Investment holding
Health segment						
上海復星醫藥(集團)股份有限公司* (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)	PRC/ Mainland China	2,414,512	—	38.8%	38.8%	Investment holding
上海復星醫藥產業發展有限公司 (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)	PRC/ Mainland China	2,253,308	—	100.0%	38.8%	Investment holding
錦州奧鴻藥業有限責任公司 (Jinzhou Aohong Pharmaceutical Co., Ltd.)	PRC/ Mainland China	107,875	—	95.6%	37.1%	Manufacture and sale of pharmaceutical products
江蘇萬邦生化醫藥股份有限公司 (Jiangsu Wanbang Biopharmaceutical Co., Ltd.)	PRC/ Mainland China	440,455	—	95.2%	36.9%	Manufacture and sale of pharmaceutical products
湖北新生源生物工程股份有限公司 (Shine Star (Hubei) Biological Engineering Co., Ltd.)	PRC/ Mainland China	51,120	—	51.0%	19.8%	Manufacture and sale of pharmaceutical products

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

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries (Continued)						
Health segment (Continued)						
重慶藥友製藥有限責任公司 (Chongqing Yao Pharmaceutical Co., Ltd.)	PRC/ Mainland China	196,540	—	51.0%	19.8%	Manufacture and sale of pharmaceutical products
桂林南藥股份有限公司 (Guilin South Pharma Co., Ltd.)	PRC/ Mainland China	285,030	—	96.0%	37.2%	Manufacture and sale of pharmaceutical products
復星實業(香港)有限公司 (Fosun Industrial Co., Limited)	Hong Kong	USD173,820,000	—	100.0%	38.8%	Investment holding
美中互利醫療有限公司 (Chindex Medical Limited)	Hong Kong	HKD245,000	—	70.0%	27.2%	Manufacture and sale of medical devices
上海復星醫院投資(集團)有限公司 (Shanghai Fosun Hospital Investment (Group) Co., Ltd.)	PRC/ Mainland China	100,000	—	100.0%	38.8%	Investment holding
佛山市禪城區中心醫院有限公司 (Foshan City Chancheng District Central Hospital Co., Ltd.)	PRC/ Mainland China	50,000	—	64.0%	24.8%	Provision of healthcare services
Luz Saúde, S.A.	Portugal	EUR95,542,254		98.8%	84.0%	Provision of healthcare services
Property development and sales segment						
復地(集團)股份有限公司 (Shanghai Forte Land Co., Ltd.)	PRC/ Mainland China	504,155	—	99.4%	99.4%	Property development
上海復地投資管理有限公司 (Shanghai Forte Investment Management Co., Ltd.)	PRC/ Mainland China	80,000	—	100.0%	99.4%	Investment holding
天津湖濱廣場置業發展有限公司 (Tianjin Hubin Plaza Property Development Co., Ltd.)	PRC/ Mainland China	290,000	—	100.0%	99.4%	Property development
南京復地明珠置業有限公司 (Nanjing Forte Pearl Property Co.,Ltd)	PRC/ Mainland China	500,000	—	66.0%	65.6%	Property development

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

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries (Continued)						
Resources segment						
海南礦業股份有限公司 (Hainan Mining Co., Ltd.)	PRC/ Mainland China	1,866,670	—	54.0%	54.0%	Mining and ore processing
Roc Oil Company Limited	Australia	USD734,150,000	—	100.0%	100.0%	Oil and gas exploration
Happiness segment						
Club Med SAS	France	EUR149,000,000	—	100.0%	86.6%	Tourism
Wealth management and innovative finance segment						
上海復星創富投資管理股份有限公司 (Fosun Capital Investment & Management Co., Ltd.)	PRC/ Mainland China	600,000	—	100.0%	100.0%	Capital investment and management
IDERA Capital Management Ltd.	Japan	JPY100,000,000	—	98.0%	98.0%	Capital investment and management
Hauck & Aufhäuser Privatbankiers KGaA	Germany	EUR16,000,000	—	99.9%	99.9%	Private banking and financial service
Insurance segment						
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong	USD650,000,000	—	86.9%	86.9%	Reinsurance
Fidelidade – Companhia de Seguros, S.A.	Portugal	EUR381,150,000	—	85.0%	85.0%	Underwriting of life and non-life insurance
Meadowbrook Insurance Group, Inc.	United States of America	USD343,353,000	—	100.0%	100.0%	Underwriting of non-life insurance
Ironshore Inc.	Cayman Islands/ United States of America	USD1,433,201,000	—	100.0%	100.0%	Underwriting of non-life insurance

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

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Associates						
國藥產業投資有限公司 (Sinopharm Industrial Investment Co., Ltd.)	PRC/ Mainland China	100,000	—	49.0%	19.0%	Distribution of pharmaceutical products
上海豫園旅遊商城股份有限公司 (Shanghai Yuyuan Tourist Mart Co., Ltd.)	PRC/ Mainland China	1,437,322	—	26.45%	26.45%	Retail
天津建龍鋼鐵實業有限公司 (Tianjin Jianlong Iron & Steel Industrial Co., Ltd.)	PRC/ Mainland China	2,000,000	—	25.7%	25.7%	Manufacture and sale of iron and steel products
上海証大房地產有限公司® (Shanghai Zendai Property Limited)	Bermuda/ Mainland China	HKD297,587,000	—	14.8%	14.7%	Property investment and management
上海地傑置業有限公司 (Shanghai Dijie Real Estate Limited)	PRC/ Mainland China	20,000	—	40.0%	39.8%	Property investment and management
永安財產保險股份有限公司 (Yong'an Property Insurance Company Limited)	PRC/ Mainland China	3,009,416	—	40.7%	40.7%	Property insurance
Banco Comercial Português, S.A.®	Portugal	EUR4,268,817,689		16.7%	16.7%	Banking and financial service
Joint ventures						
南京南鋼鋼鐵聯合有限公司* (Nanjing Nangang Iron & Steel United Co., Ltd.)	PRC/ Mainland China	3,000,000	—	60.0%	60.0%	Manufacture and sale of iron and steel products
上海証大外灘國際金融服務中心 置業有限公司 (Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited)	PRC/ Mainland China	7,000,000	—	50.0%	50.0%	Property development

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

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

The above table lists the subsidiaries, associates and joint ventures of the Group which, in the opinion of the directors of the Company, principally affected the results of the Group for the year ended 31 December 2016 or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries, associates and joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes:

- * Fosun Pharma continues to be accounted for as a subsidiary because the Group continues to be the single major shareholder of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders, despite the fact that the Group's equity interest in this company was 38.83% as at 31 December 2016.
- @ The Group's investments in these associates are accounted for under the equity method of accounting because the Group has significant influence over these entities by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Group's direct or indirect equity interests in these associates were lower than 20% for the year ended 31 December 2016.
- # Although the Group held 60% equity interests in Nanjing Nangang Iron & Steel United Co. Ltd ("Nanjing Nangang") as at 31 December 2015, the Group delegated 10% voting rights in Nanjing Nangang to Nanjing Iron & Steel (Group) Co., Ltd., and Nanjing Nangang was accounted for as a joint venture of the Group.

5. OPERATING SEGMENT INFORMATION

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

- (i) Insurance segment engages in the operation of and investment in the insurance businesses;
- (ii) Investment segment comprises, principally, the investments in strategic investments, private equity investments/venture capital investments/capital contribution to the Group's asset management business as a limited partner (PE/VC/LP investments) and secondary market investments; and
- (iii) Wealth management and innovative finance segment mainly comprises wealth management and innovative finance business. Wealth management engages in the asset management business and the operation of and investment in banking and other financial business, while innovative finance comprises the operation of and investment in the financial industry using internet cloud computing technology.

Insurance segment, investment segment, wealth management and innovative finance segment listed above belong to the integrated finance (wealth) sector of the Group.

- (iv) Health segment engages in the research and development, manufacture, sale and trading of pharmaceutical and medical products and provision of healthcare services;
- (v) Happiness segment comprises principally the operation and investments in the wholesale and retail of gold and jewellery, tourism and entertainment industries;
- (vi) Property development and sales segment engages in the development and sale of properties; and
- (vii) Resources segment engages in the mining and ore processing of various metals and the oil and gas exploration.

Health segment, happiness segment, property development and sales segment and resources segment listed above belong to the industrial operations sector of the Group.

As Nanjing Nangang Iron & Steel United Co., Ltd. has ceased to be a subsidiary of the Company since the end of 2015, the Group's investments in the steel industry were classified into the investment segment since 1 January 2016.

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

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

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 2016

	Integrated Finance (Wealth)			Industrial Operations					Total RMB'000
	Insurance RMB'000	Investment RMB'000	Wealth management and innovative finance RMB'000	Health RMB'000	Happiness RMB'000	Property development and sales RMB'000	Resources RMB'000	Eliminations RMB'000	
Segment revenue:									
Sales to external customers	27,640,715*	1,188,012	1,466,235	17,979,155	10,355,548	13,883,053	1,453,844	—	73,966,562
Inter-segment sales	—	12,399	162,009	281,007	—	15,189	—	(470,604)	—
Other income and gains	5,026,532	8,821,558	31,624	911,319	608,079	2,538,547	67,038	(70,413)	17,934,284
Total	32,667,247	10,021,969	1,659,868	19,171,481	10,963,627	16,436,789	1,520,882	(541,017)	91,900,846
Segment results	1,443,915	8,627,723	403,853	2,807,914	501,354	5,430,664	(342,006)	65,541	18,938,958
Interest and dividend income	3,620,305	640,225	274,237	167,727	22,532	226,634	43,318	(319,731)	4,675,247
Impairment losses recognised in the statement of profit or loss, net	(1,542,349)	(1,410,992)	(14,713)	(79,710)	(3,670)	(371,359)	(35,927)	—	(3,458,720)
Unallocated expenses									(1,756,288)
Finance costs	(375,711)	(3,434,757)	(25,726)	(531,527)	(61,970)	(634,257)	(74,691)	293,208	(4,845,431)
Share of profits and losses of									
– Joint ventures	(130,752)	113,218	4,143	938	(9,934)	129,214	—	—	106,827
– Associates	198,482	311,417	403,268	1,373,590	143,774	260,244	—	(70,551)	2,620,224
Profit/(loss) before tax	3,213,890	4,846,834	1,045,062	3,738,932	592,086	5,041,140	(409,306)	(31,533)	16,280,817
Tax	(514,783)	(642,937)	(191,524)	(389,042)	(146,558)	(1,775,300)	83,667	(18,142)	(3,594,619)
Profit/(loss) for the year	2,699,107	4,203,897	853,538	3,349,890	445,528	3,265,840	(325,639)	(49,675)	12,686,198
Segment and total assets	203,332,120	67,098,705	56,048,140	54,401,409	23,829,170	85,328,592	8,802,621	(12,061,281)	486,779,476
Segment and total liabilities	157,936,107	98,478,032	30,075,649	21,491,784	12,071,350	60,003,257	2,855,626	(19,006,157)	363,905,648
Other segment information:									
Depreciation and amortisation	1,046,072	83,975	10,631	961,311	550,405	41,209	483,439	—	3,177,042
Impairment losses recognised in the statement of profit or loss	1,542,349	1,410,992	14,713	79,710	3,670	371,359	35,927	—	3,458,720
Research and development costs	—	—	—	308,539	—	—	—	—	308,539
Fair value (gains)/loss on fair value adjustments of investment properties	(395,744)	307,474	(58,223)	—	—	(1,168,967)	—	—	(1,315,460)
Fair value (gains)/loss on investments at fair value through profit or loss	(81,163)	(1,229,884)	1,133	(12,301)	—	—	—	—	(1,322,215)
Investments in joint ventures	1,224,818	7,770,001	199,284	249,126	22,725	8,196,550	—	—	17,662,504
Investments in associates	7,815,487	4,635,504	5,536,591	18,658,337	3,966,858	3,660,301	316,323	(473,793)	44,115,608
Capital expenditure**	1,150,452	668,927	43,736	1,580,328	1,731,450	450,275	649,255	—	6,274,423

5. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2015

	Integrated Finance (Wealth)			Industrial Operations						Total RMB'000
	Insurance RMB'000	Investment RMB'000	Wealth management and innovative finance RMB'000	Health RMB'000	Happiness RMB'000	Steel RMB'000	Property development and sales RMB'000	Resources RMB'000	Eliminations RMB'000	
Segment revenue:										
Sales to external customers	14,667,408*	399,969	393,386	15,416,454	7,441,623	21,986,032	16,868,011	1,624,006	—	78,796,889
Inter-segment sales	—	42,494	112,559	198,421	—	—	25,695	3,587	(382,756)	—
Other income and gains	4,825,257	13,150,048	252,142	1,352,274	365,266	318,474	1,342,935	221,858	(28,639)	21,799,615
Total	19,492,665	13,592,511	758,087	16,967,149	7,806,889	22,304,506	18,236,641	1,849,451	(411,395)	100,596,504
Segment results	1,347,074	10,914,440	404,549	2,985,901	145,263	(1,263,913)	3,942,813	(34,084)	167,246	18,609,289
Interest and dividend income	2,976,387	457,227	252,338	120,146	23,790	424,993	142,295	47,483	(380,268)	4,064,391
Impairment losses recognised in the statement of profit or loss, net	(1,564,001)	(189,468)	(258)	(93,005)	(13,296)	(478,247)	(799,124)	(401,111)	—	(3,538,510)
Unallocated expenses										(1,369,619)
Finance costs	(97,958)	(2,741,319)	(2)	(553,753)	(39,364)	(899,740)	(656,869)	(57,112)	322,086	(4,724,031)
Share of profits and losses of										
– Joint ventures	(51,302)	(8,099)	22,513	(19,631)	(491)	(9,799)	1,133,759	—	—	1,066,950
– Associates	263,170	366,155	(25,834)	1,130,695	119,363	(327,046)	552,258	(53)	(4,629)	2,074,079
Profit/(loss) before tax	2,873,370	8,798,936	653,306	3,570,353	235,265	(2,553,752)	4,315,132	(444,877)	104,435	16,182,549
Tax	(435,776)	(3,164,680)	(33,331)	(555,457)	(102,180)	277,263	(1,168,135)	(16,978)	(29,848)	(5,229,122)
Profit/(loss) for the year	2,437,594	5,634,256	619,975	3,014,896	133,085	(2,276,489)	3,146,997	(461,855)	74,587	10,953,427
Segment and total assets	180,597,569	39,632,918	18,222,150	46,190,228	20,245,372	9,244,781	96,228,138	8,370,234	(11,313,446)	407,417,944
Segment and total liabilities	144,341,458	80,982,265	5,540,938	19,946,850	8,948,688	—	63,602,215	1,929,061	(17,426,666)	307,864,809
Other segment information:										
Depreciation and amortisation	334,367	66,301	2,529	854,811	255,147	1,594,031	28,895	611,084	—	3,747,165
Impairment losses recognised in the statement of profit or loss	1,768,105	189,468	258	93,005	13,296	478,247	799,124	401,111	—	3,742,614
Impairment losses reversed in the statement of profit or loss	(204,104)	—	—	—	—	—	—	—	—	(204,104)
Research and development costs	—	—	—	622,707	—	137,049	—	—	—	759,756
Fair value gain on fair value adjustments of investment properties	(249,188)	(1,258,029)	(210,564)	—	—	—	(120,730)	—	—	(1,838,511)
Fair value (gains)/loss on investments at fair value through profit or loss	(257,339)	2,015,259	—	2,218	—	151,958	—	—	—	1,912,096
Investments in joint ventures	790,973	76,106	469,698	223,380	7,159	7,226,883	3,082,994	—	(68,068)	11,809,125
Investments in associates	1,392,746	4,129,918	1,886,189	15,287,873	3,142,618	2,017,898	3,656,698	429,096	(363,384)	31,579,652
Capital expenditure**	2,895,088	356,527	780,247	1,617,645	752,253	1,017,085	421,226	735,271	—	8,575,342

* The sales to external customers of the insurance segment can be further analysed in note 6.

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

5. OPERATING SEGMENT INFORMATION *(Continued)***Geographical information****(a) Revenue from external customers**

	2016 RMB'000	2015 RMB'000
Mainland China	29,086,978	51,833,431
Portugal	12,476,766	10,796,266
Other countries and regions	32,402,818	16,167,192
	73,966,562	78,796,889

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

(b) Non-current assets

	2016 RMB'000	2015 RMB'000
Mainland China	88,960,830	101,141,889
Hong Kong	4,012,210	2,433,251
Portugal	20,877,955	14,622,408
Other countries and regions	31,031,414	28,759,635
	144,882,409	146,957,183

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 2016 and 2015.

6. REVENUE, OTHER INCOME AND GAINS

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

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

	2016 RMB'000	2015 RMB'000
Revenue		
Insurance revenue:		
Gross premiums written	35,804,699	17,846,826
Less: Premiums ceded to reinsurers and retrocessionaires	(7,559,376)	(2,612,559)
Net premiums written	28,245,323	15,234,267
Change in unearned premium provisions, net of reinsurance	(604,608)	(566,859)
Net earned premiums	27,640,715	14,667,408
Sale of goods:		
Pharmaceuticals and medical products	12,527,396	11,016,596
Properties	14,281,657	16,854,217
Iron and steel products	—	22,067,060
Ore products	843,498	873,403
Oil and gas	662,682	814,074
Others	482,568	196,496
	28,797,801	51,821,846
Rendering of services:		
Tourism	10,356,520	7,441,623
Healthcare	4,967,026	4,309,700
Property agency	469,266	353,768
Property management	447,041	320,916
Leasing from investment properties	705,671	611,477
Asset management	538,097	403,401
Others	614,144	154,204
	18,097,765	13,595,089
Subtotal	74,536,281	80,084,343
Less: Government surcharges	(569,719)	(1,287,454)
	73,966,562	78,796,889

6. REVENUE, OTHER INCOME AND GAINS (Continued)

	2016 RMB'000	2015 RMB'000
Other income		
Interest income	514,755	912,697
Dividends and interests from available-for-sale investments	3,200,957	2,683,723
Dividends and interests from investments at fair value through profit or loss	959,535	467,971
Rental income	645,976	357,117
Sale of scrap materials	—	84,369
Government grants	258,545	314,163
Consultancy and other service income	378,231	237,471
Fee income relating to investment contracts	781,217	432,569
Others	489,988	168,668
	7,229,204	5,658,748
Gains		
Gain on disposal of subsidiaries (note 58(b))	559,558	7,180,957
Gain on bargain purchase of subsidiaries (note 58(a))	279,589	847,409
Gain on bargain purchase of associates	1,276,423	—
Gain on disposal of associates	4,790,497	2,896,125
Gain on deemed disposal of partial investments in associates	328,640	—
Gain on disposal of joint ventures	191,508	—
Gain on disposal of available-for-sale investments	4,962,845	6,671,444
Gain on disposal of investments at fair value through profit or loss	56,899	434,394
Gain on disposal of non-current assets held for sale	—	130,600
Gain on disposal of items of property, plant and equipment	108,619	1,714
Gain on disposal of investment properties	183,685	—
Gain on fair value adjustment on investments at fair value through profit or loss	1,322,215	—
Gain on fair value adjustment on derivative financial instruments	1,784	—
Gain on fair value adjustment of investment properties (note 14)	1,315,460	1,838,511
Gain on reversal of impairment of insurance and reinsurance debtors (note 30)	2,605	204,104
	15,380,327	20,205,258
Other income and gains	22,609,531	25,864,006
Total revenue, other income and gains	96,576,093	104,660,895

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 RMB'000	2015 RMB'000
Interest on bank and other borrowings (including convertible bonds)	5,108,046	5,662,882
Incremental interest on other long term payables (note 54)	35,920	10,219
	5,143,966	5,673,101
Less: Interest capitalised, in respect of bank and other borrowings (notes 13 and 24)	(733,111)	(1,313,812)
Interest expenses, net	4,410,855	4,359,289
Interest on discounted bills	7,700	122,074
Interest on finance leases	14,916	11,378
Bank charges and other financial costs	411,960	231,290
Total finance costs	4,845,431	4,724,031

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2016 RMB'000	2015 RMB'000
Cost of sales	48,094,096	61,135,274
Staff costs (including directors' and senior management's remuneration as set out in note 9):		
Wages and salaries	9,381,464	8,780,491
Accommodation benefits:		
Defined contribution fund	99,913	205,740
Retirement costs:		
Defined contribution fund	479,390	671,761
Equity-settled share-based payments (note 59)	123,135	98,185
Total staff costs	10,083,902	9,756,177

8. PROFIT BEFORE TAX *(Continued)*The Group's profit before tax is arrived at after charging: *(continued)*

	2016 RMB'000	2015 RMB'000
Research and development costs	633,922	759,756
Auditor's remuneration	9,400	10,700
Depreciation of items of property, plant and equipment (note 13)	1,644,506	2,746,177
Amortisation of prepaid land lease payments (note 15)	48,841	76,107
Amortisation of mining rights (note 17)	18,609	26,945
Amortisation of intangible assets (note 19)	1,109,249	414,535
Amortisation of oil and gas assets (note 18)	355,837	483,401
Provision for impairment of receivables	165,361	142,892
Provision for inventories	70,255	381,595
Provision for impairment of items of property, plant and equipment (note 13)	30,923	125,975
Provision for impairment of investments in associates	524,420	49,153
Provision for impairment of available-for-sale investments	2,306,787	1,823,695
Provision for impairment of intangible assets (note 19)	3,548	—
Provision for impairment of mining rights (note 17)	—	101,523
Provision for impairment of oil and gas assets (note 18)	—	338,224
Provision for impairment of properties under development (note 24)	—	377,631
Provision for impairment of completed properties for sale	293,065	401,926
Operating lease rentals	1,480,725	1,076,657
Exchange loss, net	419	80,980
Loss on fair value adjustment on investments at fair value through profit or loss	—	1,912,096
Loss on the settlement of derivative financial instruments	638,471	121,678
Provision for impairment of loans and advances to customers	64,361	—
Loss on disposal of joint ventures	—	73,946

* At 31 December 2016, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2015: Nil).

