Strictly Confidential

Lucky Assets Limited

(incorporated in the British Virgin Islands with limited liability)

US$90,000,000 5.5% Senior Notes Due 2019

UNCONDITIONALLY and IRREVOCABLY

GUARANTEED BY

FOSUN 复星

FOSUN HOLDINGS LIMITED

(a company incorporated with limited liability under the Companies Ordinance of Hong Kong)

The 5.5% Senior Notes due 2019 (the "Notes") to be issued by Lucky Assets Limited (the "Issuer") will bear interest from and including August 8, 2016 (the "Issue Date") at the rate of 5.5% per annum payable semi-annually in arrear on February 8 and August 8 of each year (each an "Interest Payment Date") commencing February 8, 2017. The Notes will mature on August 8, 2019.

The Notes will be obligations of the Issuer, unconditionally and irrevocably guaranteed by Fosun Holdings Limited (the "Parent Guarantor"). We refer to the guarantee by the Parent Guarantor as the Parent Guarantee.

The Issuer is a wholly-owned subsidiary of the Parent Guarantor established to issue the Notes.

At any time prior to the maturity of the Notes, the Issuer may redeem all but not some of the Notes at a price equal to their principal amount plus accrued and unpaid interest and a "make-whole" premium. Upon occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Notes among the Issuer, the Parent Guarantor and The Bank of New York Mellon, London Branch, as Trustee, (the "Indenture")), the Issuer must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. The Issuer may redeem all but not some of the Notes upon the occurrence of certain changes in applicable tax laws at 100% of their principal amount plus accrued and unpaid interest.

The Notes will be (1) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes, (2) at least pari passu in right of payment against the Issuer with all other unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law) and (3) effectively subordinated to all secured obligations of the Issuer, to the extent of the assets serving as security therefor. In addition, applicable law may limit the enforceability of the Parent Guarantee. See "Risk Factors — Risks Relating to the Notes and the Parent Guarantee." For a more detailed description of the Notes, see "Description of the Notes" beginning on page 116.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 9.

The Issuer has received approval-in-principle for the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes is not to be taken as an indication of the merits of the Issuer, our subsidiaries, associated companies or the Notes.

Issue Price: 100**%**

The Notes and the Parent Guarantee have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), or the securities law of any other jurisdiction. The Notes are being offered and sold only to non-U.S. persons outside the United States in offshore transactions in reliance upon Regulation S. For a description of certain restrictions on resale or transfer, see "Transfer Restrictions" beginning on page 141.

It is expected that the delivery of the Notes will be made on or about August 8, 2016 through the book-entry facilities of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking S.A. ("Clearstream") against payment therefor in immediately available funds.

This Offering Circular is an advertisement and is not a prospectus for the purpose of EU Directive 2003/71/EC.

The date of this Offering Circular is August 8, 2016.

This Offering Circular does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction.

Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Offering Circular or that the information contained in this Offering Circular is correct as of any time after that date.

You should rely only on the information contained in this Offering Circular. We have not authorized any person to provide you with any information or represent anything about us or this offering that is not contained in this Offering Circular. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the Trustee.

We are providing this Offering Circular solely for the purpose of enabling you to consider a purchase of the Notes. You should read this Offering Circular before making a decision whether to purchase the Notes. You must not use this Offering Circular for any other purpose, or disclose any information in this Offering Circular to any other person.

We have prepared this Offering Circular, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have made acknowledgements, representations and agreements set forth under "Transfer Restrictions."

None of the Trustee, the Paying Agent, Transfer Agent or the Registrar makes any express or implied representation or warranty as to the accuracy or completeness of the information set forth herein, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Trustee, the Paying Agent, Transfer Agent or the Registrar whether as to the past or the future. The Trustee, the Paying Agent, Transfer Agent and the Registrar have not independently verified such information and assume no responsibility for its accuracy or completeness. Each person receiving this Offering Circular acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Trustee, the Paying Agent, Transfer Agent, the Registrar or any person affiliated with such persons in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us and our subsidiaries and affiliates, or the Notes (other than as contained herein) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Trustee, the Paying Agent, Transfer Agent or the Registrar. Notwithstanding anything herein to the contrary, the Paying Agent and Transfer Agent are solely agents for the Issuer or the Trustee, as the case may be, and at no time assume duties, obligations or a position of trust for the holders of the Notes.