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2016 RMB'000	2015 RMB'000
Salaries, allowances and benefits in kind	30,794	28,028
Performance related bonus*	44,463	33,601
Equity-settled share award scheme expense	36,784	7,536
Pension scheme contributions	384	378
	112,425	69,543

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

During 2015 and 2016, certain directors were granted share award and share option in respect of their services to the Group under the share award scheme and share option scheme, respectively, of the Company, further details of which are set out in note 59 to the financial statements. The fair value of such award, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

There were no emoluments paid by the Group to the directors as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the year.

(i) Independent non-executive directors

The remuneration including the equity-settled share award/option scheme expenses of independent non-executive directors during the year was as follows:

	2016 RMB'000	2015 RMB'000
Zhang Shengman	672	499
Zhang Huaqiao	672	499
David T. Zhang	672	499
Yang Chao	605	443
	2,621	1,940

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)**(a) Directors' remuneration** (Continued)**(ii) Executive directors and a non-executive director**

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Equity- settled share award/option scheme expense RMB'000	Total remune- ration RMB'000
Year ended 31 December 2016						
Executive directors:						
Guo Guangchang	—	4,805	7,027	57	—	11,889
Liang Xinjun* (resigned as executive director on 28 March 2017)	—	4,512	6,694	57	—	11,263
Wang Qunbin	—	4,674	6,694	57	—	11,425
Ding Guoqi (resigned as executive director on 28 March 2017)	—	3,768	5,514	57	9,489	18,828
Qin Xuetang	—	3,759	5,466	57	9,220	18,502
Chen Qiyu	—	3,950	5,001	42	8,872	17,865
Xu Xiaoliang	—	3,442	8,067	57	8,466	20,032
	—	28,910	44,463	384	36,047	109,804

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)**(a) Directors' remuneration** (Continued)**(ii) Executive directors and a non-executive director** (Continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Equity- settled share award/option scheme expense RMB'000	Total remune- ration RMB'000
Year ended 31 December 2015						
Executive directors:						
Guo Guangchang	—	4,627	5,584	55	—	10,266
Liang Xinjun*	—	4,427	5,170	55	—	9,652
Wang Qunbin	—	4,427	5,332	55	—	9,814
Ding Guoqi	—	3,627	4,099	55	1,743	9,524
Qin Xuetang	—	3,527	3,808	55	1,631	9,021
Wu Ping (resigned as executive director on 10 July 2015)	—	1,713	2,807	27	1,519	6,066
Chen Qiyu (appointed as executive director on 10 July 2015)	—	1,651	4,991	21	1,406	8,069
Xu Xiaoliang (appointed as executive director on 10 July 2015)	—	1,304	1,810	28	1,069	4,211
	—	25,303	33,601	351	7,368	66,623
Non-executive director:						
Fan Wei (resigned as non-executive director on 10 July 2015)	—	953	—	27	—	980
	—	26,256	33,601	378	7,368	67,603

* Mr Liang Xinjun has resigned as the chief executive officer of the Company on 28 March 2017 and Mr Wang Qunbin has been redesignated as the chief executive officer of the Company with effect from 28 March 2017.

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

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)**(b) Five highest paid employees**

The five highest paid employees during the year included four directors and one senior management member (2015: four directors and one senior management member), details of whose remuneration are set out in note 9(a) above. Details of the remuneration for the year of 2016 and 2015 of the remaining one highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2016 RMB'000	2015 RMB'000
Salaries, allowances and benefits in kind	2,302	2,587
Performance related bonuses	8,621	9,884
Equity-settled share award scheme expense	5,827	791
Pension scheme contributions	57	55
	16,807	13,317

During 2015 and 2016, share award and share option were granted to a non-director highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 59 to the financial statements. The fair value of such award, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director highest paid employee's remuneration disclosures.

(c) Senior management's remuneration

The number of senior management members whose remuneration fell within the following bands is as follows:

	Number of employees 2016
Nil to RMB1,000,000	4
RMB1,000,001 to RMB2,000,000	—
RMB2,000,001 to RMB4,000,000	—
RMB4,000,001 to RMB6,000,000	—
RMB6,000,001 to RMB8,000,000	—
RMB8,000,001 to RMB10,000,000	1
RMB10,000,001 to RMB12,000,000	7
RMB12,000,001 to RMB14,000,000	1
RMB14,000,001 to RMB16,000,000	1
RMB16,000,001 to RMB18,000,000	2
RMB18,000,001 to RMB20,000,000	2
RMB20,000,001 to RMB22,000,000	1
	19

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Fosun Pharma incorporated in Israel, is based on a preferential rate of 16% (2015: 16%).

The provision for income tax of Fidelidade - Companhia de Seguros, S.A., Multicare - Seguros de Saúde, S.A. and Fidelidade Assistência - Companhia de Seguros, S.A., subsidiaries incorporated in Portugal acquired by the Group in 2014, is based on a rate of 29.5% (2015: 29.5%).

The provision for income tax of Ironshore Inc. ("Ironshore") and its subsidiaries incorporated in the United States acquired by the Group in 2015, is based on a rate of 35% (2015: 35%).

The provision for income tax of Meadowbrook Insurance Group, Inc. ("MIG") and its subsidiaries incorporated in the United States, acquired by the Group in 2015, is based on a rate of 35% (2015: 35%).

The provision for income tax of Club Med Holding (formerly known as Holding Gaillon II) and its subsidiaries incorporated in France, acquired by the Group in 2015, is based on a rate of 38% (2015: 38%).

The provision for income tax of Hauck & Aufhäuser Privatbankiers KGaA (Hauck & Aufhäuser) and its subsidiaries incorporated in Germany acquired by the Group in 2016, is based on a rate of 32.175%.

The provision for income tax of entities incorporated in Mainland China was based on a statutory rate of 25% (2015: 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 Mainland China, which were taxed at preferential rates of 0% to 20%.

The major components of tax expenses for the years ended 31 December 2016 and 2015 are as follows:

	2016 RMB'000	2015 RMB'000
Current - Portugal, Hong Kong and others	1,490,166	1,818,039
Current - Mainland China		
– Income tax in Mainland China for the year	1,242,658	2,776,949
– LAT in Mainland China for the year	690,861	771,557
Deferred	170,934	(137,423)
Tax expenses for the year	3,594,619	5,229,122

10. TAX (Continued)

A reconciliation between the tax expenses and profit before tax excluding share of profits and losses of associates and joint ventures at the applicable statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled is as follows:

	Portugal, Hong Kong and others RMB'000	Mainland China RMB'000	Total RMB'000
2016			
Profit before tax excluding share of profits and losses of associates and joint ventures	7,906,087	5,647,679	13,553,766
Tax at the applicable tax rate	1,406,264	1,411,920	2,818,184
Different tax rates for specific entities	(226,956)	(287,586)	(514,542)
Tax effect of:			
Income not subject to tax	(376,780)	(246,962)	(623,742)
Tax impact on the outside basis difference recognised in current year	(205,940)	(41)	(205,981)
Expenses not deductible for tax	527,018	87,070	614,088
Tax losses and temporary differences not recognised	219,707	843,033	1,062,740
Tax losses utilised	(122,157)	(45,858)	(168,015)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 27)	—	90,786	90,786
Under provision/(over provision) in prior years	45,711	(20,239)	25,472
Tax incentives on eligible expenditures	(1,141)	(24,499)	(25,640)
Subtotal	1,265,726	1,807,624	3,073,350
Provision for LAT for the year	—	504,213	504,213
Deferred tax effect of provision for LAT (note 27)	—	(126,053)	(126,053)
Prepaid LAT for the year	—	298,676	298,676
Tax effect of prepaid LAT	—	(74,669)	(74,669)
Decrease in deferred LAT in deferred tax liability (note 27)	—	(80,898)	(80,898)
Tax expenses	1,265,726	2,328,893	3,594,619

10. TAX (Continued)

	Portugal, Hong Kong and others RMB'000	Mainland China RMB'000	Total RMB'000
2015			
Profit before tax excluding share of profits and losses of associates and joint ventures	2,728,981	10,312,539	13,041,520
Tax at the applicable tax rate	845,601	2,578,135	3,423,736
Different tax rates for specific entities	82,536	(246,237)	(163,701)
Tax effect of:			
Income not subject to tax	(490,648)	(273,405)	(764,053)
Tax impact on the outside basis difference recognised in current year	466,707	233,825	700,532
Expenses not deductible for tax	512,836	88,371	601,207
Tax losses and temporary differences not recognised	300,584	723,662	1,024,246
Tax losses utilised	(30,559)	(230,593)	(261,152)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 27)	—	178,779	178,779
Over provision in prior years	(12,867)	(10,524)	(23,391)
Tax incentives on eligible expenditures	(13,117)	(21,310)	(34,427)
Subtotal	1,661,073	3,020,703	4,681,776
Provision for LAT for the year	—	299,483	299,483
Deferred tax effect of provision for LAT (note 27)	—	(74,871)	(74,871)
Prepaid LAT for the year	—	472,074	472,074
Tax effect of prepaid LAT	—	(118,019)	(118,019)
Decrease in deferred LAT in deferred tax liability (note 27)	—	(31,321)	(31,321)
Tax expenses	1,661,073	3,568,049	5,229,122

10. TAX (Continued)

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

During the year, the prepaid LAT of the Group amounted to RMB298,676,000 (2015: RMB472,074,000).

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 RMB530,101,000 (2015: RMB521,780,000) in respect of the sales of properties in the year in accordance with the requirements set forth in the relevant PRC tax laws and regulations. During the year, unpaid LAT provision in the amount of RMB25,888,000 (2015: RMB222,297,000) was reversed to the consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group. The net accrual of LAT provision for the year was RMB504,213,000 (2015: net accrual of RMB299,483,000).

11. DIVIDENDS

	2016 RMB'000	2015 RMB'000
Proposed final – HKD0.21 (2015: HKD0.17) per ordinary share	1,616,101	1,226,242

The proposed final dividend of HKD0.17 per ordinary share for the year ended 31 December 2015 was declared and approved by the shareholders at the annual general meeting of the Company on 1 June 2016.

On 28 March 2017, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2016 of HKD0.21 per ordinary share, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 8,600,742,231 (2015: 7,580,400,646) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the share award scheme (note 59(a)) and the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed vesting or conversion of share award scheme or convertible bonds into ordinary shares.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2016 in respect of a dilution as the impact of share option scheme (note 59(b)) had an anti-dilutive effect on the basic earnings per share amount presented.

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	
	2016 RMB'000	2015 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	10,268,185	8,038,282
Less: Cash dividends distributed to share award scheme	(1,424)	(613)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	10,266,761	8,037,669
Interest on convertible bonds (note 41)	24,420	89,457
Cash dividends distributed to share award scheme	1,424	613
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	10,292,605	8,127,739
	Number of shares	
	2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	8,600,742,231	7,580,400,646
Effect of dilution – weighted average number of ordinary shares:		
– Share award scheme	4,359,362	3,070,986
– Convertible bonds	36,900,000	171,925,754
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	8,642,001,593	7,755,397,386
Basic earnings per share (RMB)	1.19	1.06
Diluted earnings per share (RMB)	1.19	1.05

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 2015	17,859,245	26,657,954	1,265,354	550,445	50,702	657,154	4,157,409	51,198,263
Additions	295,436	239,976	197,938	12,247	25,166	35,015	2,326,480	3,132,258
Transferred from construction in progress	988,619	1,583,760	9,890	8,940	—	21,329	(2,612,538)	—
Transfer to investment properties	(90,095)	—	(14)	—	—	—	—	(90,109)
Acquisition of subsidiaries	5,114,359	331,894	418,981	2,219	48,842	—	187,869	6,104,164
Disposal of subsidiaries	(11,285,766)	(24,151,720)	(395,101)	(287,622)	—	(713,498)	(931,594)	(37,765,301)
Disposals	(130,992)	(241,471)	(308,974)	(14,087)	(31,237)	—	(28,999)	(755,760)
Exchange realignment	(107,106)	9,801	(14,921)	—	675	—	(103,391)	(214,942)
At 31 December 2015 and 1 January 2016 (Restated)	12,643,700	4,430,194	1,173,153	272,142	94,148	—	2,995,236	21,608,573
Additions	452,871	333,612	570,499	22,829	76,408	—	2,502,904	3,959,123
Transferred from construction in progress	990,214	362,726	37,173	536	1,123	—	(1,391,772)	—
Transfer to investment properties (note 14)	(120,851)	—	—	—	—	—	—	(120,851)
Acquisition of subsidiaries (note 58(a))	554,324	81,026	41,826	16,203	18,576	—	584	712,539
Disposal of subsidiaries (note 58(b))	—	(26,602)	(1,571)	(583)	—	—	(463)	(29,219)
Disposals	(186,498)	(135,656)	(193,236)	(18,622)	(937)	—	(40,257)	(575,206)
Exchange realignment	451,612	62,318	53,121	(1,555)	7,252	—	(211,552)	361,196
Included in assets of a disposal group held for sale (note 39)	—	—	(300,566)	—	(120,655)	—	—	(421,221)
At 31 December 2016	14,785,372	5,107,618	1,380,399	290,950	75,915	—	3,854,680	25,494,934

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 2015	3,630,015	10,279,519	481,099	292,187	21,261	210,922	—	14,915,003
Charge for the year	755,469	1,596,417	312,880	47,894	11,973	21,544	—	2,746,177
Transfer to investment properties	(4,284)	—	—	—	—	—	—	(4,284)
Disposal of subsidiaries	(2,976,701)	(10,054,316)	(299,977)	(165,266)	—	(232,466)	—	(13,728,726)
Disposals	(103,249)	(147,067)	(256,812)	(12,032)	(4,679)	—	—	(523,839)
Exchange realignment	(82,101)	(15,349)	(37,229)	—	178	—	—	(134,501)
At 31 December 2015 and 1 January 2016	1,219,149	1,659,204	199,961	162,783	28,733	—	—	3,269,830
Charge for the year (note 8)	706,503	490,010	394,583	26,837	26,573	—	—	1,644,506
Transfer to investment properties (note 14)	(48,771)	—	—	—	—	—	—	(48,771)
Disposal of subsidiaries (note 58(b))	—	(19,992)	(899)	(223)	—	—	—	(21,114)
Disposals	(5,486)	(120,264)	(183,897)	(16,238)	—	—	—	(325,885)
Exchange realignment	31,826	5,434	2,333	(1,138)	1,131	—	—	39,586
Included in assets of a disposal group held for sale (note 39)	—	—	(56,814)	—	(12,105)	—	—	(68,919)
At 31 December 2016	1,903,221	2,014,392	355,267	172,021	44,332	—	—	4,489,233
Impairment loss:								
At 1 January 2015	68,746	175,421	561	561	—	—	75	245,364
Charge for the year	45,475	9,065	53	156	1,175	—	70,051	125,975
Transfer to investment properties	(6,082)	—	—	—	—	—	—	(6,082)
Disposals	(11,201)	(39,083)	—	(214)	—	—	—	(50,498)
Exchange realignment	977	(364)	—	—	—	—	(231)	382
At 31 December 2015 and 1 January 2016	97,915	145,039	614	503	1,175	—	69,895	315,141
Charge for the year (note 8)	19,808	881	—	—	—	—	10,234	30,923
Transfer to investment properties (note 14)	(12,227)	—	—	—	—	—	—	(12,227)
Disposals	—	(1,293)	—	—	—	—	—	(1,293)
Exchange realignment	1,036	(221)	—	—	—	—	314	1,129
At 31 December 2016	106,532	144,406	614	503	1,175	—	80,443	333,673
Net book value:								
At 31 December 2016	12,775,619	2,948,820	1,024,518	118,426	30,408	—	3,774,237	20,672,028
At 31 December 2015 (Restated)	11,326,636	2,625,951	972,578	108,856	64,240	—	2,925,341	18,023,602

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (1) The net book values of property, plant and equipment pledged as security for interest-bearing bank loans granted to the Group are as follows (note 40):

	2016 RMB'000	2015 RMB'000
Buildings	137,833	368,023
Construction in progress	1,783,652	—
	1,921,485	368,023

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

	2016 RMB'000	2015 RMB'000
Interest expenses capitalised	68,964	82,665

- (3) As at 31 December 2016, the Group was in the process of applying for property certificates of plant and office buildings with a net book value of approximately RMB517,837,000 (2015: RMB512,293,000).
- (4) The net carrying amount of the Group's property, plant and equipment held under finance leases included in the total amount of plant and machinery at 31 December 2016 was RMB30,004,000 (2015: RMB41,265,000).

14. INVESTMENT PROPERTIES

	2016 RMB'000	2015 RMB'000
Carrying amount at 1 January	40,898,689	16,883,890
Additions	1,033,799	4,034,045
Acquisition of subsidiaries (note 58(a))	6,209,178	17,684,506
Transfer from properties under development	972,947	—
Transfer from completed properties for sale	123,233	—
Transfer from property, plant and equipment (note 13)	59,853	79,743
Revaluation gain upon transfer from owner occupied property recognised in other comprehensive income	54,114	—
Gain on fair value adjustments (note 6)	1,315,460	1,838,511
Disposal of subsidiaries (note 58(b))	(18,572,407)	—
Disposal	(1,891,564)	(35,920)
Exchange realignment	289,965	413,914
Carrying amount at 31 December	30,493,267	40,898,689

14. INVESTMENT PROPERTIES *(Continued)*

The Group's investment properties consist of commercial properties, which are located in Beijing, Shanghai, Hangzhou, Chengdu, Tianjin, Shanxi and Chongqing of Mainland China, New York City of the United States of America, Tokyo of Japan and other cities in Europe and Australia. The directors of the Company have determined that the investment properties are commercial assets based on the nature, characteristics and risks of these properties.

The Group uses external valuers to support its determination of the fair values of all investment properties and the Group's policy is that property valuations are performed by external valuers on a regular basis. Selection criteria of the valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Company has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 60 to the financial statements.

At 31 December 2016, the Group's certain investment properties with a net carrying amount of approximately RMB8,769,265,000 (2015: RMB19,227,824,000) were pledged to secure bank loans, as set out in note 40 to the financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2016 using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Commercial properties	—	—	30,493,267	30,493,267

	Fair value measurement as at 31 December 2015 using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Commercial properties	—	—	40,898,689	40,898,689

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 (2015: Nil).

14. INVESTMENT PROPERTIES *(Continued)*

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

	Valuation techniques	Significant unobservable inputs	2016 Range/ weighted average	2015 Range/ weighted average
28 Liberty	Direct comparison approach and discounted cash flow approach	Terminal capitalisation rate (Year 10) Discount rate Market rent: – modified gross (Year 1) (Square foot/year)	5.0% 7.0% USD35 to USD130	5.0% 7.5% USD39.67 to USD65.92
Tokyo Front Terrace	Direct comparison approach and discounted cash flow approach	Terminal capitalisation rate Discount rate Market rent (per tsubo) Occupancy rate	4.3% 3.9% JPY18,095 96.0%	4.4% 4.0% JPY18,000 96.0%
Fosun International Center in Beijing	Direct comparison approach and direct capitalisation approach	Term yield Market rent: – per sq.m. and per month – per slot of parking space/month Level adjustments Market yield Reversionary period	5.5% to 6.5% RMB330 to RMB480 RMB1,000 to RMB1,200 40% to 70% 6.0% to 7.0% From 1 January 2017 to 30 August 2054	5.5% to 6.5% RMB240 to RMB300 RMB1,100 40% to 50% 6.0% to 7.0% From 1 January 2016 to 30 August 2054
Chengdu Forte International	Direct comparison approach and direct capitalisation approach	Term yield Market rent: – per sq.m. and per month Level adjustments Market yield Reversionary period	5.5% RMB55 to RMB210 40% to 70% 6.0% From 1 January 2017 to 2 July 2048	5.5% RMB50 to RMB238 40% to 70% 6.0% From 1 January 2016 to 2 July 2048
Thomas More Square	Term and reversionary approach	Term yield Market Yield Market rent: – per sq.ft. and per annual Occupancy rate	0.54% to 6.59% 5.75% to 7% GBP19.7 to GBP45.5 79% to 100%	N/A N/A N/A N/A

14. INVESTMENT PROPERTIES *(Continued)*

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

	Valuation techniques	Significant unobservable inputs	2016 Range/ weighted average	2015 Range/ weighted average
Triton Y	Direct comparison approach and direct capitalisation approach	Terminal capitalisation rate Discount rate Market rent: – per tsubo and per month Occupancy rate	4.25% 4.50% JPY19,000 to JPY20,500 100%	N/A N/A N/A N/A
Broggi Palace	Direct comparison approach and direct capitalisation approach	Terminal capitalisation rate Discount rate Market rent: – per sq.m. and per annual – per slot of parking and per annual Occupancy rate	4% to 5% 6.9% to 7.0% EUR510 to EUR2,500 EUR4,500 100%	N/A N/A N/A N/A N/A
Other commercial properties	Direct comparison approach and direct capitalisation approach	Term yield Market rent: – per sq.m. and per month – per slot of parking space/month Level adjustments Market yield Reversionary period	3.5% to 7.0% RMB38 to RMB324 RMB300 to RMB400 20% to 80% 3.0% to 7.5% From 1 January 2017 to 17 August 2073	4.0% to 7.0% RMB48 to RMB400 RMB300 to RMB400 20% to 70% 3.0% to 7.5% From 1 January 2016 to 13 May 2073

14. INVESTMENT PROPERTIES *(Continued)*

Direct comparison approach is a method of valuation based on comparing the property of the Group to be assessed directly with other comparable properties which have been recently changed hands or leased. These premises are generally located in the surrounding areas or in another market which is comparable to the property of the Group. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price/rent likely to be achieved by the property under consideration.