The Notes and the Parent Guarantee have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

There are restrictions on the distribution of this Offering Circular and the offer and sale of the Notes (and beneficial interests therein) in the United States, the United Kingdom, the European Economic Area, and other relevant jurisdictions.

We are not making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this Offering Circular and the offering of the Notes may in certain jurisdictions be restricted by law. Persons into whose possession this Offering Circular comes are required by us to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular, see "Transfer Restrictions." This Offering Circular summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this

Offering Circular. In making an investment decision, you must rely on your own examination of us and our subsidiaries and affiliates, as well as the terms of the offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this Offering Circular to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

We reserve the right to withdraw the offering of the Notes at any time. The Paying Agent, Transfer Agent, the Trustee, the Registrar and certain related entities may acquire a portion of the Notes for their own account.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this Offering Circular using certain definitions and conventions which you should consider when reading the information contained herein.

References to Our Company

Fosun Holdings

When we use the terms “the Parent Guarantor” and “Fosun Holdings,” we are referring to Fosun Holdings Limited (復星控股有限公司).

“Fosun Holdings” means Fosun Holdings Limited, a company incorporated in Hong Kong and the owner of 71.37% of the outstanding share capital of Fosun Holdings Limited as of December 31, 2015. The remaining share capital of Fosun International is publicly owned.

“Fosun International Holdings” means Fosun International Holdings Ltd., a company incorporated in the British Virgin Islands and the owner of 100% of the share capital of Fosun Holdings.

Fosun International

When we use the terms “the Company,” “our Company” and “Fosun International,” we are referring to Fosun International Limited (復星國際有限公司).

When we use the terms “we,” “us,” “our” and words of similar import, we are referring to Fosun Holdings Limited (復星控股有限公司) by itself, or to Fosun Holdings Limited (復星控股有限公司) and all of its subsidiaries and joint ventures, including the Company, collectively as the context requires.

Fosun High Technology

When we use the term “Fosun High Technology” and words of similar import, we are referring to Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技（集團）有限公司) by itself, or to Shanghai Fosun High Technology (Group) Co., Ltd. and its subsidiaries and joint ventures collectively as the context requires. Fosun High Technology is a direct wholly-owned subsidiary of Fosun International.

Our Business

Our principal businesses include integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes the four major segments: insurance, investment, wealth management and internet finance while the industrial operations include five key segments: health, happiness, steel, property development and sales, and resources.

Our Portfolio Companies

We are a holding company with a diversified portfolio of companies that operate in different industries. Our portfolio companies include subsidiaries, joint ventures, associates and other investee companies. When we use the term "portfolio companies," we are referring to entities through which our business is conducted, including Fosun High Technology.

Countries and Regions

"BVI" means the British Virgin Islands.

"China" and the "PRC" mean the People's Republic of China. References to "China" or the "PRC," for purposes of this Offering Circular, do not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan.

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC.

"U.S." means the United States of America.

Government and Administrative Agencies

"AIC" means the State Administration for Industry and Commerce of the PRC and its subordinated agencies.

"CBRC" means the China Banking Regulatory Commission and its subordinated agencies.

"CIRC" means the China Insurance Regulatory Commission and its subordinate agencies.

"CSRC" means the China Securities Regulatory Commission and its subordinate agencies.

"Hong Kong Stock Exchange" means The Stock Exchange of Hong Kong Limited.

"MLR" means the Ministry of Land and Resources of the PRC.

"MOFCOM" means the Ministry of Commerce of the PRC.

"NDRC" means the National Development and Reform Commission.

"OCI" means Hong Kong Office of the Commissioner of Insurance.

"PBOC" means the People's Bank of China, the central bank of the PRC.

"PORC" means the Public Offering Review Committee under the CSRC.

"PRC Government" means the central government of the PRC and all political subdivisions and instrumentalities thereof, including provincial, municipal and other regional and local governmental entities, or, where the context requires, any of them.

"SAFE" means the State Administration of Foreign Exchange of the PRC.

"SFDA" means the China Food and Drug Administration.

"Trademark Bureau" means the Trademark Office of the State Administration for Industry and Commerce of the PRC.

Publicly-traded Shares

"A shares" means ordinary shares that are listed and traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

"H shares" means ordinary shares of PRC companies, with nominal value in Renminbi, that are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars.