The direct capitalisation approach (term and reversion method, in particular) is a method by capitalising the rental from existing tenancies and the reversionary income potential at an appropriate market yield for the remaining term of the land use rights of the property of the Group. Capitalisation rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase/(decrease) in the estimated market rent would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the term yield and market yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

15. PREPAID LAND LEASE PAYMENTS

	2016 RMB'000	2015 RMB'000
Cost:		
At 1 January	2,336,236	3,174,186
Additions	9,890	412,939
Acquisition of subsidiaries	—	11,594
Disposal of subsidiaries	—	(1,143,359)
Disposals	—	(119,124)
Other changes	(613)	—
At 31 December	2,345,513	2,336,236
Accumulated amortisation:		
At 1 January	192,348	252,793
Amortisation for the year (note 8)	48,841	76,107
Disposal of subsidiaries	—	(125,682)
Disposals	—	(10,870)
Other changes	(1,007)	—
At 31 December	240,182	192,348
Net book value:		
At 31 December	2,105,331	2,143,888
At 1 January	2,143,888	2,921,393
Net book value pledged as security for bank loans (note 40)	1,098,517	1,022,849

As at 31 December 2016, the Group had no leasehold land for which the Group was in the process of applying the land use certificates (2015: Nil).

16. EXPLORATION AND EVALUATION ASSETS

	2016 RMB'000	2015 RMB'000
At 1 January	197,500	156,846
Additions	122,011	135,325
Transfer to oil and gas assets (note 18)	(80,663)	(15,885)
Exploration assets expensed and written off	(34,772)	(86,411)
Exchange realignment	7,053	7,625
Others	14,602	—
At 31 December	225,731	197,500

17. MINING RIGHTS

	2016 RMB'000	2015 RMB'000
Cost:		
At 1 January	1,376,712	1,541,829
Others	(14,602)	—
Disposal of subsidiaries	—	(165,117)
At 31 December	1,362,110	1,376,712
Accumulated amortisation:		
At 1 January	524,120	570,385
Amortisation for the year (note 8)	18,609	26,945
Disposal of subsidiaries	—	(73,210)
At 31 December	542,729	524,120
Impairment loss:		
At 1 January	288,085	186,562
Charge for the year (note 8)	—	101,523
At 31 December	288,085	288,085
Net book value:		
At 31 December	531,296	564,507
At 1 January	564,507	784,882

18. OIL AND GAS ASSETS

	2016 RMB'000	2015 RMB'000
Cost:		
At 1 January	1,961,125	1,670,546
Additions	278,260	342,417
Transferred from exploration and evaluation assets (note 16)	80,663	15,885
Disposal of subsidiaries	—	(169,976)
Exchange realignment	161,034	102,253
At 31 December	2,481,082	1,961,125
Accumulated amortisation:		
At 1 January	480,582	—
Amortisation for the year (note 8)	355,837	483,401
Disposal of subsidiaries	—	(11,187)
Exchange realignment	59,806	8,368
At 31 December	896,225	480,582
Impairment loss:		
At 1 January	510,307	158,340
Charge for the year (note 8)	—	338,224
Exchange realignment	24,033	13,743
At 31 December	534,340	510,307
Net book value:		
At 31 December	1,050,517	970,236
At 1 January	970,236	1,512,206

19. INTANGIBLE ASSETS

	Medicine licences RMB'000	Trademarks RMB'000	Business network and customer relationship RMB'000	Patent and technical know-how RMB'000	Others RMB'000	Total RMB'000
Cost:						
At 1 January 2015	495,000	231,287	556,598	1,010,099	295,813	2,588,797
Additions	88,283	2,178	—	288,828	139,069	518,358
Acquisition of subsidiaries	—	2,465,102	1,898,386	—	2,490,761	6,854,249
Disposal of subsidiaries	—	—	—	—	(42)	(42)
Exchange realignment	—	90,954	47,678	90	42,400	181,122
Disposals	—	(718)	—	(161,094)	(14,727)	(176,539)
At 31 December 2015 and 1 January 2016	583,283	2,788,803	2,502,662	1,137,923	2,953,274	9,965,945
Additions	188	2,095	5,380	362,077	501,600	871,340
Acquisition of subsidiaries (note 58(a))	—	—	40,096	82,520	158,137	280,753
Disposal of subsidiaries (note 58(b))	—	—	—	—	(626)	(626)
Included in assets of a disposal group classified as held for sale (note 39)	—	(346,850)	(1,619,233)	—	(2,303,342)	(4,269,425)
Exchange realignment	—	57,703	(33,107)	12,855	161,599	199,050
Disposals	—	—	(8,553)	(8,083)	(61,258)	(77,894)
At 31 December 2016	583,471	2,501,751	887,245	1,587,292	1,409,384	6,969,143
Accumulated amortisation:						
At 1 January 2015	—	564	81,575	132,630	62,246	277,015
Provided during the year	1,962	12,915	64,155	66,821	268,682	414,535
Disposal of subsidiaries	—	—	—	—	(36)	(36)
Exchange realignment	—	105	653	51	(60)	749
Disposals	—	(421)	—	—	(936)	(1,357)
At 31 December 2015 and 1 January 2016	1,962	13,163	146,383	199,502	329,896	690,906
Provided during the year (note 8)	5,896	40,757	179,484	57,300	825,812	1,109,249
Disposal of subsidiaries (note 58(b))	—	—	—	—	(283)	(283)
Included in assets of a disposal group classified as held for sale (note 39)	—	(20,041)	(103,826)	—	(862,193)	(986,060)
Exchange realignment	—	402	9,630	124	41,876	52,032
Disposals	—	—	—	(3,159)	(7,147)	(10,306)
At 31 December 2016	7,858	34,281	231,671	253,767	327,961	855,538
Impairment loss:						
At 1 January 2015, 31 December 2015, and 1 January 2016	64,000	—	—	20,142	947	85,089
Charge for the year	—	—	—	—	3,548	3,548
At 31 December 2016	64,000	—	—	20,142	4,495	88,637
Net book value:						
At 31 December 2016	511,613	2,467,470	655,574	1,313,383	1,076,928	6,024,968
At 31 December 2015	517,321	2,775,640	2,356,279	918,279	2,622,431	9,189,950

20. GOODWILL

	2016 RMB'000	2015 RMB'000 (Restated)
Cost:		
At 1 January	10,811,470	7,287,339
Acquisition of subsidiaries (note 58(a))	926,826	3,890,461
Disposal of subsidiaries	—	(6,259)
Included in assets of a disposal group classified as held for sale (note 39)	(1,731,038)	—
Others	300,250	(360,071)
At 31 December	10,307,508	10,811,470
Accumulated impairment:		
At 1 January and 31 December	(445,308)	(445,308)
Net book value:		
At 31 December	9,862,200	10,366,162

Impairment testing of goodwill

Goodwill acquired through business combinations is primarily allocated to the cash-generating units (“CGUs”) of the following segments for impairment testing:

- Happiness
- Health
- Property development and sales
- Investment
- Insurance
- Resources
- Wealth management and innovative finance

The carrying amounts of goodwill are as follows:

	Happiness RMB'000	Health RMB'000	Property development and sales RMB'000	Investment RMB'000	Insurance RMB'000	Resources RMB'000	Wealth management and innovative finance RMB'000	Total RMB'000
2016	1,617,682	4,042,990	70,526	34,698	3,659,852	181,007	255,445	9,862,200
2015 (Restated)	1,570,835	3,471,856	70,526	33,909	5,049,599	169,437	—	10,366,162

20. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

The recoverable amount of each CGU is determined based on a value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a period ranging from 5 to 12 years. The discount rates applied to the cash flow projections range from 9.31% to 18% (2015: 6.21% to 15%). Cash flows beyond the period of the financial budget are extrapolated using the estimated long-term growth rate of 1.9% to 3%. Discount rates and estimated long-term growth rate used by major segments for the year ended 31 December 2016 are as follows:

	Discount rates	Estimated long-term growth rate
– Happiness	9.8%	1.9% to 2.5%
– Health	15% to 18%	3%
– Insurance	9.31%	2%

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2016 and 2015. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins - Management determined budgeted gross margin based on past performance and its expectations for the development of the market.

Discount rates - The discount rates used are before tax and reflect specific risks relating to the respective industries.

Raw materials price inflation - The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year.

21. INVESTMENTS IN JOINT VENTURES

	2016 RMB'000	2015 RMB'000
Share of net assets	17,604,004	11,550,962
Loans to joint ventures	58,500	258,163
	17,662,504	11,809,125
Net book value pledged as security for bank loans (note 40)	500,920	—

Loans to joint ventures of RMB58,500,000 are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as part of the Group's net investments in joint ventures.

The Group's amounts due from joint ventures and amounts due to joint ventures are disclosed in note 38 to the financial statements.

As at 31 December 2016, there was no material joint venture within the Group.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2016 RMB'000	2015 RMB'000
Share of the joint ventures' profit for the year	106,827	1,066,950
Share of the joint ventures' total comprehensive income	173,901	1,066,950
Aggregate carrying amount of the Group's investments in the joint ventures	17,662,504	11,809,125

22. INVESTMENTS IN ASSOCIATES

	2016 RMB'000	2015 RMB'000 (Restated)
Share of net assets	38,632,287	28,420,676
Goodwill on acquisition	6,206,872	3,358,107
	44,839,159	31,778,783
Provision for impairment	(723,551)	(199,131)
	44,115,608	31,579,652
Net book value pledged as security for bank loans (note 40)	10,376	52,292

Particulars of the Group's material associates of the Group are set out in note 4 to the financial statements.

The Group's amounts due from associates and amounts due to associates are disclosed in note 38 to the financial statements.

Sinopharm Industrial Investment Co., Ltd. ("Sinopharm"), which is considered a material associate of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information of Sinopharm adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2016 RMB'000	2015 RMB'000
Current assets	132,546,745	116,694,552
Non-current assets	25,102,229	21,625,639
Current liabilities	(99,829,230)	(94,773,697)
Non-current liabilities	(12,956,750)	(2,414,391)
Net assets	44,862,994	41,132,103
Net assets attributable to the Group	18,422,927	17,552,385

22. INVESTMENTS IN ASSOCIATES *(Continued)*

The following table illustrates the summarised financial information of Sinopharm adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements: (continued)

	2016 RMB'000	2015 RMB'000
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	49%	49%
Group's share of net assets of the associate, excluding goodwill	9,027,234	8,600,668
Carrying amount of the investment	9,027,234	8,600,668
Revenues	258,387,689	227,069,433
Total comprehensive income for the year	6,844,568	5,736,121
Profit for the year attributable to owners of the parent	2,630,021	2,135,981
Other comprehensive (loss)/income attributable to owners of the parent	(12,931)	12,622
Dividend received	372,400	245,000

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2016 RMB'000	2015 RMB'000
Share of the associates' profit for the year	1,331,514	1,027,448
Share of the associates' other comprehensive income/(loss)	521,727	(170,710)
Share of the associates' total comprehensive income	1,853,241	856,738
Aggregate carrying amount of the Group's investments in the associates	35,088,374	22,608,984

23. AVAILABLE-FOR-SALE INVESTMENTS

	2016 RMB'000	2015 RMB'000 (Restated)
Listed equity investments, at fair value	29,096,546	22,415,992
Listed debt investments, at fair value	71,880,907	79,573,389
Listed investments, at fair value	100,977,453	101,989,381
Unlisted equity investments, at cost	9,610,214	12,221,251
Unlisted equity investments, at fair value	14,806,047	3,291,084
Unlisted debt investments, at fair value	2,781,718	1,452,870
Unlisted investments	27,197,979	16,965,205
Total	128,175,432	118,954,586
Portion classified as current assets	(22,390,416)	(20,998,463)
Non-current portion	105,785,016	97,956,123

23. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB11,103,463,000 (2015 as restated: RMB3,012,488,000), of which RMB2,107,386,000 (2015: RMB4,868,248,000) was recycled from other comprehensive income to the consolidated statement of profit or loss for the year on the date of disposal.

There was a significant decline in the market value of certain listed equity investments during the year. The directors consider that such a decline indicates that the listed equity investments have been impaired and an impairment loss of RMB 1,454,241,000 (2015: RMB1,117,060,000), which included a reclassification from other comprehensive income of RMB1,092,865,000 (2015: loss of RMB112,968,000), has been recognised in the consolidated statement of profit or loss for the year. The impairment loss on the listed debt investments as at 31 December 2016 amounted to RMB294,694,000 (2015: RMB554,892,000), which included a reclassification from other comprehensive income of RMB380,332,000 (2015: RMB13,555,000), has been recognised in the consolidated statement of profit or loss for the year. The impairment losses on the unlisted equity investments and unlisted debt investments as at 31 December 2016 amounted to RMB537,921,000 (2015: RMB117,225,000) and RMB19,931,000 (2015: RMB34,518,000) respectively, which have been recognised in the consolidated statement of profit or loss for the year.

At 31 December 2016, the Group's available-for-sale investment with a carrying amount of RMB5,365,658,000 (2015: RMB909,356,000) was pledged to secure bank loans, as set out in note 40 to the financial statements.

Certain unlisted equity and debt investments are stated at cost less any accumulated impairment losses because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

24. PROPERTIES UNDER DEVELOPMENT

	2016 RMB'000	2015 RMB'000
Land cost	23,337,085	28,193,253
Construction costs	6,818,101	6,322,869
Capitalised finance costs	1,913,428	1,743,948
	32,068,614	36,260,070
Less: Provision for impairment of properties under development (note 8)	—	(377,631)
Portion classified as current assets	(22,738,105)	(18,846,968)
	9,330,509	17,035,471

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2016 RMB'000	2015 RMB'000
Net book value pledged (note 40)	14,488,486	20,976,098
Additions to properties under development include:		
Interest expense capitalised in respect of bank and other borrowings (note 7)	664,147	1,231,147

The Group's properties under development are all situated in Mainland China and Hong Kong.

25. LOANS RECEIVABLE

	Notes	2016 RMB'000	2015 RMB'000
Loans receivable		2,943,898	2,288,855
Portion classified as current	(1)	(2,130,688)	(1,735,066)
Non-current portion	(2)	813,210	553,789

(1) As at 31 December 2016, the current portion of loans receivable comprises:

- an entrusted bank loan of RMB177,709,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 9.50% per annum and is repayable in December 2017;
- an entrusted bank loan of RMB32,600,000 provided to a third party, which is guaranteed, bears interest at a fixed interest rate of 10.00% per annum and is repayable in May 2017;
- an entrusted bank loan of RMB50,000,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 5.66% per annum and is repayable in June 2017;
- an entrusted bank loan of RMB95,000,000 provided to a third party, which is unsecured, interest-free and is repayable in June 2017;
- an entrusted bank loan of RMB400,000,000 provided to Yantai Xingyi Properties Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 4.00% per annum and is repayable in August 2017;
- a shareholders' loan of RMB103,300,000 provided to Yantai Xingyi Properties Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 9.48% per annum and is repayable in September 2017;
- an entrusted bank loan of RMB116,885,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 4.50% per annum and is repayable in December 2017;
- an entrusted bank loan of RMB174,608,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 4.50% per annum and is repayable in October 2017; and
- an entrusted bank loan of RMB980,586,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 5.00% per annum and is repayable on demand.

25. LOANS RECEIVABLE *(Continued)*

(2) As at 31 December 2016, the non-current portion of loans receivable comprises:

- a shareholders' loan of RMB72,500,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 2.75% per annum and is repayable in 2021;
- a shareholders' loan of RMB77,500,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 4.13% per annum and is repayable in 2021;
- a shareholders' loan of RMB95,000,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 4.13% per annum and is repayable in 2021;
- an entrusted bank loan of RMB235,000,000 provided to Yantai Xingyi Properties Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 9.48% per annum and is repayable in 2018;
- an entrusted bank loan of RMB112,517,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 12.00% per annum and is repayable in 2019;
- an entrusted bank loan of RMB40,000,000 provided to Cloud Vision Networks Technology Corporation, an associate, which is unsecured, interest-free and has no fixed terms of repayment;
- a shareholders' loan of RMB95,000,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 3.03% per annum and is repayable in 2021;
- a shareholders' loan of RMB20,122,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 6.00% per annum and is repayable in 2025;
- a shareholders' loan of RMB32,150,000 provided to SAS Val Thorens Le Cairn, an associate, which is unsecured, bears interest at a fixed interest rate of 2.72% per annum and has no fixed terms of repayment; and
- a shareholders' loan of RMB33,421,000 provided to a third party, which is unsecured, interest-free and has no fixed terms of repayment.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000 (Restated)
Prepayments consist of:		
Prepayments for purchase of pharmaceutical materials	271,227	161,642
Prepayments for purchase of construction materials	564,021	605,697
Prepayments for purchase of equipment and others	459,755	241,551
Prepaid tax	738,212	376,541
Prepaid expenses	925,287	1,056,314
Deposits	3,032,086	1,184,172
Other receivables consist of:		
Funding provided to third parties	4,050,730	2,973,488
Tax recoverable	1,284,210	748,418
Receivable for consideration of disposal of subsidiaries (note 58(b))	1,330,000	12,722
Others	4,981,667	3,580,352
Prepayments for the proposed acquisitions of equity interests	235,105	660,772
Prepayments for the acquisition of the land	646,145	2,611,380
	18,518,445	14,213,049
Portion classified as current assets	15,977,831	10,358,356
Non-current portion	2,540,614	3,854,693

27. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	Fair value adjustments arising from available- for-sale investment RMB'000	Repairs and maintenance RMB'000	Additional LAT provisions RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2015	1,562,209	1,323,891	11,845	7,931	408,155	1,058,039	4,372,070
Acquisition of subsidiaries	451,373	210,511	—	—	—	890,221	1,552,105
Disposal of subsidiaries	(1,526,544)	(159,881)	—	—	—	(244,195)	(1,930,620)
Deferred tax credited to reserve during the year	—	—	489,077	—	—	—	489,077
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	531,833	573,052	—	(5,053)	74,871	(104,419)	1,070,284
Exchange realignment	36,451	(19,805)	(573)	—	—	7,641	23,714
Gross deferred tax assets at 31 December 2015 and 1 January 2016	1,055,322	1,927,768	500,349	2,878	483,026	1,607,287	5,576,630
Acquisition of subsidiaries (note 58(a))	45,321	41,439	—	—	—	129,664	216,424
Deferred tax credited/(charged) to reserve during the year	—	32,611	(74,284)	—	—	6,310	(35,363)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	180,932	88,170	—	(2,878)	126,053	15,050	407,327
Included in assets of a disposal group classified as held for sale (note 39)	—	(130,409)	—	—	—	(468,865)	(599,274)
Exchange realignment	50,405	49,540	13,798	—	—	71,365	185,108
Gross deferred tax assets at 31 December 2016	1,331,980	2,009,119	439,863	—	609,079	1,360,811	5,750,852

27. DEFERRED TAX (Continued)**Deferred tax liabilities**

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Fair value adjustments arising from equity investments at fair value or loss RMB'000	Fair value adjustments arising from available- for-sale investments RMB'000	Revaluation of investment properties RMB'000	Deemed disposal of associates RMB'000	Deferred LAT RMB'000	Withholding taxes RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2015	1,124,524	647,629	1,281,880	758,874	1,157,676	226,027	430,618	950,462	6,577,690
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(224,224)	(515,754)	—	572,778	—	(31,321)	178,779	952,603	932,861
Deferred tax credited to reserve during the year	—	—	(265,454)	—	—	—	—	—	(265,454)
Acquisition of subsidiaries	2,582,515	—	—	9,066	—	23,839	—	426,968	3,042,388
Exchange realignment	42,355	15,123	(41,342)	16,710	—	—	—	16,518	49,364
Disposal of subsidiaries	(18,809)	8,770	—	—	—	—	—	(929,455)	(939,494)
Gross deferred tax liabilities at 31 December 2015 and 1 January 2016	3,506,361	155,768	975,084	1,357,428	1,157,676	218,545	609,397	1,417,096	9,397,355
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(56,595)	189,521	(33,896)	268,964	—	(80,898)	90,786	200,379	578,261
Deferred tax credited to reserve during the year	—	—	966,642	15,018	4,485	—	—	—	986,145
Acquisition of subsidiaries (note 58(a))	82,238	—	133,535	—	—	—	—	23,975	239,748
Included in liabilities directly associated with the assets classified as held for sale (note 39)	—	—	(28,053)	—	—	—	—	(252,424)	(280,477)
Exchange realignment	8,044	11,631	20,741	26,985	—	—	—	81,480	148,881
Disposal of subsidiaries (note 58(b))	(1,278,657)	—	—	—	—	—	—	—	(1,278,657)
Gross deferred tax liabilities at 31 December 2016	2,261,391	356,920	2,034,053	1,668,395	1,162,161	137,647	700,183	1,470,506	9,791,256

27. DEFERRED TAX *(Continued)***Deferred tax liabilities** *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities amounting to RMB949,711,000 have been offset in the consolidated statement of financial position. After offsetting, the following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2016 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	4,801,141
Net deferred tax liabilities recognised in the consolidated statement of financial position	8,841,545

As at 31 December 2016, the deferred tax assets were recognised for certain entities within the Group which suffered accumulated losses as at the end of 2016. The directors are of the opinion that these entities could generate sufficient future taxable profits to utilise the deferred tax assets recognised as at 31 December 2016.