Currency Presentation

All references in this Offering Circular to "U.S. dollars" and "US$" are to United States dollars; all references to "H.K. dollars" and "HK$" are to Hong Kong dollars, the lawful currency of Hong Kong; and references to "RMB" or "Renminbi" are to Renminbi, the lawful currency of the PRC.

Solely for the convenience of the reader, this Offering Circular contains translations of certain H.K. dollar and RMB amounts into U.S. dollars. All H.K. dollar translations have been made at the rate of HK$7.7507 to US$1.00, the noon buying rate for U.S. dollars in The City of New York for cable transfers in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2015. All translations from RMB to U.S. dollars have been made at a rate of RMB6.4778 to US$1.00, the noon buying rate for U.S. dollars in The City of New York for cable transfers in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2015.

See "Exchange Rate Information" in this Offering Circular. No representation is made that the H.K. dollar and RMB amounts stated herein could have been, or could be, converted into U.S. dollars at such rates or at any other rate.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements, including those regarding our future financial condition and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and statements that include the words “believe,” “expect,” “aim,” “intend,” “plan,” “will,” “may,” “anticipate,” “seek,” “should” or similar expressions. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include the following:

- disruption in the global capital markets;
- volatility in the markets for steel products, iron ore and other metal products, real properties and pharmaceutical products in China;
- general political and economic conditions, including those related to China, and developments in the PRC legal system;
- our ability to effectively manage a diversified investment portfolio consisting of companies in different industries;
- our ability to grow our new business segments as we anticipate;
- possible disruptions to commercial activities due to natural or human-induced disasters, including terrorist activities and armed conflict;
- exchange rate fluctuations;
- increasing competition in, and the conditions of, the relevant global and PRC industries in which our portfolio companies operate;
- significant movements in the price for the raw materials on which we rely;
- fluctuations in real estate markets, particularly in and around Shanghai, Beijing and other markets where we operate and may operate our property business in the future;
- PRC Government policies affecting property development in China, such as mortgage rates, minimum down payment requirements, restrictions on resales and other restrictions, or affecting the steel and mining industries, including industrial licensing, environmental regulations, safety regulations, import restrictions and duties, excise duties, sales taxes and other taxes;
- changes in designed, expected or estimated production capacity or utilization of our existing or new facilities in our pharmaceuticals and healthcare, steel and mining businesses;
- our ability to develop, or otherwise obtain the right to use, technologies and intellectual properties and to develop new products so as to maintain our competitiveness in the pharmaceutical industry;
- our ability to obtain, maintain, renew and comply with the requirements of licenses, permits and other governmental authorizations required to conduct our operations; and
- other operating risks and factors identified in this Offering Circular.

Additional factors that could cause actual results, performance or achievements to differ materially include those discussed under the section headed "Risk Factors" in this Offering Circular and elsewhere in this Offering Circular. We caution you not to place undue reliance on these forward-looking statements, which reflect our view only as of the date of this Offering Circular of the opportunities and risks facing our businesses. We disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

ENFORCEMENT OF CIVIL LIABILITIES

Any final and conclusive monetary judgment for a definite sum obtained against a BVI company in a competent foreign court in respect of the Notes would be treated by the courts of the BVI as a cause of action in itself and sued upon as a debt at common law so that no retrial of the issues would be necessary provided that::

(i) the foreign court had jurisdiction in the matter and the BVI company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;

(ii) the judgment given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations;

(iii) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the foreign court;

(iv) recognition or enforcement of the judgment would not be contrary to BVI public policy; and

(v) the proceedings pursuant to which judgment was obtained were not contrary to the principles of natural justice.

Fosun Holdings is a company incorporated in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). All of Fosun Holdings' directors and executive officers reside in the PRC or in Hong Kong. All or a substantial portion of the assets of such persons and Fosun Holdings are located outside the United States. As a result, purchasers of the Notes might not be able to effect service of process within the United States upon such persons or Fosun Holdings or to enforce against them United States court judgments predicated upon the civil liability provisions of the federal securities laws of the United States. In practice, judgments of U.S. courts are often difficult or impossible to enforce in Hong Kong. While U.S. court civil judgments for a monetary sum in respect of private law liabilities are, in principle, enforceable in Hong Kong if certain criteria are satisfied (relating to matters including jurisdiction, finality, due process and the absence of fraud), those criteria are often not satisfied and even where they are, arguably, satisfied, the procedure for demonstrating this often proves costly, time-consuming and uncertain. Where the U.S. court judgment is based on the civil liability provisions of the U.S. federal securities laws, the defendant will often have scope for raising a further objection to the effect that such liabilities are, in substance, public or penal in nature and, as such, unenforceable in Hong Kong.