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:

	2016 RMB'000	2015 RMB'000
Tax losses	12,546,040	11,002,530
Deductible temporary differences	1,296,894	302,532
	13,842,934	11,305,062

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding corporate income tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding corporate income tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable withholding rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries, joint ventures and associates established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the company to its shareholders.

28. INVENTORIES

	2016 RMB'000	2015 RMB'000
Raw materials	1,105,814	1,040,552
Work in progress	671,094	338,520
Finished goods	1,162,867	1,159,553
Spare parts and consumables	189,541	245,065
	3,129,316	2,783,690
Less: Provision for inventories	(156,462)	(111,993)
	2,972,854	2,671,697
Portion classified as non-current assets	(267,836)	(323,708)
	2,705,018	2,347,989

29. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED CONTRACTS

	2016 RMB'000	2015 RMB'000
Financial assets designated as at fair value through profit or loss:		
Debt instruments	3,025,805	3,310,257
Equity instruments	29,709	31,833
Investment funds	110,631	133,234
Term deposits	291,189	424,379
Sight deposits	305,325	182,791
Others	(14,413)	(16,578)
	3,748,246	4,065,916
Portion classified as current assets	(636,076)	(471,535)
Non-current portion	3,112,170	3,594,381

The above assets are held for policyholders of unit-linked products.

30. INSURANCE AND REINSURANCE DEBTORS

	2016 RMB'000	2015 RMB'000
Amounts due from insurance customers and suppliers	6,829,539	8,570,354
Less: Provision for impairment	(279,318)	(295,381)
	6,550,221	8,274,973
Portion classified as current assets	(6,434,748)	(8,146,186)
Non-current portion	115,473	128,787

The following is an ageing analysis of the amounts due from insurance customers:

	2016 RMB'000	2015 RMB'000
Neither past due nor impaired	4,378,101	6,482,245
Past due but not impaired	2,164,946	1,782,709
Past due and impaired	286,492	305,400
	6,829,539	8,570,354

Amounts due from insurance customers that were past due but not impaired relate to a number of independent policyholders and reinsurers that have a good track record with the Group. Based on past experience, management believes that no impairment provision is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The amount of impaired debts is RMB279,318,000 (31 December 2015: RMB295,381,000). 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:

	2016 RMB'000	2015 RMB'000
At 1 January	295,381	401,716
Acquisition of subsidiaries	—	56,709
Amount written off as uncollectible	(8,349)	(26,129)
Reversal of impairment losses	(2,605)	(204,104)
Others	6,187	—
Exchange realignment	9,374	67,189
Included in assets of a disposal group classified as held for sale (note 39)	(20,670)	—
At 31 December	279,318	295,381

31. REINSURERS' SHARE OF INSURANCE CONTRACT PROVISIONS

The reinsurers' share of insurance contract provisions represents the reinsurers' share of life insurance contract liabilities, unearned premium provisions and provision for outstanding claims arising from the life insurance, property and casualty insurance and reinsurance businesses.

	2016 RMB'000	2015 RMB'000
Life insurance contract liabilities	82,248	88,259
Unearned premium provisions	600,836	2,819,412
Provision for outstanding claims	5,162,950	10,164,925
	5,846,034	13,072,596
Portion classified as current assets	(1,468,553)	(3,452,133)
Non-current portion	4,377,481	9,620,463

32. CASH AND BANK AND TERM DEPOSITS

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Cash on hand		800,711	83,641
Cash at banks, unrestricted		35,302,591	38,488,569
Cash and cash equivalents		36,103,302	38,572,210
Pledged bank balances	(1)	2,183,681	2,515,049
Time deposits with original maturity of more than three months		8,313,571	5,116,283
Restricted pre-sale proceeds	(2)	1,851,379	874,423
Required reserve deposits	(3)	3,704,463	141,215
		52,156,396	47,219,180
Portion classified as current assets		(51,807,704)	(46,754,045)
Non-current portion – term deposits		348,692	465,135

32. CASH AND BANK AND TERM DEPOSITS (Continued)

Notes:

It mainly comprises the following:

	2016 RMB'000	2015 RMB'000
(1) Pledged bank balances to secure notes payable	906,195	554,639
Pledged bank balances to secure bank loans (note 40)	352,478	577,432
Bank balances as various deposits	681,540	1,310,355

- (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 RMB204,084,000 (2015: RMB141,215,000) 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"). Required reserve deposits amounting to RMB3,500,379,000 are placed by Hauck & Aufhäuser with German Central Bank. The reserve deposits with the PBOC and German Central Bank are not available for use in the Group's daily operations.

In the preparation of the consolidated statement of cash flows, pledged bank balances, time deposits with original maturity of more than three months, restricted pre-sale proceeds from properties and required reserve deposits have been excluded from cash and cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

33. LOANS AND ADVANCES TO CUSTOMERS

	2016 RMB'000	2015 RMB'000
Corporate loans and advances		
– Loans and advances	2,396,142	—
Personal loans		
– Mortgages	887,205	—
– Other	256,870	247,581
	1,144,075	—
Total loans and advances	3,540,217	247,581
Less: Provision for impairment		
– corporate loans and advances	(116,892)	—
– personal loans	(64,452)	—
	(181,344)	—
Loans and advances to customers, net	3,358,873	247,581
Portion classified as current assets	(2,904,371)	(247,581)
Non-current portion	454,502	—
	2016 RMB'000	2015 RMB'000
Gross loans and advances to customers	3,540,217	247,581
Less: Provision for impairment		
– individually assessed	(169,130)	—
– collectively assessed	(12,214)	—
	(181,344)	—
Loans and advances to customers, net	3,358,873	247,581

The movements in the provision for impairment of loans and advances to customers are as follows:

	2016 RMB'000	2015 RMB'000
As at 1 January 2016	—	—
Acquisitions of subsidiaries	121,050	—
Provision for impairment losses	63,193	—
Reversal	(2,038)	—
Transfer in		
– Exchange differences	(861)	—
At 31 December 2016	181,344	—

34. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2016

	Fair value	
	Assets RMB'000	Liabilities RMB'000
Derivatives held for trading		
Currency derivatives		
Currency forwards and swaps, and cross-currency interest rate swaps	274,090	254,632
Currency options	3,810	3,810
Interest rate derivatives		
Interest rate swaps	359,275	416,181
Interest rate options	10,567	10,567
	647,742	685,190
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards and swaps, and cross-currency interest rate swaps	166,367	81,676
Interest rate derivatives		
Interest rate swaps	10,925	530,307
Commodity derivatives and others	—	10,817
	177,292	622,800
	825,034	1,307,990
Portion classified as current assets/liabilities	(445,382)	(505,115)
Non-current portion	379,652	802,875

As at 31 December 2015

	Fair value	
	Assets RMB'000	Liabilities RMB'000
Derivatives held for trading		
Currency derivatives		
Currency forwards and swaps, and cross-currency interest rate swaps	6,797	76,790
Interest rate derivatives		
Interest rate swaps	—	54,092
	6,797	130,882
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards and swaps, and cross-currency interest rate swaps	9,124	45,809
Interest rate derivatives		
Interest rate swaps	—	27,324
	9,124	73,133
	15,921	204,015
Portion classified as current assets/liabilities	(15,921)	(204,015)
Non-current portion	—	—

35. FINANCE LEASE RECEIVABLES

Total future minimum lease receivables under finance leases and their present values are as follows:

	2016 RMB'000	2015 RMB'000
Gross lease receivables:		
Within one year	1,058,984	—
In the second year	256,945	—
In the third to fifth years, inclusive	95,257	—
Total minimum finance lease receivables	1,411,186	—
Less:		
Unearned finance income	(66,135)	—
Future value-added tax	(106,862)	—
Provision for lease receivables	(19,913)	—
	1,218,276	—
Portion classified as current finance lease receivables	(929,759)	—
Non-current portion	288,517	—

At 31 December 2016, the Group's finance lease receivables with a carrying amount of RMB562,857,000 (2015: Nil) were pledged to secure bank loans, as set out in note 40 to the financial statements.

The movement in the provision for impairment of lease receivables is as follows:

	2016 RMB'000	2015 RMB'000
At 1 January	—	—
Acquisition of subsidiaries	19,913	—
At 31 December	19,913	—

36. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 RMB'000	2015 RMB'000
Listed investments, at fair value		
Equity investments	6,468,622	6,961,737
Debt investments	237,963	2,786,496
	6,706,585	9,748,233
Unlisted investments, at fair value	1,622,111	967,934
	8,328,696	10,716,167

At 31 December 2016, the Group's investments at fair value through profit or loss with a carrying amount of RMB940,778,000 (2015: RMB2,105,531,000) were pledged to secure bank loans, as set out in note 40 to the financial statements.

37. TRADE AND NOTES RECEIVABLES

	2016 RMB'000	2015 RMB'000 (Restated)
Trade receivables	3,694,175	3,491,695
Notes receivable	627,558	629,274
	4,321,733	4,120,969

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

	2016 RMB'000	2015 RMB'000
Outstanding balances with ages:		
Within 90 days	2,552,417	2,478,148
91 to 180 days	537,061	676,826
181 to 365 days	592,950	382,548
1 to 2 years	112,707	86,792
2 to 3 years	62,974	17,078
Over 3 years	32,532	31,856
	3,890,641	3,673,248
Less: Provision for impairment of trade receivables	(196,466)	(181,553)
	3,694,175	3,491,695

37. TRADE AND NOTES RECEIVABLES (Continued)

The movements in the provision for impairment of trade receivables are as follows:

	2016 RMB'000	2015 RMB'000
At 1 January	181,553	110,633
Amount written off as uncollectible	(59,396)	(37,279)
Acquisition of subsidiaries	2,758	—
Disposal of subsidiaries	—	(40,869)
Provision for impairment losses	71,551	149,068
At 31 December	196,466	181,553

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2016 RMB'000	2015 RMB'000
Neither past due nor impaired	1,125,449	975,860
Within 90 days past due	1,076,991	1,028,834
91 to 180 days past due	111,088	378,663
Over 180 days past due	412,382	287,174
	2,725,910	2,670,531

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

At 31 December 2016, the Group's trade and notes receivables with a carrying amount of approximately RMB255,216,000 (2015: RMB219,768,000) were pledged to secure bank loans, as set out in note 40 to the financial statements.

Trade and notes receivables of the Group mainly arose from the resources segment, health segment, and property development and sales segment. Credit terms granted to the major customers of these segments are as follows:

	Credit terms
Resources segment	0 to 360 days
Health segment	90 to 180 days
Property development and sales segment	30 to 360 days

38. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2016 RMB'000	2015 RMB'000
Due from related companies:			
Associates	(i)	2,177,863	2,433,581
Joint ventures	(ii)	9,534,297	1,270,811
Other related companies	(iii)	29,575	3,249
		11,741,735	3,707,641

Notes:

- (i) As at 31 December 2016, the balances due from associates included the amount of RMB1,833,304,000 (2015: RMB2,208,795,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The remaining balances due from associates are trade in nature, interest-free and repayable on demand.
- (ii) As at 31 December 2016, the balances due from joint ventures included the amount of RMB9,534,047,000 (2015: RMB1,270,811,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The remaining balances due from joint ventures amounting to RMB250,000 (2015: Nil) are trade in nature, interest-free and repayable on demand.
- (iii) As at 31 December 2016, the balances due from other related companies were non-trade in nature, unsecured, interest-free and repayable on demand.

	Notes	2016 RMB'000	2015 RMB'000
Due to the holding company	(iv)	381,646	979,101
Due to related companies:			
Associates	(v)	1,793,316	2,419,051
Non-controlling shareholders of subsidiaries	(vi)	498,556	218,141
Joint ventures	(vii)	1,355,301	307,500
		3,647,173	2,944,692

- (iv) The balances due to the holding company were non-trade in nature, unsecured, interest-free and repayable on demand.
- (v) As at 31 December 2016, the balances due to associates included the amount of RMB1,787,816,000 (2015: RMB2,378,106,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The remaining balances due to associates are trade in nature, interest-free and repayable on demand.
- (vi) As at 31 December 2016, the balances due to non-controlling shareholders of subsidiaries comprised of:
- an amount of RMB176,403,000, being the payables for purchase of low grade ore products from Hainan Iron and Steel Co., Ltd., which is interest-free.
 - an amount of RMB150,000,000, being dividends payable to the non-controlling shareholders of subsidiaries.
 - the remaining balances of RMB172,153,000, being non-trade in nature, interest-free and repayable on demand.
- (vii) As at 31 December 2016, the balances due to joint ventures included the amount of RMB1,349,499,000 (2015: RMB294,990,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The remaining balances due to joint ventures are trade in nature, interest-free and repayable on demand.

39. NON-CURRENT ASSET/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Notes	2016 RMB'000	2015 RMB'000
Carrying amount of available-for-sale investments before classification as held for sale		—	44,298
Carrying amount of property, plant and equipment before classification as held for sale		—	58,947
Carrying amount of the assets of a disposal group	(i)	58,650,003	—
Carrying amount after impairment		58,650,003	103,245
Liabilities directly associated with the assets classified as held for sale	(i)	40,674,050	—

Note:

- (i) On 5 December 2016, the Group through its subsidiary, Mettlesome Investments (HK), and Mettlesome Investments (Cayman) entered into an equity transfer agreement with Liberty Mutual, an independent third-party, for the disposal of the Group's equity interest of 100% in Ironshore for a cash consideration of USD3,000,000,000 (subject to price adjustments). The equity transfer agreement is subject to regulatory approval and the satisfaction or waiver of customary closing conditions. The management expects the disposal will be completed in the first half of 2017. The Group has decided to dispose of Ironshore for the purpose of enhancing overall competitiveness and positioning for long-term success of both the Group and the investees. As at 31 December 2016, all the assets and liabilities of Ironshore were classified as assets of a disposal group held for sale and liabilities directly associated with the assets classified as held for sale in aggregate in the consolidated statement of financial position.

39. NON-CURRENT ASSET/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(Continued)*

The assets and liabilities of Ironshore classified as held for sale as at 31 December 2016 are as follows:

	Notes	2016 RMB'000
Assets		
Property, plant and equipment	13	352,302
Intangible assets	19	3,283,365
Goodwill	20	1,731,038
Investments in associates		23,475
Available-for-sale investments		34,387,458
Deferred tax assets	27	599,274
Reinsurers' share of insurance contract provisions		9,472,016
Cash and bank balances		2,601,981
Investments at fair value through profit or loss		1,007,235
Prepayments, deposits and other receivables		934,532
Insurance and reinsurance debtors		4,257,327
Assets of a disposal group classified as held for sale		58,650,003
Liabilities		
Interest-bearing bank and other borrowings		2,610,372
Accrued liabilities and other payables		1,481,609
Unearned premium provisions	47	8,697,715
Provision for outstanding claims	48	25,668,593
Insurance and reinsurance creditors		1,935,284
Deferred tax liabilities	27	280,477
Liabilities directly associated with the assets classified as held for sale		40,674,050

40. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2016 RMB'000	2015 RMB'000
Bank loans:	(1)		
Guaranteed		3,729,760	1,493,528
Secured		35,881,524	31,312,177
Unsecured		35,328,083	44,689,840
Corporate bonds and enterprise bonds	(2)	74,939,367	77,495,545
Private placement note	(3)	20,667,981	6,598,361
Private placement bond	(4)	1,990,046	7,560,499
Senior notes	(5)	2,986,689	—
Medium-term notes	(6)	11,520,603	5,873,726
Short-term commercial papers	(6)	4,389,895	5,981,017
Super short-term commercial papers	(7)	—	2,053,979
Other borrowings, secured	(8)	2,005,397	—
Other borrowings, unsecured	(8)	4,107,492	3,624,268
		3,361,571	5,460,584
Total		125,969,041	114,647,979
Repayable:			
Within one year		43,874,088	48,788,443
In the second year		25,357,639	20,016,093
In the third to fifth years, inclusive		49,222,810	37,324,484
Over five years		7,514,504	8,518,959
		125,969,041	114,647,979
Portion classified as current liabilities		(43,874,088)	(48,788,443)
Non-current portion		82,094,953	65,859,536

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

Notes:

- (1) Certain of the Group's bank loans are secured by the pledge of certain of the Group's buildings amounting to RMB137,833,000 (2015: RMB363,023,000), construction in progress amounting to RMB1,783,652,000 (31 December 2015: Nil), investment properties amounting to RMB8,769,265,000 (2015: RMB19,227,824,000), prepaid land lease payments amounting to RMB1,098,517,000 (2015: RMB1,022,849,000), properties under development amounting to RMB14,488,486,000 (2015: RMB20,976,098,000), completed properties for sale amounting to RMB3,452,109,000 (2015: RMB5,031,742,000), trade and notes receivables amounting to RMB255,216,000 (2015: RMB219,768,000), finance lease receivables amounting to RMB562,857,000 (2015: Nil), equity investment at fair value through profit or loss amounting to RMB940,778,000 (2015: RMB2,105,531,000), investments in associates amounting to RMB10,376,000 (2015: RMB52,292,000), an investment in a joint venture amounting to RMB500,920,000 (2015: Nil), investments in available-for-sale entities amounting to RMB5,365,658,000 (2015: RMB909,356,000) and investments in subsidiaries.

Bank balances amounting to RMB352,478,000 (2015: RMB577,432,000) were pledged to secure the interest-bearing bank and other borrowings.

The Group's interest-bearing bank and other borrowings amounting to RMB3,329,760,000 (2015: RMB1,493,528,000) were guaranteed by Fosun Holdings Limited which is the holding company of the Group, and RMB400,000,000 were guaranteed by management of Hainan Mining Co., Ltd. which is the subsidiary of the Group.

The bank loans bear interest at rates ranging from 0.13% to 6.65% (2015: 0.57% to 7.48%) per annum.

- (2) Corporate bonds and enterprise bonds

On 24 December 2010, Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun Group") issued seven-year domestic corporate bonds with a par value of RMB1,100,000,000 and an effective interest rate of 6.17% per annum. The interest is paid annually in arrears and the maturity date is 23 December 2017.

On 25 April 2012, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,500,000,000 and an effective interest rate of 5.74% per annum. The interest is paid annually in arrears and the maturity date is 25 April 2017.

On 20 November 2015, Forte issued five-year domestic corporate bonds with a par value of RMB4,000,000,000 and an effective interest rate of 4.39% per annum. The interest is paid annually in arrears and the maturity date is 20 November 2020.

On 17 December 2015, Eynsford Tokutei Mokuteki Kaisha, an indirect subsidiary of Fosun Property Holdings Limited, issued five-year corporate bonds with a par value of JPY1,000,000,000 and an interest rate of 3 month Tokyo Interbank Offered Rate plus 5.30% per annum. The interest will be paid quarterly in arrears since April 2016. The principal amount of the corporate bonds will be repaid by instalments and the final maturity date is 17 December 2020.

On 21 January 2016, Fosun Group issued five-year domestic corporate bonds with a par value of RMB4,000,000,000 and an effective interest rate of 3.89% per annum. The interest is paid annually in arrears and the maturity date is 21 January 2021.

On 4 March 2016, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB3,000,000,000 and an effective interest rate of 3.46% per annum. The interest is paid annually in arrears and the maturity date is 4 March 2021.

On 21 March 2016, Forte issued three-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 3.76% per annum. The interest is paid annually in arrears and the maturity date is 21 March 2019.

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

Notes: *(continued)*

(2) Corporate bonds and enterprise bonds *(continued)*

On 14 April 2016, Fosun Group issued five-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 3.81% per annum. The interest is paid annually in arrears and the maturity date is 14 April 2021.

On 26 May 2016, Fosun Group issued five-year domestic corporate bonds with a par value of RMB4,400,000,000 and an effective interest rate of 3.87% per annum. The interest is paid annually in arrears and the maturity date is 26 May 2021.

On 30 August 2016, Hainan Mining issued five-year domestic corporate bonds with a par value of RMB106,000,000 and an effective interest rate of 5.65% per annum. The interest is paid annually in arrears and the maturity date is 30 August 2021.

(3) Private placement note

On 3 April 2015, Fosun Group issued three-year private placement notes with a par value of RMB1,000,000,000 and the effective interest rate is 5.82% per annum. The interest is paid annually in arrears and the maturity date is 3 April 2018.

On 18 November 2016, Fosun Group issued three-year private placement notes with a par value of RMB1,000,000,000 and the effective interest rate is 3.91% per annum. The interest is paid annually in arrears and the maturity date which is 18 November 2019.

(4) Private placement bond

On 24 August 2016, Forte issued three-year private placement bonds with a par value of RMB3,000,000,000 and the effective interest rate is 4.56% per annum. The interest is paid annually in arrears and the maturity date which is 24 August 2019.

(5) Senior notes

On 30 January 2013, Sparkle Assets Limited, a direct subsidiary of Fosun Industrial Holdings Limited, issued seven-year senior notes with a par value of USD400,000,000 and an effective interest rate of 7.19% per annum. The interest will be paid semi-annually in arrears.

In 2015, eight-year senior notes with a par value of EUR642,000,000 and an effective interest rate of 3.31% per annum issued by Xingtao Assets Limited, a direct subsidiary of Fosun Industrial Holdings Limited, were purchased by third party investors. The interest will be paid annually in arrears and the maturity date is 9 October 2022.

On 17 August 2016, Wealth Driven Limited, a subsidiary of Fosun Industrial Holdings Limited, issued three tranches of seven-year senior notes with the par values of USD180,000,000, USD120,000,000 and USD290,000,000 and the effective interest rates of 5.603%, 5.599% and 5.41%, respectively. The interest is paid annually in arrears and the maturity date which is 17 August 2023.

40. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*Notes: *(continued)***(6) Medium-term notes**

On 24 October 2014, Fosun Group issued three-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 5.26% per annum. The interest is paid annually in arrears and the maturity date is 24 October 2017.

On 5 March 2015, Fosun Group issued three-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 5.21% per annum. The interest is paid annually in arrears and the maturity date is 5 March 2018.

On 10 September 2015, Fosun Pharma issued three-year medium-term notes with a par value of RMB400,000,000 and an effective interest rate of 4.05% per annum. The interest is paid annually in arrears and the maturity date is 10 September 2018.

(7) Super short-term commercial papers

On 18 August 2016, Fosun Pharma issued the first tranche of super short-term commercial papers with a maturity of six months in an aggregate amount of RMB500,000,000, which bear interest at 2.66% per annum. The principal and interest are paid in lump sum on maturity and the maturity date is 15 May 2017.

On 24 October 2016, Fosun Group issued super short-term commercial paper with a par value of RMB1,500,000,000 and an effective interest rate of 3.21% per annum. The interest is payable at the maturity date which is 21 July 2017.

(8) Other borrowings

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 1.13% to 8.5% (31 December 2015: 0.65% to 8.7%) per annum.

41. CONVERTIBLE BONDS

Logo Star Limited (the “Issuer”), an indirect wholly-owned subsidiary of the Company, issued convertible bonds in a principal amount of HKD3,875,000,000 (equivalent to RMB3,068,225,000) on 22 November 2013 guaranteed by the Company and certain of its subsidiaries (the “Convertible Bonds”). The Convertible Bonds are convertible into fully-paid ordinary shares of a par value of HKD0.10 each of the Company. The Convertible Bonds bear interest at the rate of 1.5% per annum payable semi-annually in arrears on 22 May and 22 November in each year. The Convertible Bonds will mature on 22 November 2018 (“Maturity Date”).

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders’ equity.

As at 31 December 2016, there are 36,900,000 convertible bonds with the principal amount of HKD369,000,000 still outstanding and the movement of the liability component is as followings:

	2016 RMB'000	2015 RMB'000
Liabilities component at the beginning of year	268,983	2,485,546
Interest expense	24,420	89,457
Interest paid	(17,627)	(18,348)
Conversion into equity	—	(2,307,207)
Exchange realignment	31,954	19,535
Liability component at 31 December	307,730	268,983

The effective interest rate of the liability component is 8.93% per annum.

42. LOANS FROM RELATED COMPANIES

	2016 RMB'000	2015 RMB'000
Loans from a joint venture	—	193,000
Repayable:		
Within one year	—	193,000

43. TRADE AND NOTES PAYABLES

	2016 RMB'000	2015 RMB'000 (Restated)
Trade payables	9,348,109	10,470,642
Notes payable	221,830	142,474
	9,569,939	10,613,116

43. TRADE AND NOTES PAYABLES (Continued)

An ageing analysis of the trade payables as at the end of the reporting period is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Outstanding balances with ages:		
Within 90 days	2,196,510	3,867,475
91 to 180 days	1,319,954	1,821,188
181 to 365 days	2,134,960	2,247,450
1 to 2 years	2,070,265	606,355
2 to 3 years	288,259	703,743
Over 3 years	1,338,161	1,224,431
	9,348,109	10,470,642

Trade and notes payables of the Group mainly arose from the resources segment, health segment and property development and sales segment. The trade and notes payables are non-interest-bearing and the credit terms granted by the Group's suppliers are as follows:

	Credit terms
Resources segment	0 to 90 days
Health segment	0 to 360 days
Property development and sales segment	180 to 360 days

44. ACCRUED LIABILITIES AND OTHER PAYABLES

	2016 RMB'000	2015 RMB'000 (Restated)
Advances from customers	18,614,929	8,968,936
Payables related to:		
Purchases of property, plant and equipment	187,607	71,185
Deposits received	920,439	748,980
Payroll	1,486,440	1,838,582
Business tax	—	411,647
Accrued interest expenses	1,147,700	826,125
Value-added tax	312,110	84,020
Accrued utilities	145,444	182,206
Acquisition of subsidiaries	230,337	54,722
Acquisition of additional interests in subsidiaries	—	13,000
Liability of financial guarantee contract (note 62)	70,178	—
Current portion of other long term payables (note 54)	10,746	63,980
Funding from third parties for business development	4,151,069	5,558,165
Other accrued expense	2,795,640	2,170,833
Others	3,638,318	3,457,874
	33,710,957	24,450,255

45. FINANCE LEASE PAYABLES

Total future minimum lease payments under finance leases and their present values are as follows:

	2016 RMB'000	2015 RMB'000
Repayable:		
Within one year	53,072	51,012
In the second year	71,591	37,450
In the third to fifth years, inclusive	137,293	93,429
Total minimum finance lease payments	261,956	181,891
Less: Future finance charges	(16,046)	(15,396)
	245,910	166,495
Portion classified as current finance lease payables	(48,686)	(46,161)
Non-current portion	197,224	120,334

46. DEPOSITS FROM CUSTOMERS

	2016 RMB'000	2015 RMB'000
Demand deposits		
– Corporate deposits	15,355,680	1,300,688
– Personal deposits	2,740,496	—
	18,096,176	1,300,688
Time deposits		
– Corporate deposits	382,285	—
– Personal deposits	101,784	—
	484,069	—
Total deposits from customers at amortised cost	18,580,245	1,300,688
Portion classified as current liabilities	(18,511,530)	(1,300,688)
Non-current portion	68,715	—

Deposits from customers which are related parties are disclosed in note 63 to the financial statements.

47. UNEARNED PREMIUM PROVISIONS

	Notes	31 December 2016			31 December 2015		
		Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000
Life insurance	(i)	15,272	(998)	14,274	16,619	(869)	15,750
Non-life insurance	(ii)	5,178,746	(599,838)	4,578,908	12,865,360	(2,818,543)	10,046,817
		5,194,018	(600,836)	4,593,182	12,881,979	(2,819,412)	10,062,567

Notes:

(i) Analysis of movements in the unearned premium provisions for the life insurance business:

	31 December 2016			31 December 2015		
	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000
At 1 January	16,619	(869)	15,750	11,301	(907)	10,394
Premiums written during the year	2,690,356	(102,883)	2,587,473	2,530,029	(683,216)	1,846,813
Premiums earned during the year	(2,692,342)	102,779	(2,589,563)	(2,524,370)	683,211	(1,841,159)
Exchange realignment	639	(25)	614	(341)	43	(298)
At 31 December	15,272	(998)	14,274	16,619	(869)	15,750

(ii) Analysis of movements in the unearned premium provisions for the non-life insurance business:

	31 December 2016			31 December 2015		
	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000
At 1 January	12,865,360	(2,818,543)	10,046,817	2,848,926	(227,877)	2,621,049
Acquisition of subsidiaries	—	—	—	9,810,566	(2,481,230)	7,329,336
Premiums written during the year	33,114,343	(7,456,493)	25,657,850	15,316,797	(1,929,343)	13,387,454
Premiums earned during the year	(33,056,975)	6,972,504	(26,084,471)	(15,040,297)	1,849,276	(13,191,021)
Exchange realignment	953,733	(153,692)	800,041	(70,632)	(29,369)	(100,001)
Included in liabilities directly associated with the assets classified as held for sale (note 39)	(8,697,715)	2,856,386	(5,841,329)	—	—	—
At 31 December	5,178,746	(599,838)	4,578,908	12,865,360	(2,818,543)	10,046,817

48. PROVISION FOR OUTSTANDING CLAIMS

	Notes	31 December 2016			31 December 2015		
		Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000
Life insurance	(i)	1,612,183	(73,357)	1,538,826	1,364,432	(79,182)	1,285,250
Non-life insurance	(ii)	25,670,855	(5,089,593)	20,581,262	45,644,916	(9,932,876)	35,712,040
Portion classified as current liabilities		27,283,038 (10,518,108)	(5,162,950)	22,120,088	47,009,348 (14,461,347)	(10,012,058)	36,997,290
Non-current portion		16,764,930			32,548,001		

Notes:

- (i) Analysis of movements in the provision for outstanding claims for the life insurance business:

	31 December 2016			31 December 2015		
	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000
At 1 January	1,364,432	(79,182)	1,285,250	923,124	(65,592)	857,532
Claims paid during the year	(1,969,939)	71,564	(1,898,375)	(1,966,823)	45,679	(1,921,144)
Claims incurred during the year	2,164,667	(63,394)	2,101,273	2,433,740	(61,922)	2,371,818
Exchange realignment	53,023	(2,345)	50,678	(25,609)	2,653	(22,956)
At 31 December	1,612,183	(73,357)	1,538,826	1,364,432	(79,182)	1,285,250

- (ii) Analysis of movements in the provision for outstanding claims for the non-life insurance business:

	31 December 2016			31 December 2015		
	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000	Gross RMB'000	Reinsurers' share RMB'000	Net RMB'000
At 1 January	45,644,916	(9,932,876)	35,712,040	13,234,269	(731,860)	12,502,409
Acquisition of subsidiaries	—	—	—	31,570,756	(8,458,092)	23,112,664
Claims paid during the year	(17,885,232)	3,155,302	(14,729,930)	(10,769,140)	2,899,746	(7,869,394)
Claims incurred during the year	20,980,140	(4,486,579)	16,493,561	11,252,016	(3,389,286)	7,862,730
Exchange realignment	2,599,624	(3,297,456)	(697,832)	357,015	(253,384)	103,631
Included in liabilities directly associated with the assets classified as held for sale (note 39)	(25,668,593)	9,472,016	(16,196,577)	—	—	—
At 31 December	25,670,855	(5,089,593)	20,581,262	45,644,916	(9,932,876)	35,712,040

49. FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

	Notes	2016 RMB'000	2015 RMB'000
Financial liabilities for unit-linked contracts	(i)	3,748,246	4,065,916
Investment contract liabilities	(ii)	56,848,461	53,232,403
Commissions on the issue of financial products		(95,966)	(87,193)
Portion classified as current liabilities		60,500,741 (1,619,530)	57,211,126 (5,192,088)
Non-current portion		58,881,211	52,019,038

Notes:

(i) Unit-linked contracts

	2016 RMB'000	2015 RMB'000
At 1 January	4,065,916	5,305,884
Issues	265,434	25,552
Redemptions	(704,031)	(1,037,437)
Profit or loss	(1,622)	55,299
Other	(806)	(335)
Exchange realignment	123,355	(283,047)
At 31 December	3,748,246	4,065,916

(ii) Other investment contract liabilities

	2016 RMB'000	2015 RMB'000
At 1 January	53,232,403	52,044,306
Issues	15,275,050	17,219,813
Redemptions	(14,304,527)	(14,908,197)
Profit or loss	1,091,803	1,294,774
Other	(24,122)	(2,538)
Exchange realignment	1,577,854	(2,415,755)
At 31 December	56,848,461	53,232,403

50. OTHER LIFE INSURANCE CONTRACT LIABILITIES

31 December 2016

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	12,138,017	—	12,138,017
Provision for profit sharing	502,061	2	502,063
Provision for interest rate commitments	51,332	—	51,332
Provision for portfolio stabilisation	158,929	—	158,929
	12,850,339	2	12,850,341
Portion classified as current liabilities			(1,429,933)
Non-current portion			11,420,408

31 December 2015

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	12,026,825	—	12,026,825
Provision for profit sharing	487,892	13	487,905
Provision for interest rate commitments	39,921	—	39,921
Provision for portfolio stabilisation	179,311	—	179,311
	12,733,949	13	12,733,962
Portion classified as current liabilities			(1,359,147)
Non-current portion			11,374,815

50. OTHER LIFE INSURANCE CONTRACT LIABILITIES (Continued)**31 December 2016**

Analysis of movements of other life insurance contract liabilities business:

	Mathematical provision for life insurance RMB'000	Provision for profit sharing RMB'000	Provision for interest rate commitments RMB'000	Provision for portfolio stabilisation RMB'000	Total RMB'000
At 1 January	12,026,825	487,892	39,921	179,311	12,733,949
Liabilities originated in period and interest attributed	(339,432)	70,699	10,269	(25,852)	(284,316)
Amount attributable to insured from shareholders' equity	—	17,280	—	—	17,280
Change in deferred acquisition costs	(453)	—	—	—	(453)
Other movements	24,936	—	—	—	24,936
Income distributed	66,282	(88,373)	—	—	(22,091)
Exchange realignment	359,859	14,563	1,142	5,470	381,034
At 31 December	12,138,017	502,061	51,332	158,929	12,850,339

31 December 2015

Analysis of movements of other life insurance contract liabilities business:

	Mathematical provision for life insurance RMB'000	Provision for profit sharing RMB'000	Provision for interest rate commitments RMB'000	Provision for portfolio stabilisation RMB'000	Total RMB'000
At 1 January	12,738,942	813,621	55,580	182,678	13,790,821
Liabilities originated in period and interest attributed	(170,307)	286,702	(12,621)	5,316	109,090
Amount attributable to insured from shareholders' equity	—	(472,029)	—	—	(472,029)
Change in deferred acquisition costs	71	—	—	—	71
Other movements	2,888	—	—	—	2,888
Income distributed	73,628	(91,424)	—	—	(17,796)
Exchange realignment	(618,397)	(48,978)	(3,038)	(8,683)	(679,096)
At 31 December	12,026,825	487,892	39,921	179,311	12,733,949

51. INSURANCE AND REINSURANCE CREDITORS

	2016 RMB'000	2015 RMB'000
Amounts due to insurance customers and suppliers	521,994	2,116,415
Amounts due to insurance intermediaries	764,120	641,087
Deposits retained from reinsurers/retrocessionaires	1,853,249	899,881
Prepaid premiums received	145,673	149,694
Other	—	50,631
	3,285,036	3,857,708
Portion classified as current liabilities	(3,109,676)	(3,740,375)
Non-current portion	175,360	117,333

The following is an ageing analysis of the amounts due to insurance customers and suppliers:

	2016 RMB'000	2015 RMB'000
Amounts due to insurance customers and suppliers:		
Within 90 days	2,417,232	3,047,760
91 to 180 days	308,022	272,363
181 to 365 days	79,976	133,211
1 to 2 years	268,545	119,934
2 to 3 years	16,388	32,619
Over 3 years	194,873	251,821
	3,285,036	3,857,708

52. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2016 RMB'000	2015 RMB'000
Due to European Central Bank	426,987	—
Due to:		
Banks in Germany	470,254	—
Banks in other European countries	245,030	—
Banks in other countries and regions	397	—
	715,681	—
Total	1,142,668	—
Portion classified as current liabilities	(715,681)	—
Non-current portion	426,987	—

53. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2016 RMB'000	2015 RMB'000
Special purpose fund for technology improvement	436,174	224,862
Government grants for property development and fixed asset construction	1,078,249	794,246
	1,514,423	1,019,108

54. OTHER LONG TERM PAYABLES

	Notes	2016 RMB'000	2015 RMB'000
Payables for rehabilitation	(i)	245,015	128,035
Payables for employee benefits	(ii)	642,808	553,252
Payables for restructuring provisions		75,447	310,732
Payables for acquisition of additional interests in subsidiaries		167,420	303,708
Loans from non-controlling shareholders of subsidiaries		1,974,034	2,060,768
Others		1,055,318	729,890
		4,160,042	4,086,385

Notes:

- (i) The movements of payables for rehabilitation are set out below:

	2016 RMB'000	2015 RMB'000
At 1 January	128,035	200,378
Additions	105,415	23,784
Disposal of subsidiaries	—	(72,273)
Payment made	(790)	(1,549)
Classified as current portion (note 44)	—	(31,434)
Exchange realignment	12,355	9,129
At 31 December	245,015	128,035

Payables for rehabilitation are in relation to the costs of the Group's obligations for land reclamation.

54. OTHER LONG TERM PAYABLES (Continued)

(ii) The movements of payables for employee benefits are set out below:

	2016 RMB'000	2015 RMB'000
At 1 January	553,252	353,241
Additions	105,246	31,824
Acquisition of subsidiaries	154,546	237,661
Interest increment (note 7)	35,920	10,219
Payments made	(202,464)	(55,885)
Classified as current portion (note 44)	(10,746)	(32,546)
Exchange realignment	7,054	8,738
At 31 December	642,808	553,252

Payables for employee benefits are based on estimates of future payments made by management and are discounted at rates in the range of 1% to 5.4% (2015: 1% to 7.83%).

55. SHARE CAPITAL**Shares**

	2016 RMB'000	2015 RMB'000
Issued and fully paid: 8,603,280,644 (2015: 8,609,881,144) ordinary shares	36,157,089	36,046,143

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 2015	6,922,478,871	16,281,011
Share award scheme	4,620,000	—
Placing of shares	465,000,000	7,288,395
Rights issue of new shares	867,182,273	9,537,094
Share issue expenses	—	(20,061)
Conversion of convertible bonds to ordinary shares	350,600,000	2,959,704
At 31 December 2015 and 1 January 2016	8,609,881,144	36,046,143
Share award scheme (Note)	5,150,000	113,548
Share issue expenses	—	(2,602)
Re-purchase of shares	(11,750,500)	—
At 31 December 2016	8,603,280,644	36,157,089

Note:

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

56. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Other deficits

The opening balance of other deficits as at 1 January 2009 represented the acquisition of the entire equity interest in Fosun Group pursuant to the reorganisation of the Group prior to the listing of its shares on the Hong Kong Stock Exchange, after netting off the paid-up capital and capital reserve (arising from the bonus share issue of its subsidiaries) of Fosun Group.

(b) Statutory surplus reserve (the "SSR")

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries established in Mainland China (the "PRC Subsidiaries"), each PRC Subsidiary is required to allocate 10% of its profit after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the SSR until this reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR can be capitalised as paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

In accordance with the Company Law of Portugal, a percentage of not less than 10% or 5% of each year's net profit, depending on whether a company is an insurance or other company, must be transferred to the legal reserve, until it totals the amount of share capital or up to 20% of the capital, respectively. The legal reserve may not be distributed, but only be used to increase share capital or offset accumulated losses.

57. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2016	2015
Percentage of equity interest held by non-controlling interests:		
Fosun Pharma	61.17%	60.22%
Portuguese Insurance Group	15.01%	15.01%

Fidelidade - Companhia de Seguros, S.A., Multicare - Seguros de Saúde, S.A. and Fidelidade Assistência - Companhia de Seguros, S.A. are collectively referred to as "Portuguese Insurance Group".

57. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

	2016 RMB'000	2015 RMB'000
Profit for the year allocated to non-controlling interests:		
Fosun Pharma	1,716,331	1,480,238
Portuguese Insurance Group	300,559	302,164
Dividends paid to non-controlling interests:		
Fosun Pharma	444,999	389,345
Accumulated balances of non-controlling interests at the reporting dates:		
Fosun Pharma	14,031,539	11,370,517
Portuguese Insurance Group	1,895,866	1,650,857

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2016	Portuguese Insurance Group RMB'000	Fosun Pharma RMB'000
Revenue	10,420,360	14,505,584
Total expenses	(8,584,313)	(11,284,242)
Profit for the year	1,836,047	3,221,342
Total comprehensive income for the year	1,681,553	3,149,202
Current assets	28,366,258	10,764,307
Non-current assets	86,803,465	32,946,593
Current liabilities	(15,927,225)	(10,108,553)
Non-current liabilities	(83,038,015)	(8,408,908)
Net cash flows (used in)/from operating activities	(450,914)	2,110,039
Net cash flows used in investing activities	(9,211,822)	(2,447,096)
Net cash flows from financing activities	1,553,231	1,446,030

57. 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: *(Continued)*

	Portuguese Insurance Group RMB'000	Fosun Pharma RMB'000
2015		
Revenue	8,980,914	12,502,163
Total expenses	(7,020,441)	(9,631,502)
Profit for the year	1,960,473	2,870,661
Total comprehensive (loss)/income for the year	(53,870)	2,677,414
Current assets	34,001,618	8,325,378
Non-current assets	73,747,974	29,819,462
Current liabilities	(18,252,989)	(10,939,200)
Non-current liabilities	(75,030,414)	(6,592,878)
Net cash flows from operating activities	135,892	1,621,028
Net cash flows from/(used in) investing activities	7,981,238	(1,869,910)
Net cash flows from financing activities	3,964,580	550,715

58. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(i) Acquisition of subsidiaries accounted for as business combination not under common control

The major acquisition of subsidiaries accounted for as business combination not under common control is set out as follows:

In January 2016, Luz Saúde, S.A. an indirectly owned subsidiary of the Company, completed the operation related with the acquisition of the business of Hospital da Luz - Guimarães, S.A. at a consideration of EUR25,202,000 (equivalent to RMB180,162,000). The acquisition was undertaken to further develop the health business of the Group.