In addition, purchasers of the Notes should be aware that there is uncertainty as to whether the courts of the PRC would (i) enforce judgments of U.S. courts obtained against the Parent Guarantor, the Issuer or their respective directors and executive officers predicated upon the civil liability provisions of the U.S. federal or state securities laws or (ii) entertain original actions brought in the PRC against the Parent Guarantor, the Issuer or their respective directors and executive officers predicated upon the U.S. federal or state securities laws.

The Parent Guarantor and the Issuer intend to appoint Fosun Management (US) Inc. as their agent to receive process with respect to any action brought against them in any New York State or United States Federal court sitting in the Borough of Manhattan, The City of New York, in relation to the indenture governing the Notes.

PRESENTATION OF FINANCIAL INFORMATION

We have prepared our consolidated financial statements in accordance with HKFRS, (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. Ernst & Young, our independent auditors, have audited our consolidated financial statements as of and for each of the years ended December 31, 2014 and 2015, including the notes thereto, appearing elsewhere in this Offering Circular in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

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SUMMARY

The overview below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this overview. Prospective investors should therefore read this Offering Circular in its entirety.

Overview

We are a leading investment group taking roots in China with a global foothold with a select portfolio of businesses benefiting from China's growth momentum. As a result of our rapid growth since our incorporation, we have established what we believe to be a high-quality business combination which has benefited from China's economic growth, urbanization and industrialization. We have significant experience in managing different businesses in China and overseas and have successfully grown our core businesses into strong players with widely recognized brands within their respective industries. We seek to achieve sustainable and rapid growth of the value of our investment portfolio through the continued optimization of the existing portfolio and upgrading the management of our investee companies. Our past superior investment returns and our rich experience in improving the management of investee companies in a variety of industries in China give us what we believe to be a strong competitive advantage in continuously capturing investment opportunities. We have a strong investment platform which enables us to identify investment opportunities that we believe will benefit from China's rapid growth. We aim to become a world-class investment group underpinned by the twin drivers of insurance-oriented comprehensive financial capability and industry-rooted global investment capability.

We believe our in-depth understanding of China's macroeconomic and microeconomic trends and our established operational experience in managing different business lines in China and overseas position us to capture more investment opportunities benefiting from China's growth momentum. We have extensive experience in promoting brands, enhancing management structures and building sales networks, which effectively facilitate the development of an investee company's business. In addition, as a large diversified, non-state-owned enterprise in a rapidly growing market, we have developed strong execution capabilities that allow us to respond quickly to opportunities and challenges emerging from rapid economic development. We also have a diversified financing platform which gives us access to a wide range of capital resources to support the Company's sustainable development.

Currently, our principal businesses include integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes the four major segments: insurance, investment, wealth management and internet finance while the industrial operations include five key segments: health, happiness, steel, property development and sales, and resources. We believe that our principal portfolio companies enjoy competitive advantages within their respective industries and significant growth potential.

For the years ended December 31, 2014 and 2015, Fosun Holdings' consolidated revenue was RMB61,738.4 million and RMB78,796.9 million, respectively, and Fosun Holdings' profit was RMB9,522.1 million and RMB10,802.9 million, respectively.

General Information

Fosun Holdings is a company incorporated in Hong Kong with limited liability under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Fosun Holdings was incorporated on February 18, 2005. Its registered office is located at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong. The telephone number of the Parent Guarantor's registered office is +852 2509 3228. As of December 31, 2015, Fosun Holdings owns 71.37% of the Company's share capital.

The Issuer is a business company with limited liability established on July 8, 2016 under the laws of the BVI (BVI Company Number: 1918253). Its registered address is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The telephone number of the Issuer is +852 2509 3228. The Issuer is incorporated solely for purposes of issuing the Notes. The Issuer is a direct wholly-owned subsidiary of the Parent Guarantor.

None of the information contained on our websites constitutes part of this Offering Circular.

THE OFFERING

Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of the Notes."