In March 2016, the Group through its indirectly owned subsidiaries acquired Thomas More Square Holding at a consideration of EUR130,429,000 (equivalent to RMB957,573,000). The major assets of Thomas More Square Holding are investment properties located in London, the United Kingdom.

In July 2016, Prestige Century Holdings Limited, an indirectly owned subsidiary of the Company, completed the acquisition of 100% equity interest in W.W. (1990) Limited at a consideration of GBP42,500,000 (equivalent to RMB371,930,000). The principal activity of W.W. (1990) Limited is the management and operation of a football team in England.

In July 2016, the Group, through its indirectly owned subsidiaries, acquired GK Moana and GK Praia at a consideration of EUR159,652,000 (equivalent to RMB1,172,121,000). The major assets of GK Moana and GK Praia are investment properties located in Tokyo, Japan.

58. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination not under common control *(Continued)*

The major acquisition of subsidiaries accounted for as business combination not under common control is set out as follows:
(continued)

In September 2016, Zhejiang Fosun Yi Cosmetic Co., Ltd., an indirectly owned subsidiary of the Company, completed the acquisition of 100% equity interest in AHAVA Dead Sea Laboratories LTD. at a consideration of USD80,791,000 (equivalent to RMB539,505,000). The acquisition was undertaken to further develop the health business of the Group.

In September 2016, Bridge Fortune Investment S.à r.l., an indirectly owned subsidiary of the Company, completed the acquisition of 99.91% equity interest in Hauck & Aufhäuser at a consideration of EUR209,811,000 (equivalent to RMB1,571,068,000). The acquisition was undertaken to further develop the wealth management and innovative finance business of the Group.

In October 2016, Forte acquired the remaining 50% equity interest in Wuxi Forte Real Estate Development Co., Ltd. ("Wuxi Forte") at a consideration of RMB83,400,000. Before the acquisition, Forte Investment held 50% equity interest in Wuxi Forte, which was accounted for as a joint venture. The major assets of Wuxi Forte are properties under development and completed properties for sale located in Wuxi, the PRC.

In November 2016, Shanghai Fosun Hospital Investment (Group) Co., Ltd. ("Hospital Investment"), a subsidiary of Fosun Pharma, acquired 52% equity interest in Jinan Qilu Medical Laboratory Co., Ltd. ("Qilu Medical") at a consideration of RMB80,721,000 and obtained control of the operating and financial policies of Qilu Medical. The acquisition was undertaken to further develop the health business of the Group.

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

58. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)***(a) Acquisition of subsidiaries** *(Continued)***(i) Acquisition of subsidiaries accounted for as business combination not under common control***(Continued)*

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows:

	2016 Provisional fair value recognised on acquisition RMB'000
Property, plant and equipment (note 13)	712,539
Available-for-sale investments	11,383,009
Intangible assets (note 19)	280,753
Investment properties (note 14)	6,209,178
Deferred tax assets (note 27)	216,424
Cash and cash equivalents	1,991,197
Required reserve deposits	2,673,150
Investments at fair value through profit or loss	58,772
Trade and notes receivables	171,137
Prepayments, deposits and other receivables	3,147,820
Inventories	67,377
Completed properties for sale	47,386
Properties under development	82,441
Placements with and loans to banks and other financial institutions	105,896
Loans and advances to customers	3,487,941
Derivative financial instruments	627,498
Finance lease receivables	1,218,275
Subtotal carried forward	32,480,793

58. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)***(a) Acquisition of subsidiaries** *(Continued)***(i) Acquisition of subsidiaries accounted for as business combination not under common control**
(Continued)

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows: *(Continued)*

	2016 Fair value recognised on acquisition RMB'000
Subtotal brought forward	32,480,793
Interest-bearing bank and other borrowings	(5,108,490)
Trade and notes payables	(427,663)
Accrued liabilities and other payables	(776,046)
Tax payable	(60,515)
Deposits from customers	(16,817,121)
Derivative financials instruments	(1,178,835)
Deferred income	(52,614)
Other long term payables	(557,906)
Deferred tax liabilities (note 27)	(239,748)
Due to banks and other financial institutions	(1,422,416)
Placements from banks and other financial institutions	(763,919)
Total identifiable net assets at provisional fair value*	5,075,520
Non-controlling interests	(129,807)
Total net assets acquired	4,945,713
Gain on bargain purchase of subsidiaries (note 6)	(279,589)
Goodwill on acquisition (note 20)	926,826
	5,592,950
Satisfied by:	
Cash consideration paid	4,951,376
Investment in an associate	239,532
Investment in a joint venture	162,302
Cash consideration unpaid	239,740
	5,592,950

58. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination not under common control *(Continued)*

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows: *(Continued)*

- * The assessment of the fair value of the identifiable assets and liabilities of W.W. (1990) Limited, AHAVA Dead Sea Laboratories LTD. and Hauck & Aufhäuser is still undergoing and the information of the fair values of the identifiable assets and liabilities was provisional at the date of the approval of this consolidated financial statements. The finalised information will be disclosed in the consolidated financial statements of the Group for the year ended 31 December 2017.

The fair values of the trade receivables and prepayments, deposits and other receivables as at the dates of acquisition amounted to RMB171,137,000 and RMB3,147,820,000, respectively. The gross contractual amounts of trade receivables and prepayments, deposits and other receivables were RMB171,137,000 and RMB3,147,820,000, respectively.

The Group incurred transaction cost of RMB107,891,000 for these acquisitions. These transaction cost have been expensed and are included in other expenses or administrative expenses in the consolidated statement of profit or loss.

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

Since the acquisition, the acquired subsidiaries contributed RMB547,254,000 to the Group's turnover and net profit of RMB26,362,000 to the consolidated profit for the year ended 31 December 2016.

Had the combinations taken place at the beginning of the year, the revenue of the Group and the net profit of the Group for the year ended 31 December 2016 would have been RMB75,454,565,000 and RMB12,845,401,000, respectively.

58. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)***(a) Acquisition of subsidiaries** *(Continued)***(ii) Acquisition of subsidiaries not accounted for as business combination**

The major acquisition of subsidiaries not accounted for as business combination is set out as follows:

During the year, Paulton Global Limited, an indirectly owned subsidiary of the Company, acquired a 100% equity interest in Coastline International Limited ("Coastline") at a consideration of HKD990,000,000, equivalent to RMB852,361,000. The major asset of Coastline is a piece of land located in Hong Kong.

The above acquisition has been accounted for as acquisition of assets in the Group's consolidated financial statements. The purchase cost of the Group is allocated to the assets and liabilities, respectively, on the basis of their relative fair values at the date of purchase.

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase is as follows:

	Allocation of purchase cost RMB'000
Cash and cash equivalents	1,169
Prepayments, deposits and other receivables	175
Properties under development	863,801
Tax payable	(8,314)
Accrued liabilities and other payables	(4,470)
Total purchase costs	852,361
Satisfied by:	
Cash consideration paid	852,361

58. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)***(a) Acquisition of subsidiaries** *(Continued)*

- (iii) An analysis of the cash flows in respect of the acquisition of subsidiaries as set out in (i) and (ii) above is as follows:

	RMB'000
Consideration settled by cash	(5,803,737)
Cash and cash equivalents acquired	1,992,366
	(3,811,371)
Cash consideration already paid in the prior year	35,000
Payment of unpaid cash consideration as at 31 December 2015	(54,722)
	(19,722)
Net outflow of cash and cash equivalents	
included in cash flows from investing activities	(3,831,093)
Transaction costs of these acquisitions included in cash flows from operating activities	(107,891)
	(3,938,984)

(iv) Acquisition of subsidiaries accounted for as business combination under common control

Details of acquisition of subsidiaries accounted for as business combination under common control are set out in note 2.4.1.

(b) Disposal of subsidiaries

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

In April 2016, Shanghai Xinghong Investment Holding Limited ("Shanghai Xinghong"), an indirect wholly-owned subsidiary of the Company, disposed of 51% equity interest in Hefei Xinghong Industrial Co., Ltd. ("Hefei Xinghong") for a consideration of RMB153,000,000. Subsequent to the disposal, Shanghai Xinghong's equity interest in Hefei Xinghong decreased to 49% and Shanghai Xinghong lost the control over the board of directors as well as the operating and financial policies decision of Hefei Xinghong but can exercise significant influence over Hefei Xinghong. The remaining 49% equity interest in Hefei Xinghong was accounted for as an investment in a joint venture.

In December 2016, Zhejiang Fosun Commerce Development Limited ("Zhejiang Fosun"), an indirect wholly-owned subsidiary of the Company, disposed of 50% equity interest in Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited ("BFC") for a consideration of RMB5,330,000,000. Subsequent to the disposal, Zhejiang Fosun's equity interest in BFC decreased to 50% and Zhejiang Fosun lost the control over the board of directors as well as the operating and financial policies decision of BFC but can exercise jointly control over BFC. The remaining 50% equity interest in BFC was accounted for as an investment in a joint venture.

58. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)**(b) Disposal of subsidiaries** (Continued)

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

	2016 RMB'000	2015 RMB'000
Net assets disposed of:		
Property, plant and equipment (note 13)	8,105	24,083,379
Prepaid land lease payments	—	1,017,937
Mining rights	—	91,907
Oil and gas assets	—	158,789
Intangible assets (note 19)	343	75,876
Goodwill	—	20,152
Investments in joint ventures	—	106,183
Investments in associates	—	222,210
Available-for-sale investments	—	1,200,299
Deferred tax assets (note 27)	—	1,930,620
Properties under development	2,915,012	90,382
Investment properties (note 14)	18,572,407	—
Cash and bank	505,261	5,265,924
Investments at fair value through profit or loss	—	1,736,154
Trade and notes receivables	37,620	4,138,958
Prepayments, deposits and other receivables	3,750,692	4,220,147
Due from related parties	—	212,361
Inventories	19,270	2,918,257
Interest-bearing bank and other borrowings	(4,226,840)	(15,892,571)
Trade and notes payables	(403,973)	(10,880,809)
Due to related companies	(452,228)	(55)
Accrued liabilities and other payables	(8,473,642)	(5,702,617)
Tax payable	(2,872)	(203,574)
Finance lease payables	—	(117)
Deferred income	—	(5,610)
Other long term payables	—	(224,541)
Deferred tax liabilities (note 27)	(1,278,657)	(958,346)
Non-controlling interests	—	(5,620,224)
	10,970,498	8,001,071
Fair value of the retained interests in subsidiaries disposed of	(6,037,056)	(7,342,710)
Net gain on disposal of subsidiaries (notes 6)	559,558	7,180,957
	5,493,000	7,839,318

58. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)**(b) Disposal of subsidiaries** (Continued)

An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	2016 RMB'000	2015 RMB'000
Satisfied by:		
Cash	4,163,000	7,826,596
Other receivables (note 26)	1,330,000	12,722
	5,493,000	7,839,318
Cash consideration	4,163,000	7,826,596
Cash and cash equivalents disposed of	(505,261)	(1,588,138)
Receipt of unreceived cash consideration for disposal as at 31 December 2015	12,722	—
Advance receipt of cash consideration in previous years	—	(124,310)
Net inflow of cash and cash equivalents included in cash flows from investing activities	3,670,461	6,114,148

59. SHARE-BASED PAYMENTS**(a) Share award scheme of the Company**

The Company adopts a share award scheme ("Share Award Scheme") for the purpose to align the interests of the eligible persons with those of the Group through ownership of shares, dividends and other distributions paid on shares and/or the increase in value of the shares; and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

Share Award Scheme I

On 26 March 2015, the Board of Directors of the Company has resolved to award an aggregate of 4,620,000 award shares ("Award Shares 2015") to 71 selected participants under the share award scheme ("Share Award Scheme I"), of which (i) 2,430,000 award shares are awarded to 52 selected participants by way of issue and allotment of new shares pursuant to the general mandate ; and (ii) 2,190,000 award shares are awarded to 19 connected selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 28 May 2015.

Award Shares 2015 shall be locked up immediately upon granting. The Award Shares 2015 granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2015 held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2015 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2015 granted amounted to approximately HKD60,274,000. The Group has recognised an amount of HKD 28,249,000 (equivalent to RMB24,214,000) as expenses for the year ended 31 December 2016 (2015: equivalent to RMB21,831,000).

59. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

Share Award Scheme II

On 1 April 2016, the Board of Directors of the Company has resolved to award an aggregate of 5,410,000 award shares ("Award Shares 2016") to 69 selected participants under the share award scheme ("Share Award Scheme II"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 1 June 2016.

Award Shares 2016 shall be locked up immediately upon granting. The Award Shares 2016 granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2016 held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2016 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2016 granted amounted to approximately HKD52,048,000. The Group has recognised an amount of HKD21,843,000 (equivalent to RMB18,722,000) as expenses for the year ended 31 December 2016.

(b) Share option scheme of the Company

The Company adopts a share option scheme ("Share Option Scheme") for the purpose of providing incentive and/or reward to eligible persons for their contribution to the Group, and continuing efforts to promote the interests of the Group.

On 8 January 2016, the Company has granted 111,000,000 options ("Options") to subscribe for an aggregate of 111,000,000 ordinary shares in the Company under its Share Option Scheme.

The Options are exercisable by each grantee in three tranches as set out below:

- i. up to the first 20% of the Options, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period");
- ii. up to a further 30% of the Options, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period; and
- iii. in respect of the remaining 50% of the Options, which, for the avoidance of doubt, comprise those Options which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD315,876,000. The Group has recognised an amount of HKD50,260,000 (equivalent to RMB43,081,000) as expenses for the year ended 31 December 2016.

(c) Restricted A share Incentive Scheme by Fosun Pharma

Fosun Pharma adopts a share incentive scheme (the "Restricted A Share Incentive Scheme") for the purpose of further refining the corporate governance structure of Fosun Pharma, facilitating the establishment of the restricted incentive mechanism, fully motivating the directors and key personnel of Fosun Pharma, as well as balancing the interests of the shareholders, Fosun Pharma and the management for the long-term development of Fosun Pharma.

59. SHARE-BASED PAYMENTS *(Continued)*

(c) Restricted A share Incentive Scheme by Fosun Pharma *(Continued)*

Restricted A Share Incentive Scheme I

On 7 January 2014 (the “Date of Grant”), pursuant to the Restricted A Share Incentive Scheme I, 4,035,000 A shares of Fosun Pharma were granted to 28 eligible participants of the Restricted A Share Incentive Scheme (the “Share Incentive Participants”) at a grant price of RMB6.08 per share. The Share Incentive Participants include executive directors and the members of senior management of Fosun Pharma and core technical and management personnel.

27 out of 28 of the share incentive participants have accepted and subscribed with their own funds under the Restricted A Share Incentive Scheme and a total of 3,935,000 restricted A Shares (“Restricted Shares”) have been issued by Fosun Pharma to the relevant share incentive participants.

The Restricted A Share Incentive Scheme shall be valid for a term of four years, commencing from the Date of Grant of the Restricted Shares and ending on the date on which all the Restricted Shares granted have been unlocked or otherwise repurchased and cancelled.

Restricted Shares shall be locked up immediately upon granting. The Restricted Shares granted to Share Incentive Participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the Date of Grant. Restricted Shares held by Share Incentive Participants shall be unlocked (or repurchased and cancelled by Fosun Pharma) in three tranches in the proportion of 33%, 33% and 34% of the total number of the Restricted Shares granted upon the expiry of each lock-up period.

The aggregate fair value of the Restricted Shares granted amounted to approximately RMB70,555,000, of which RMB46,630,000 will be charged to profit or loss and the capital reserve as costs of share-based compensation in aggregate from the date of grant to the date on which the unlocking conditions are being fulfilled and the shares may be circulated according to the law, after netting of the total considerations received for the issue of the Restricted Shares amounting to RMB23,925,000. The Group has recognised an amount of RMB14,409,000 as expenses for the year ended 31 December 2016 (2015: RMB7,642,000).

Restricted A Share Incentive Scheme II

On 19 November 2015 (the “Date of Grant”), pursuant to the Restricted A Share Incentive Scheme II, 2,695,000 A shares of the Fosun Pharma were granted to 45 eligible participants of the Restricted A Share Incentive Scheme II at a grant price of RMB10.54 per share.

Restricted Shares issued pursuant the Restricted A Share Incentive Scheme II shall be locked up immediately upon granting. The Restricted Shares granted to Share Incentive Participants shall be subject to various Lock-up Periods ranging from one year to three years, respectively, immediately from the Date of Grant. Restricted Shares held by Share Incentive Participants shall be unlocked (or repurchased and cancelled by Fosun Pharma) in three tranches in the proportion of 33%, 33% and 34% of the total number of the Restricted Shares granted upon the expiry of each lock-up period.

The aggregate fair value of the Restricted Shares granted amounted to approximately RMB68,102,000, of which RMB39,697,000 will be charged to profit or loss and the capital reserve as costs of share-based compensation in aggregate from the date of grant to the date on which the unlocking conditions are being fulfilled and the shares may be circulated according to the law, after netting of the total considerations received for the issue of the Restricted Shares amounting to RMB28,405,000. The Group has recognised an amount of RMB22,709,000 as expenses for the year ended 31 December 2016 (2015: RMB2,012,000).

60. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties, as set out in note 14 to the financial statements, under operating lease arrangements, with negotiated terms ranging from one to ten years.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2016 RMB'000	2015 RMB'000
Within one year	569,744	403,008
In the second to fifth years, inclusive	1,103,704	975,727
Over five years	670,322	1,118,716
	2,343,770	2,497,451

As lessee

The Group leases certain of its office properties, shop lots, land and plant buildings under operating lease arrangements, with negotiated terms ranging from one to nineteen years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 RMB'000	2015 RMB'000
Within one year	1,385,416	7,735,987
In the second to fifth years, inclusive	4,504,104	6,541,412
Over five years	5,038,329	4,507,313
	10,927,849	18,784,712

61. COMMITMENTS

In addition to the operating lease commitments detailed in note 60 above, the Group had the following capital commitments at the end of the reporting period:

	2016 RMB'000	2015 RMB'000
Contracted, but not provided for:		
Plant and machinery	2,744,708	1,881,272
Properties under development	6,977,527	13,679,434
Investments	11,992,159	4,446,210
	21,714,394	20,006,916

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2016 RMB'000	2015 RMB'000
Contracted but not provided for:		
Buildings	—	80,185
Plant and machinery	—	422,243
Properties under development	11,284	206,628
	11,284	709,056

62. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Principal amount of the guaranteed bank loans and corporate bonds of:			
Related parties (note 63)	(1)	2,847,749	5,319,000
Third parties		87,071	—
Qualified buyers' mortgage loans	(2)	2,878,019	2,726,667
Guarantees given related to tourism industry	(3)	727,121	610,187
		6,539,960	8,655,854

62. CONTINGENT LIABILITIES *(Continued)*

- (1) The Group recorded a liability of financial guarantee contract amounting to RMB70,178,000 as at 31 December 2016 (note 44).
- (2) As at 31 December 2016, the Group provided guarantees of approximately RMB2,878,019,000 (31 December 2015: RMB2,726,667,000) in favour of their customers in respect of mortgage loans provided by banks to these customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the PRC. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the outstanding principal together with the accrued interest and penalties and therefore no provision has been made in the financial statements for the guarantees.

- (3) Guarantees given related to tourism industry are guarantees given by Club Med, a subsidiary of the Group, including guarantees in connection with travel and transport agent licenses, guarantees for credit card processors, rent guarantees and guarantees given related to development projects. Based on historical experience and information currently available, Club Med does not believe that they will be required to pay any amount under these guarantee arrangements. Therefore, Club Med has not recorded any liability beyond what is required in connection with these guarantee arrangements.
- (4) Owing to the nature of the insurance business, the insurance segment of the Group is involved in legal proceedings in the ordinary course of its activity, including being the plaintiff or the defendant in litigation and arbitration proceedings. Most of such legal proceedings involve claims concerning insurance policies, which are already provisioned, and some additional losses arising therefrom will be indemnified either by reinsurers or by other recoveries, like salvages. Although the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the Group believes that any resulting liabilities will not have a material adverse effect on its financial position or operating results.

63. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

Name of related parties	Nature of transactions	2016 RMB'000	2015 RMB'000
Sales of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	1,135,375	861,223
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 9)	Sales of powdered iron	35,671	—
Healthy Harmony Holdings L.P. (Notes 2 & 9)	Sales of pharmaceutical products	3,354	18,204
Shanghai LONZA Fosun Pharmaceutical Science and Technology Development Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	2,373	1,581
Chindex International, Inc. (Notes 2 & 9)	Sales of pharmaceutical products	2,295	29,680
Nanjing Shengchang Renewable Resources Co., Ltd. (Notes 7 & 9)	Sales of scrap material	—	1,997
Shanghai Banksteel Electronic Commerce Co., Ltd. (Notes 3 & 9)	Sales of steel products	—	564,902
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 7 & 9)	Sales of utilities	—	65,508
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 7 & 9)	Sales of scrap material	—	61,759
Total sales of goods		1,179,068	1,604,854

63. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(continued)*

Name of related parties	Nature of transactions	2016 RMB'000	2015 RMB'000
Purchases of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	97,329	97,273
Nanjing Shengchang Renewable Resources Co., Ltd. (Notes 7 & 9)	Purchases of iron ore	—	33,855
Suzhou Amerigen Pharmaceutical Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	—	5,660
Total purchases of goods		97,329	136,788
Service income			
Guangzhou Xingjianxingsui Property Co., Ltd (Notes 2 & 10)	Consulting services provided to the related company	13,340	—
Shenyang Yuyuan Tourist Mart Property Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	7,271	30,685
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2 & 10)	Other services provided to the related company	5,256	—
Fuyang Furun Property Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	4,616	2,322
Yantai Xingyi Properties Co., Ltd. (Notes 2 & 10)	Other services provided to the related company	2,426	—
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	—	11,937
Yantai Xingyi Properties Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	—	9,795
Wuhu Xingyan Properties Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	—	5,803
Shanghai Dijie Real Estate Limited (Notes 2 & 10)	Consulting services provided to the related company	—	4,409
Total service income		32,909	64,951

63. RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: (continued)

Name of related parties	Nature of transactions	2016 RMB'000	2015 RMB'000
Interest income			
Yantai Xingyi Properties Co., Ltd. (Notes 2 & 12)	Interest income	54,746	8,157
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 12)	Interest income	41,673	—
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 5 & 12)	Interest income	11,682	—
Shanghai Haizhimen Property Investment Management Co., Ltd. (Notes 12 & 15)	Interest income	—	82,882
Shanghai Jufeng Property Development Co., Ltd. (Notes 2 & 12)	Interest income	—	35,722
Anhui Jinhuangzhuang Mining Co., Ltd. (Notes 7 & 12)	Interest income	—	14,081
SAS Val Thorens Le Cairn (Notes 2 & 12)	Interest income	—	7,939
Wuhu Xingyan Properties Co., Ltd. (Notes 2 & 12)	Interest income	—	3,136
Nanjing Dahua Investment Development Co., Ltd. (Notes 2 & 12)	Interest income	—	2,130
Total interest income		108,101	154,047
Rental income			
Nanjing Xinwu Shipping Co., Ltd. (Notes 7 & 10)	Operating lease in respect of office buildings leased to the related company	—	1,400
Interest expense			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 2, 12 & 14)	Interest expense	1,390	6,383
Interest paid for deposits from related parties			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2 & 16)	Interest paid for deposits	11,324	8,228
Shanghai Hongkou Gaungxin Microcredit Co., Ltd. (Notes 2 & 16)	Interest paid for deposits	1,468	—
BFC (Notes 6 & 16)	Interest paid for deposits	—	4,713
Total interest paid for deposits from related parties		12,792	12,941

63. RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: (continued)

Name of related parties	Nature of transactions	2016 RMB'000	2015 RMB'000
Other expenses			
Hainan Haigang Group Co., Ltd. (Notes 4 & 11)	Operating lease in respect of land leased from the related company	20,319	19,983
Fosun Eurasia Capital LLC (Notes 2 & 11)	Consulting fees	1,038	—
Nanjing Xinwu Shipping Co., Ltd. (Notes 7 & 11)	Transportation fees	—	152,343
SPFT – Carthago (Notes 2 & 11)	Operating lease in respect of the operation of villages	—	34,663
Total other expenses		21,357	206,989
Loans from related companies			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 12 & 14)	Loans provided by the related companies	—	193,000
Deposits from related companies			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2 & 16)	Deposits from the related company	596,732	594,090
Hefei Xinghong Financial City Development Co., Ltd (Notes 2 & 16)	Deposits from the related company	40,130	—
Shanghai Hongkou Gaungxin Microcredit Co., Ltd. (Notes 2 & 16)	Deposits from the related company	35,735	173,716
BFC (Notes 6 & 16)			
Shanghai Xingyao Real Estate Development Co., Ltd. (Notes 2 & 16)	Deposits from the related company	22,675	—
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 16)	Deposits from the related company	596	43,192
Hangzhou Likun Investment Development Co., Ltd. (Notes 2 & 16)	Deposits from the related company	402	11,754
Sichuan Huanglong Forte Real Estate Development Co., Ltd. (Notes 2 & 16)	Deposits from the related company	271	13,026
Nanjing Iron & Steel United Co., Ltd. (Notes 2 & 16)	Deposits from the related company	192	10,271
Others	Deposits from the related company	174	200,698
	Deposits from the related company	1,317	1,584
Total deposits from related companies		698,224	1,048,331

63. RELATED PARTY TRANSACTIONS (Continued)

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: (continued)

Name of related parties	Nature of transactions	2016 RMB'000	2015 RMB'000
Guarantees of bank loans and corporate bonds			
Fosun Holdings Limited (Notes 1, 8 & 13)	Bank loans guaranteed by the related company	3,329,760	1,493,528
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 13)	Guarantees granted for corporate bonds of the related company	2,783,749	4,000,000
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 13)	Guarantees granted for bank loans of the related company	64,000	84,000
Nanjing Iron & Steel United Co., Ltd. (Notes 2 & 13)	Guarantees granted for corporate bonds of the related company	—	1,235,000
Total loans and corporate bonds guaranteed		6,177,509	6,812,528
Loans to related companies			
Yantai Xingyi Properties Co., Ltd. (Notes 2 & 12)	Entrusted loan provided to the related company	738,300	368,000
Tangshan Jianlong Special Steel Co., Ltd (Notes 2 & 12)	Loan provided to the related company	100,000	—
SAS Val Thorens Le Cairn (Notes 2 & 12)	Entrusted loan provided to the related company	65,571	202,281
Cloud Vision Networks Technology Corporation (Notes 2 & 12)	Entrusted loan provided to the related company	40,000	—
BFC (Notes 6 & 12)	Loan provided to the related company	40,000	—
Total loans to related companies		983,871	570,281

Notes:

- (1) It is the holding company of the Group.
- (2) They are associates and joint ventures of the Group.
- (3) It is the entity over which the ultimate controlling shareholder of the Group has significant influence.
- (4) They are non-controlling shareholders of the subsidiaries of the Group.
- (5) Shanxi Jianqin Real Estate Development Co., Ltd. ("Shanxi Jianqin") was a joint venture of Forte as at 31 December 2015. In August 2016, Forte disposed of 50% equity interest in Shanxi Jianqin. Shanxi Jianqin was no longer a related party of the Group thereafter 31 December 2016.
- (6) BFC was a subsidiary of the Group as at 31 December 2015. In December 2016, the Group disposed of 50% equity interest in BFC. The remaining 50% equity interest in BFC was accounted for as an investment in a joint venture as set out in note 58(b) to the financial statements.

63. RELATED PARTY TRANSACTIONS *(Continued)*Notes: *(Continued)*

- (7) On 31 December 2015, the Group delegated part of its voting rights on Nanjing Nangang to Nanjing Iron & Steel (Group) Co., Ltd. Upon the date of the delegation, Nanjing Nangang was accounted for as an investment in a joint venture and the joint ventures and associates of Nanjing Nangang were no longer related parties of the Group.
- (8) These transactions constituted connected transactions or continuing connected transactions of the Group under Chapter 14A of the Listing Rules. They are exempted from the disclosure requirements under Chapter 14A of the Listing Rules.
- (9) The directors consider that the sales and purchases were undertaken on commercial terms similar to those offered to/by unrelated customers/suppliers in the ordinary course of business of the relevant companies.
- (10) The directors consider that the income for consulting services and rental were determined based on prices available to third party customers.
- (11) The directors consider that the fees for property management services, consulting services, transportation services and leasing services paid to the related companies were determined based on prices available to third party customers of the related companies.
- (12) The loans provided by/to the related companies are unsecured, repayable on demand. The directors consider that the applicable interest rates are determined in accordance with the prevailing market borrowing rates.
- (13) The bank loans were guaranteed by the related companies free of charge. The guarantees were given by the Group for bank loans of the related companies free of charge.
- (14) Wuxi Forte was a joint venture of Forte as at 31 December 2015. In October 2016, Forte acquired the remaining 50% equity interest in Wuxi Forte as set out in note 58(a) to the financial statements. Wuxi Forte became a subsidiary of the Group thereafter 31 December 2016.
- (15) During the year, Shanghai Haizhimen Property Investment Management Co., Ltd. completed the liquidation procedure and was no longer existed as at 31 December 2016.
- (16) Interest paid for deposits from related parties represents the interest paid for deposits placed by related parties in the Finance Company, a subsidiary of the Group. The deposits from related parties carry interests which are determined in accordance with the benchmark deposit interest rate of PBOC and the prevailing market deposit interest rate. The deposits will be repaid upon demand of the related parties.
- (17) Compensation of key management personnel of the Group:

	2016 RMB'000	2015 RMB'000
Short-term employee benefits	75,257	61,629
Equity-settled share award/option scheme expense	36,784	7,536
Pension scheme contributions	384	378
Total compensation paid to key management personnel	112,425	69,543

64. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2016

Financial assets

	Financial assets at fair value through profit or loss				Total RMB'000
	Designed as such upon initial recognition RMB'000	Held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	
Available-for-sale investments	—	—	—	128,175,432	128,175,432
Loans receivable	—	—	2,943,898	—	2,943,898
Cash and bank	—	—	51,807,704	—	51,807,704
Term deposits	—	—	348,692	—	348,692
Investments at fair value through profit or loss	1,800,971	6,527,725	—	—	8,328,696
Trade and notes receivables	—	—	4,321,733	—	4,321,733
Financial assets included in prepayments, deposits and other receivables (note 26)	—	—	12,064,483	—	12,064,483
Due from related companies	—	—	11,741,735	—	11,741,735
Derivative financial instruments	825,034	—	—	—	825,034
Policyholder account assets in respect of unit-linked contracts	3,166,145	—	582,101	—	3,748,246
Loans and advances to customers	—	—	3,358,873	—	3,358,873
Placements with and loans to banks and other financial institutions	—	—	73,105	—	73,105
Finance lease receivables	—	—	1,218,276	—	1,218,276
Insurance and reinsurance debtors	—	—	6,550,221	—	6,550,221
	5,792,150	6,527,725	95,010,821	128,175,432	235,506,128

64. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

2016 (Continued)**Financial liabilities**

	Financial liabilities at fair value through profit or loss - Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	125,969,041	125,969,041
Convertible bonds	—	307,730	307,730
Trade and notes payables	—	9,569,939	9,569,939
Financial liabilities included in accrued liabilities and other payables (note 44)	70,178	13,216,554	13,286,732
Due to related companies and the holding company	—	4,028,819	4,028,819
Deposits from customers	—	18,580,245	18,580,245
Financial liabilities included in other long term payables (note 54)	—	3,272,219	3,272,219
Finance lease payables	—	245,910	245,910
Derivative financial instruments	1,307,990	—	1,307,990
Investment contract liabilities	—	56,752,495	56,752,495
Financial liabilities for unit-linked contracts	3,166,145	582,101	3,748,246
Accounts payable to brokerage clients	—	68,823	68,823
Placements from banks and other financial institutions	—	273,983	273,983
Due to banks and other financial institutions	—	1,142,668	1,142,668
Insurance and reinsurance creditors	—	3,285,036	3,285,036
	4,544,313	237,295,563	241,839,876

64. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2015 (Restated)**Financial assets**

	Financial assets at fair value through profit or loss				
	Designed as such upon initial recognition	Held for trading	Loans and receivables	Available-for-sale financial investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments	—	—	—	118,954,586	118,954,586
Loans receivable	—	—	2,288,855	—	2,288,855
Cash and bank	—	—	46,601,795	—	46,601,795
Term deposits	—	—	465,135	—	465,135
Investments at fair value through profit or loss	3,490,855	7,225,312	—	—	10,716,167
Trade and notes receivables	—	—	4,368,550	—	4,368,550
Financial assets included in prepayments, deposits and other receivables (note 26)	—	—	7,738,012	—	7,738,012
Due from related companies	—	—	3,707,641	—	3,707,641
Derivative financial instruments	15,921	—	—	—	15,921
Policyholder account assets in respect of unit-linked contracts	3,475,324	—	590,592	—	4,065,916
Loans and advances to customers	—	—	247,581	—	247,581
Insurance and reinsurance debtors	—	—	8,274,973	—	8,274,973
	6,982,100	7,225,312	74,283,134	118,954,586	207,445,132

64. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

2015 (Restated) (Continued)**Financial liabilities**

	Financial liabilities at fair value through profit or loss - Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	114,647,979	114,647,979
Convertible bonds	—	268,983	268,983
Loans from related companies	—	193,000	193,000
Trade and notes payables	—	10,436,233	10,436,233
Financial liabilities included in accrued liabilities and other payables (note 44)	—	13,083,090	13,083,090
Due to related companies and the holding company	—	3,923,793	3,923,793
Deposits from customers	—	1,300,688	1,300,688
Financial liabilities included in other long term payables (note 54)	64,460	3,340,638	3,405,098
Finance lease payables	—	166,495	166,495
Derivative financial instruments	204,015	—	204,015
Investment contract liabilities	—	53,145,210	53,145,210
Financial liabilities for unit-linked contracts	3,475,324	590,592	4,065,916
Insurance and reinsurance creditors	—	3,857,708	3,857,708
	3,743,799	204,954,409	208,698,208

65. TRANSFERS OF FINANCIAL ASSETS

At 31 December 2016, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Endorsed Bills") to certain of its suppliers in order to settle the trade payables due to these suppliers with an aggregate carrying amount of RMB719,397,000 (2015: RMB1,076,839,000). In addition, the Group discounted certain bills receivable accepted by banks in the PRC (the "Discounted Bills"), to certain banks to finance its operating cash flow with an aggregate carrying amount of RMB243,793,000 (2015: RMB228,169,000). The Endorsed Bills and the Discounted Bills had maturity from one to six months at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC and relevant discounting arrangement with certain banks, the holders of the Endorsed Bills and the Discounted Bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement").

In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Endorsed Bills and the Discounted Bills. Accordingly, it has derecognised the full carrying amounts of the Endorsed Bills and the Discounted Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Endorsed Bills and the Discounted Bills and the undiscounted cash flows to repurchase these Endorsed Bills and Discounted Bills is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Endorsed Bills and the Discounted Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Endorsed Bills and the Discounted Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and the discount have been made evenly throughout the year.

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2016 RMB'000	2015 RMB'000 (Restated)	2016 RMB'000	2015 RMB'000 (Restated)
Financial assets				
Available-for-sale investments	118,565,218	106,733,335	118,565,218	106,733,335
Loans receivable	813,210	553,789	813,210	553,789
Investments at fair value through profit or loss	8,328,696	10,716,167	8,328,696	10,716,167
Loans and advances to customers	454,502	—	452,839	—
Policyholder account assets in respect of unit-linked contracts	3,166,145	3,475,324	3,166,145	3,475,324
Derivative financial instruments	825,034	15,921	825,034	15,921
	132,152,805	121,494,536	132,151,142	121,494,536
Financial liabilities				
Interest-bearing bank and other borrowings	82,094,953	65,859,536	81,295,369	64,863,382
Convertible bonds	307,730	268,983	368,033	371,742
Financial liabilities stated at fair value included in accrued liabilities and other payables	70,178	—	70,178	—
Financial liabilities included in other long term payables	3,272,219	3,405,098	3,272,219	3,405,098
Deposits from customers	68,715	—	66,051	—
Placements from banks and other financial institutions	3,707	—	3,707	—
Due to banks and other financial institutions	426,987	—	426,987	—
Financial liabilities for unit-linked contracts	3,166,145	3,475,324	3,166,145	3,475,324
Derivative financial instruments	1,307,990	204,015	1,307,990	204,015
	90,718,624	73,212,956	89,976,679	72,319,561

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

Management has assessed that the fair values of cash and bank, term deposits, finance lease receivables, finance lease payables, placements with and loans to banks and other financial institutions, accounts payable to brokerage clients, trade and notes receivables, trade and notes payables, insurance and reinsurance debtors and creditors, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, the current portion of loans receivables, loans and advances to customers, interest-bearing bank and other borrowings, deposits from customers, placements from banks and other financial institutions, due to banks and other financial institutions, amounts due from related companies and amounts due to related companies and the holding company approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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, non-current portion of loans receivable, interest-bearing bank and other borrowings and convertible bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of amounts due to related companies, financial liabilities included in other long term payables, loans from related companies, finance lease payables and non-current portion of interest-bearing bank and other borrowings as at 31 December 2016 was assessed to be insignificant. The fair value of the convertible bonds and other listed bonds is based on the quoted market price which represents the fair value for both the liability and equity components of the convertible bonds and the fair values of listed bonds and senior notes are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include commodity derivative contracts and interest rate swaps. As at 31 December 2016, the fair values of commodity derivative contracts were measured using quoted market prices of commodity future contracts while the fair values of interest rate swaps were measured using valuation techniques similar to swap models, using present value calculations. The models incorporate various market observable inputs include the credit quality of counterparties and interest rate curves. The carrying amounts of the commodity derivative contracts and interest rate swaps are the same as their fair values.

The fair values of listed equity investments without a lock-up period are based on quoted market prices. The fair values of listed equity investments with a lock-up period have been estimated based on assumptions that are supported by observable market prices and discount for lack of marketability. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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

As at 31 December 2016, the fair value has not been disclosed for certain available-for-sale investments in equity instruments that do not have a quoted market price in an active market and is measured at cost less any impairment because their fair value cannot be measured reliably. The reason why the fair value cannot be measured reliably is that the variability in the range of reasonable fair value estimates is significant for that investment or the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The carrying amount of these available-for-sale investments was RMB 9,610,214,000 (31 December 2015: RMB12,221,251,000), all of which are unlisted equity investments held by the Group in China, North America, European and other countries intended to be disposed of by the Group after getting listed on the designated stock exchanges in the future.

During the year ended 31 December 2016, the available-for-sale investments whose fair value could not be reliably measured with a carrying amount of RMB3,309,617,000 were derecognised and the relevant gain on disposal amounting to RMB1,477,288,000 was recognised in the consolidated statement of profit or loss.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2016:

Unobservable inputs and sensitivity analysis for Level 3 assets

The financial assets measured at fair value held by Portuguese Insurance Group which were classified in Level 3 primarily correspond to debt securities and investment funds not quoted in an active market.

The fair value of debt securities, which consist of public and corporate bonds, is determined using broker quotes that cannot be corroborated with observable market transactions. Significant unobservable inputs for these bonds would include proprietary cash flow models and issuer spreads, which are comprised of credit, liquidity, and other security-specific features of the bonds. An increase (decrease) in these issuer spreads would result in a lower (higher) fair value. Due to the unobservable nature of these quotes, the Group do not assess whether applying reasonably possible alternative assumptions would have an impact on the fair value of the Level 3 bonds.

The fair values of investment funds classified in Level 3 are based on net asset value (NAV) reports provided by the management of such funds. Based on the unobservable nature of these NAV's, the Group do not assess whether applying reasonably possible alternative assumptions would have an impact on the fair value of the Level 3 investment funds.

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)

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

Fair value hierarchy *(Continued)*

Assets measured at fair value:

As at 31 December 2016

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Available-for-sale investments	73,792,130	39,713,912	5,059,176	118,565,218
Investments at fair value through profit or loss	6,513,012	1,767,482	48,202	8,328,696
Policyholder account assets in respect of unit-linked contracts	2,733,629	432,002	514	3,166,145
Derivative financial instruments	235,521	589,513	—	825,034
	83,274,292	42,502,909	5,107,892	130,885,093

As at 31 December 2015

(Restated)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Available-for-sale investments	45,659,366	48,077,579	12,996,390	106,733,335
Investments at fair value through profit or loss	7,150,646	2,879,455	686,066	10,716,167
Policyholder account assets in respect of unit-linked contracts	2,922,987	496,085	56,252	3,475,324
Derivative financial instruments	15,921	—	—	15,921
	55,748,920	51,453,119	13,738,708	120,940,747

During the year, fair value of the available-for-sale investments in Level 2 as at 31 December 2015 amounted to RMB774,895,000 were transferred out to Level 1 due to the end of the lock-up period for these equity investments in 2016 (2015: Nil); and fair value of the available-for-sale investments in Level 2 as at 31 December 2015 amounted to RMB585,672,000 were disposed in 2016 (2015: Nil).

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)***Fair value hierarchy** *(Continued)*

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

	2016 RMB'000	2015 RMB'000
At 1 January	13,738,708	6,532,644
Total (losses)/gains recognised in the consolidated statement of profit or loss included in other expenses	(101,356)	105,386
Total gains/(losses) recognised in other comprehensive income	444,254	(16,002)
Addition	1,608,108	3,979,899
Acquisition of subsidiaries	1,856,826	—
Disposals	(9,566,778)	(813,472)
Disposal of subsidiaries	(2,634,557)	—
Exchange realignment	(233,914)	(807,980)
Reclassification	(3,399)	4,758,233
	5,107,892	13,738,708

Assets for which fair values are disclosed:

As at 31 December 2016

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Loans and advances to customers	—	—	452,839	452,839
Loans receivable	—	813,210	—	813,210
	—	813,210	452,839	1,266,049

As at 31 December 2015

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Loans receivable	—	553,789	—	553,789

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

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

As at 31 December 2016

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Financial liabilities stated at fair value included in accrued liabilities and other payables	—	—	70,178	70,178
Financial liabilities for unit-linked contracts	2,733,629	432,002	514	3,166,145
Derivative financial instruments	132,446	1,175,544	—	1,307,99
	2,866,075	1,607,546	70,692	4,544,313

As at 31 December 2015

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	
Financial liabilities included in other long term payables	—	—	64,460	64,460
Financial liabilities for unit-linked contracts	2,922,987	496,085	56,252	3,475,324
Derivative financial instruments	106,275	97,740	—	204,015
	3,029,262	593,825	120,712	3,743,799

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

	2016 RMB'000	2015 RMB'000
At 1 January	120,712	275,653
Total gains/(losses) recognised in the consolidated statement of profit or loss included in other expenses	1,472	(536)
Addition	70,178	11,367
Disposals	(59,161)	(118,472)
Exchange realignment	1,951	(19,580)
Reclassification	(64,460)	(27,720)
At 31 December	70,692	120,712

66. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)***Fair value hierarchy** *(Continued)***Liabilities for which fair values are disclosed:***As at 31 December 2016*

	Fair value measurement using			Total RMB'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets Level 1 RMB'000	inputs Level 2 RMB'000	inputs Level 3 RMB'000	
Interest-bearing bank and other borrowings	23,787,659	57,507,710	—	81,295,369
Convertible bonds	368,033	—	—	368,033
Deposits from customers	—	—	66,051	66,051
Placements from banks and other financial institutions	—	—	3,707	3,707
Due to banks and other financial institutions	—	—	426,987	426,987
Financial liabilities included in other long term payables	—	3,272,219	—	3,272,219
	24,155,692	60,779,929	496,745	85,432,366

*As at 31 December 2015**(Restated)*

	Fair value measurement using			Total RMB'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets Level 1 RMB'000	inputs Level 2 RMB'000	inputs Level 3 RMB'000	
Interest-bearing bank and other borrowings	15,686,572	49,176,810	—	64,863,382
Convertible bonds	371,742	—	—	371,742
Financial liabilities included in other long term payables	—	3,340,638	—	3,340,638
	16,058,314	52,517,448	—	68,575,762

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, finance lease payables, amounts due from/to related companies, loans receivable and loans from related companies and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, trade and notes payables and 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 2016, approximately 47% (2015: 37%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2016	75 (75)	(357,348) 357,348
2015	75 (75)	(474,608) 474,608

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)***Foreign currency risk**

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in United States dollar, Hong Kong dollar and EUR exchange rates, with all other variables held constant, of the Group's profit before tax due to differences arising on settlement or translation of monetary assets and liabilities and the Group's equity excluding the impact of retained earnings due to the changes of exchange fluctuation reserve of certain overseas subsidiaries of which the functional currencies are currencies other than RMB.

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
2016		
If RMB weakens against the United States dollar	5	(588,208)
If RMB strengthens against the United States dollar	(5)	588,208
If RMB weakens against the Hong Kong dollar	5	(31,340)
If RMB strengthens against the Hong Kong dollar	(5)	31,340
If RMB weakens against the EUR	5	(123,417)
If RMB strengthens against the EUR	(5)	123,417
2015		
If RMB weakens against the United States dollar	5	(1,100,335)
If RMB strengthens against the United States dollar	(5)	1,100,335
If RMB weakens against the Hong Kong dollar	5	(164,065)
If RMB strengthens against the Hong Kong dollar	(5)	164,065
If RMB weakens against the EUR	5	(447,816)
If RMB strengthens against the EUR	(5)	447,816

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank and term deposits, loan receivables, amounts due from related companies and other receivables, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 62 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and notes receivables and insurance and reinsurance debtors are disclosed in notes 37 and 30 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and other borrowings and loans from related companies. 32% (2015: 40%) of the Group's debts would mature in less than one year as at 31 December 2016 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:

2016

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	43,874,088	84,008,111	10,561,779	138,443,978
Convertible bonds	—	—	339,447	—	339,447
Trade and notes payables	3,506,440	6,063,499	—	—	9,569,939
Due to related companies and the holding company	4,028,819	—	—	—	4,028,819
Financial liabilities included in accrued liabilities and other payables	10,760,097	2,526,635	—	—	13,286,732
Other long term payables	—	—	3,272,219	—	3,272,219
Finance lease payables	—	53,072	208,884	—	261,956
Derivative financial instrument	—	678,216	577,348	964,920	2,220,484
Financial liabilities for unit-linked contracts	83,109	154,350	3,235,057	275,730	3,748,246
Investment contract liabilities	96,916	1,285,155	55,094,351	276,073	56,752,495
Insurance and reinsurance creditors	2,741,383	412,509	131,144	—	3,285,036
	21,216,764	55,047,524	146,886,561	12,078,502	235,209,351

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)***Liquidity risk** *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows: *(Continued)*

2015

	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	—	48,788,443	62,931,679	9,031,010	120,751,132
Convertible bonds	—	—	322,577	—	322,577
Loans from related companies	—	193,000	—	—	193,000
Trade and notes payables	1,546,945	8,889,288	—	—	10,436,233
Due to related companies and the holding company	3,923,793	—	—	—	3,923,793
Financial liabilities included in accrued liabilities and other payables	9,369,393	3,483,486	—	—	12,852,879
Other long term payables	—	—	3,405,098	—	3,405,098
Finance lease payables	—	51,012	130,879	—	181,891
Derivative financial instruments	—	204,015	—	—	204,015
Financial liabilities for unit-linked contracts	94,614	156,963	3,705,317	109,022	4,065,916
Investment contract liabilities	1,342,642	3,597,869	31,006,133	17,198,566	53,145,210
Insurance and reinsurance creditors	1,782,814	1,957,561	117,333	—	3,857,708
	18,060,201	67,321,637	101,619,016	26,338,598	213,339,452

In addition, the guarantees provided by the Group will be called in case of default in payments by the guaranteed companies as set out in note 62.

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Price risk**

Price risk is the risk that the fair values of equity and debt securities decrease or increase as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to price risk arising from individual investments classified as equity investments at fair value through profit or loss (note 36) and available-for-sale investments measured at fair value (note 23) as at 31 December 2016. The Group's listed investments that are listed on stock exchanges in Hong Kong, Shenzhen, Shanghai, NASDAQ, Athens, Tokyo, Singapore, other countries in Europe, Oceania, Latin America, North America, South America, Africa and Asia are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the available-for-sale investment revaluation reserve. No account is given for factors such as impairment which might impact the statement of profit or loss, and no account is given for impact on other life insurance contract liabilities (profit sharing provision).

	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000*
2016				
Investments listed in:				
Hong Kong				
– Available-for-sale	7,800,441	5 (5)	— —	390,022 (390,022)
– Held-for-trading	5,437,441	5 (5)	271,872 (271,872)	— —
Shenzhen				
– Available-for-sale	12,335,412	5 (5)	— —	616,771 (616,771)
Shanghai				
– Available-for-sale	2,878,552	5 (5)	— —	143,928 (143,928)
– Held-for-trading	13,142	5 (5)	657 (657)	— —
United States				
– Available-for-sale	16,348,115	5 (5)	— —	817,406 (817,406)
– Held-for-trading	107,995	5 (5)	5,400 (5,400)	— —

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Price risk** (Continued)

	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000*
2016 (continued)				
Investments listed in: (continued)				
Europe				
– Available-for-sale	59,874,197	5 (5)	— —	2,993,710 (2,993,710)
– Held-for-trading	1,104,495	5 (5)	55,225 (55,225)	— —
Japan				
– Available-for-sale	194,900	5 (5)	— —	9,745 (9,745)
Singapore				
– Available-for-sale	1,174,088	5 (5)	— —	58,704 (58,704)
Africa				
– Available-for-sale	17,167	5 (5)	— —	858 (858)
Oceania				
– Available-for-sale	84,925	5 (5)	— —	4,246 (4,246)
– Held-for-trading	722	5 (5)	36 (36)	— —
Latin America				
– Available-for-sale	37,391	5 (5)	— —	1,870 (1,870)
North America				
– Available-for-sale	84,172	5 (5)	— —	4,209 (4,209)
– Held-for-trading	64	5 (5)	3 (3)	— —
Asia				
– Available-for-sale	148,093	5 (5)	— —	7,405 (7,405)
– Held-for-trading	42,726	5 (5)	2,136 (2,136)	— —

* Excluding retained profits

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Price risk** (Continued)

	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000*
2015 (Restated)				
Investments listed in:				
Hong Kong				
– Available-for-sale	8,872,551	5 (5)	— —	443,628 (443,628)
– Held-for-trading	5,983,108	5 (5)	299,155 (299,155)	— —
Shenzhen				
– Available-for-sale	1,259,652	5 (5)	— —	62,983 (62,983)
Shanghai				
– Available-for-sale	1,352,178	5 (5)	— —	67,609 (67,609)
United States				
– Available-for-sale	43,644,787	5 (5)	— —	2,182,239 (2,182,239)
– Held-for-trading	2,876,640	5 (5)	143,832 (143,832)	— —
Europe				
– Available-for-sale	43,256,005	5 (5)	— —	2,162,800 (2,162,800)
– Held-for-trading	828,351	5 (5)	41,418 (41,418)	— —
Japan				
– Available-for-sale	185,639	5 (5)	— —	9,282 (9,282)
Singapore				
– Available-for-sale	1,427,336	5 (5)	— —	71,367 (71,367)
– Held-for-trading	60,134	5 (5)	3,007 (3,007)	— —

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)***Price risk** *(Continued)*

	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000*
2015 (Restated)				
Investments listed in: <i>(continued)</i>				
Africa				
– Available-for-sale	57,074	5 (5)	— —	2,854 (2,854)
Oceania				
– Available-for-sale	184,616	5 (5)	— —	9,231 (9,231)
Latin America				
– Available-for-sale	111,968	5 (5)	— —	5,598 (5,598)
North America				
– Available-for-sale	1,090,257	5 (5)	— —	54,513 (54,513)
South America				
– Available-for-sale	212,565	5 (5)	— —	10,628 (10,628)
Asia				
– Available-for-sale	334,753	5 (5)	— —	16,738 (16,738)

* Excluding retained profits

67. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 31 December 2015.

The Group monitors capital using a total debt to total capitalisation ratio, which is total debt divided by total equity plus total debt. Total debt includes interest-bearing bank and other borrowings, the liability component of convertible bonds and loans from related companies. Total equity includes equity attributable to owners of the parent and non-controlling interests. The total debt to total capitalisation ratios as at the end of the reporting periods were as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Interest-bearing bank and other borrowings	125,969,041	114,647,979
Loans from related companies	—	193,000
Convertible bonds, the liability component	307,730	268,983
Total debt	126,276,771	115,109,962
Total equity	122,873,828	99,553,135
Total equity and total debt	249,150,599	214,663,097
Total debt to total capitalisation ratio	51%	54%

68. EVENTS AFTER THE REPORTING PERIOD

- (1) In February 2017, Chiado (Luxembourg) S.à r.l ("Chiado", an indirect wholly-owned subsidiary of the Company) completed increasing its shares in Banco Comercial Português, S.A. ("BCP"), an associate of the Group, at a consideration of EUR374 million. Thereafter, Chiado held a 23.92% equity interest in BCP.
- (2) On 14 March 2017, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1.25 billion and a coupon rate of 4.50% per annum.
- (3) On 23 March 2017, Fortune Star (BVI) Limited, an indirect subsidiary of the company, issued five-year senior notes with a par value of USD800 million and an interest rate of 5.25% per annum.

69. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation and as stated in note 2.4 to the consolidated financial statements, the comparative amounts have been restated to reflect the prior year adjustments.

In addition, as stated in note 5 to the consolidated financial statements, the comparative segment information has been restated to reflect the change of the reporting segments of the Group.

70. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	27,446,986	24,173,606
Investment in an associate	—	82,421
Available-for-sale investment	842,901	418,544
Total non-current assets	28,289,887	24,674,571
CURRENT ASSETS		
Cash and bank	944,830	3,937,013
Investments at fair value through profit or loss	5,408,929	4,590,232
Prepayments, deposits and other receivables	9,417	84,566
Due from subsidiaries	34,789,472	34,363,854
Due from related companies	13,259	3,249
Total current assets	41,165,907	42,978,914
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	5,405,116	7,675,203
Accrued liabilities and other payables	168,730	76,887
Due to the holding company	381,646	979,101
Due to subsidiaries	13,976,082	13,796,419
Total current liabilities	19,931,574	22,527,610
NET CURRENT ASSETS	21,234,333	20,451,304
TOTAL ASSETS LESS CURRENT LIABILITIES	49,524,220	45,125,875
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	8,963,140	8,452,079
Deferred tax liabilities	62,238	7,748
Total non-current liabilities	9,025,378	8,459,827
Net assets	40,498,842	36,666,048
EQUITY		
Share capital	36,157,089	36,046,143
Equity component of convertible bonds (note)	68,674	68,674
Other reserves (note)	4,273,079	551,231
Total equity	40,498,842	36,666,048

Guo Guangchang
Director

Wang Can
Director

70. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Available- for-sale investment revaluation reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2015	—	(2,753,980)	—	721,171	4,712,812	2,680,003
Final dividend declared	—	—	—	—	(1,035,103)	(1,035,103)
Conversion of convertible bonds to ordinary shares	—	—	—	(652,497)	—	(652,497)
Equity-settled share-based payments	21,831	—	—	—	—	21,831
Total comprehensive income/(loss) for the year	—	1,825,042	(208,449)	—	(2,010,922)	(394,329)
At 31 December 2015 and 1 January 2016	21,831	(928,938)	(208,449)	68,674	1,666,787	619,905
Final dividend declared	—	—	—	—	(1,226,568)	(1,226,568)
Repurchase of shares	—	—	—	—	(232,718)	(232,718)
Equity-settled share-based payments	(27,531)	—	—	—	—	(27,531)
Total comprehensive income for the year	—	2,507,155	261,196	—	2,440,314	5,208,665
At 31 December 2016	(5,700)	1,578,217	52,747	68,674	2,647,815	4,341,753

71. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2017.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Guo Guangchang (*Chairman*)
 Wang Qunbin (*re-designated as Chief Executive Officer on 28 March 2017*)
 Chen Qiyu (*appointed as Co-President on 28 March 2017*)
 Xu Xiaoliang (*appointed as Co-President on 28 March 2017*)
 Qin Xuetang
 Wang Can (*appointed on 28 March 2017*)
 Kang Lan (*appointed on 28 March 2017*)
 Gong Ping (*appointed on 28 March 2017*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman
 Zhang Huaqiao
 David T. Zhang
 Yang Chao
 Lee Kai-Fu (*appointed on 28 March 2017*)

AUDIT COMMITTEE

Zhang Shengman (*Chairman*)
 Zhang Huaqiao
 David T. Zhang
 Yang Chao
 Lee Kai-Fu (*appointed as a member on 28 March 2017*)

REMUNERATION COMMITTEE

Zhang Huaqiao (*Chairman*)
 Wang Qunbin (*appointed as a member on 28 March 2017*)
 Zhang Shengman
 David T. Zhang
 Yang Chao
 Lee Kai-Fu (*appointed as a member on 28 March 2017*)

NOMINATION COMMITTEE

David T. Zhang (*Chairman*)
 Wang Qunbin
 Zhang Shengman
 Zhang Huaqiao
 Yang Chao
 Lee Kai-Fu (*appointed as a member on 28 March 2017*)

COMPANY SECRETARY

Sze Mei Ming

AUTHORISED REPRESENTATIVES

Qin Xuetang
 Wang Can (*appointed on 28 March 2017*)

AUDITORS

Ernst & Young

LEGAL ADVISOR AS TO HONG KONG LAW

King & Wood Mallesons

PRINCIPAL BANKERS

China Development Bank
 Industrial and Commercial Bank of China
 Agricultural Bank of China
 Bank of Communications
 Shanghai Pudong Development Bank
 China Merchants Bank
 China Construction Bank
 Bank of China
 Ping An Bank
 The Export-Import Bank of China
 Bank of Shanghai
 Bank of East Asia
 Crédit Agricole Corporate and Investment Bank
 Hang Seng Bank
 Hongkong and Shanghai Banking Corporation Limited

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 debt ratio	=	total debts/(shareholder's equity + total debts)
Capital employed	=	equity attributable to owners of the parent + total debt
EBITDA	=	profit for the year + tax + net interest expenditures + depreciation and amortisation
Interest coverage	=	EBITDA/net interest expenditures
Net debt	=	total debt – cash and bank and term deposits
Net gearing ratio	=	net debt/shareholder's equity
Net interest expenditures	=	Interest expenses, net + interest on discounted bills + interest on finance leases
ROE	=	profit attributable to owners to of the parent for the year/[(opening balance of equity attributable to owners of the parent + ending balance of equity attributable to owners of the parent)/2]
Total capitalization	=	equity attributable to owners of the parent + non-controlling interests + total debt
Total debt	=	current and non-current interest-bearing borrowings + convertible bonds + loans from related parties

ABBREVIATIONS

Articles of Association	the current articles of association of the Company with the latest amendments made on 17 June 2008
BCP	Banco Comercial Português, S.A.
the Board	the board of Directors
Cainiao	Cainiao Network Technology Co., Ltd.
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
Chiado	Chiado (Luxembourg) S.à r.l.
Chuangfu Finance Leasing	Great China Finance Leasing Co., Ltd.
Club Med	Club Med SAS (formerly known as Club Méditerranée SA)
CMF	China Momentum Fund, L.P.
the Company	Fosun International Limited
the Director(s)	the director(s) of the Company
Euro	Euro, the official currency of the Eurozone
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.)
Focus Media	Focus Media Information Technology Co., Ltd. (formerly known as Hedy Holding Co., Ltd.), a company whose A shares are listed on the Shenzhen Stock Exchange with stock code 002027
Folli Follie	Folli Follie Group, a company listed on the Athens Stock Exchange with stock code FFGRP
Forte	Shanghai Forte Land Co., Ltd.
Fosun Capital	Shanghai Fosun Capital Equity Investment Fund Partnership (L.P.)
Fosun Chuanghong	Shanghai Fosun Chuanghong Equity Investment Fund Partnership (L.P.)
Fosun Eurasia Capital	Fosun Eurasia Capital Limited Liability Company
Fosun Finance Company	Shanghai Fosun High Technology Group Finance Co., Ltd.
Fosun Hani Securities	Fosun Hani Securities Limited (formerly known as Hani Securities (H.K.) Limited)
Fosun High Technology	Shanghai Fosun High Technology (Group) Co., Ltd

Fosun Holdings	Fosun Holdings Limited
Fosun Insurance Portugal	Fidelidade, Multicare and Fidelidade Assistência
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company whose A shares are listed on the SSE with stock code 600196, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 02196
Fosun United Health Insurance	Fosun United Health Insurance Company Limited
Fosunling	Shanghai Fosunling Asset Management Ltd.
GBP	Pound Sterling, the official currency of United Kingdom
GFA	gross floor area
the Group or Fosun	the Company and its subsidiaries
H&A	Hauck & Aufhäuser Privatbankiers KGaA
Hainan Mining	Hainan Mining Co., Ltd., a company whose A shares are listed on the SSE with stock code 601969
HKD	Hong Kong dollars, the official currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IDERA	IDERA Capital Management Ltd.
Ironshore	Ironshore Inc.
JPY	Japanese yen, the official currency of Japan
KUYI	Kuyi International Travel Agency (Shanghai) Co., Ltd.
Liberty Mutual	Liberty Mutual Group Inc., a Massachusetts corporation
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Luz Saúde	Luz Saúde, S.A. (formerly known as ESPÍRITO SANTO SAÚDE - SGPS, SA), a company listed on the Euronext Lisbon with stock code LUZ
MIG	Meadowbrook Insurance Group, Inc.
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Multicare	Multicare-Seguros de Saúde, S.A.
Mybank	Zhejiang E-Commerce Bank Co., Ltd.
NEEQ	National Equities Exchange and Quotations
Peak Reinsurance	Peak Reinsurance Company Limited
Pramerica-Fosun China Opportunity Fund	Pramerica - Fosun China Opportunity Fund, L.P.
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd.
PRC or China	the People's Republic of China
Reporting Period	the year ended 31 December 2016
Resolution Property	Resolution Property Investment Management LLP
Resource Property	Shanghai Resource Property Consultancy Co., Ltd., a company listed on NEEQ with stock code 833517
Rio Bravo	Rio Bravo Investimentos S.A.
RMB	Renminbi, the official currency of the PRC

ROC	Roc Oil Company Limited
Sanyuan Foods	Beijing Sanyuan Foods Co., Ltd., a company whose A shares are listed on the SSE with stock code 600429
SFO	the Securities and Futures Ordinance (Charter 571) of the laws of Hong Kong
Shanghai Zendai	Shanghai Zendai Property Limited, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 00755
Share(s)	the share(s) of the Company
Share Award Scheme	the share award scheme adopted by the Company on 25 March 2015, as amended from time to time
Share Option Scheme	the share option scheme of the Company adopted on 19 June 2007
Silver Cross	Silver Cross Nurseries Limited
Sinopharm	Sinopharm Group Co., Ltd., a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01099
SSE	the Shanghai Stock Exchange
Star Capital	Shanghai Star Equity Investment L.P.
Star Healthcare	Shanghai Star Healthcare Co., Ltd.
Starcastle Senior Living	Shanghai Starcastle Senior Living Co., Ltd.
Studio 8	Studio 8, LLC
Thomas Cook	Thomas Cook Group plc
USD	United States dollars, the official currency of the United States
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited
Yuntong Micro Credit	Guangzhou Yun Tong Micro Credit Co., Ltd.
Yuyuan	Shanghai Yuyuan Tourist Mart Co., Ltd., a company whose A shares are listed on the SSE with stock code 600655
Zhaojin Mining	Zhaojin Mining Industry Co., Ltd., a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01818
Zhejiang Growth Fund	Hangzhou Zhejiang Momentum Equity Investment Fund Partnership LLP

FOSUN 复星