Issuer	Lucky Assets Limited
Parent Guarantor	Fosun Holdings Limited (the "Parent Guarantor").
Notes Offered	US$90,000,000 aggregate principal amount of 5.5% Senior Notes due 2019 (the "Notes").
Offering Price	100% of the principal amount of the Notes.
Issue Date of the Notes	August 8, 2016.
Maturity Date	August 8, 2019.
Interest	The Notes will bear interest at a rate of 5.5% per annum, payable semi-annually in arrear on February 8 and August 8 of each year, commencing February 8, 2017.
Ranking of the Notes	The Notes will be: • general obligations of the Issuer; • senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; • at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); • guaranteed by the Parent Guarantor on a senior basis, subject to the limitations described "Description of the Notes— The Parent Guarantee" and "Risk Factors — Risks Relating to the Notes and the Parent Guarantee"; • effectively subordinated to all secured obligations of the Issuer, to the extent of the assets serving as security therefor; and • effectively subordinated to the other secured obligations of the Issuer.
Parent Guarantee	The Parent Guarantor will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture.
Ranking of the Parent Guarantee	The Parent Guarantee will be:

	• a general obligation of the Parent Guarantor; • senior in right of payment to all future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee; • effectively subordinated to the secured obligations of the Parent Guarantor and the liabilities (including trade payables) of all of the Parent's Guarantor's subsidiaries (including Fosun International) that do not guarantee the Notes or the Parent Guarantee); and • at least *pari passu* with all unsecured, unsubordinated indebtedness of the Parent Guarantor (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law). See "Risk Factors — Risking Relating to the Notes and the Parent Guarantee."
Use of Proceeds	We intend to use the net proceeds from this offering (i) to refinance some of our existing indebtedness and (ii) for working capital and general corporate purposes.
Optional Redemption of the Notes	At any time prior to the maturity of the Notes, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
Repurchase of Notes Upon a Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event, the Issuer or the Parent Guarantor will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See "Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event."
Redemption for Taxation Reason	Subject to certain exceptions and as more fully described herein, the Issuer may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption, if the Issuer, the Parent Guarantor would become obliged to pay certain additional amounts as a result of certain changes in specified tax laws. See "Description of the Notes—Redemption for Taxation

	Reasons.”
Covenants	The Notes and the Indenture will limit the Parent Guarantor’s ability to, among other things, incur indebtedness, permit its subsidiaries to guarantee certain indebtedness of the Issuer or the Parent Guarantor; create liens; or effect a consolidation or merger. These covenants are subject to a number of important qualifications and exceptions described in “Description of the Notes — Certain Covenants.”
Transfer Restrictions	The Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “Transfer Restrictions.”
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof and will be initially represented by a global note registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.
Book-Entry Only	The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants. For a description of certain factors relating to clearance and settlement, see “Description of the Notes - Book-Entry; Delivery and Form.”
Delivery of the Notes	The Issuer expects to make delivery of the Notes, against payment in same-day funds on or about August 8, 2016.
Trustee and Paying Agent....................................	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent................................	The Bank of New York Mellon (Luxembourg) S.A.
Listing	The Issuer has received approval-in-principle for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes is not to be taken as an indication of the merits of the Issuer, our subsidiaries, associated companies or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Governing Law	The Notes and the Indenture will be governed by and construed in accordance with the laws of

	the State of New York.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "Risk Factors."
ISIN/Common Code	**ISIN**: XS1468582017; **Common Code**: 146858201

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The summary financial data as of and for the years ended December 31, 2014 and 2015 set forth below have been derived from our consolidated financial statements for the years ended December 31, 2014 and 2015, which have been audited by Ernst & Young, independent auditors, and are included elsewhere in this Offering Circular.

Our financial statements have been prepared and presented in accordance with HKFRS, which differ in certain respects from generally accepted accounting principle in other jurisdictions. The selected financial data below should be read in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this Offering Circular.

Consolidated Statement of Profit or Loss Data

	Year ended December 31,		
	2014	2015	
	RMB	RMB	US$
	(audited)	(audited)	
		(in thousands)	
Revenue	61,738,449	78,796,889	12,164,144
Cost of sales	(47,122,683)	(61,135,274)	(9,437,660)
Gross profit	14,615,766	17,661,615	2,726,484
Other income and gains	13,779,704	25,870,505	3,993,718
Operating expenses			
Selling and distribution expenses	(3,271,268)	(5,187,210)	(800,767)
Administrative expenses	(8,098,755)	(11,278,022)	(1,741,027)
Other expenses	(3,264,172)	(9,305,453)	(1,436,514)
Finance costs	(3,919,811)	(4,870,231)	(751,834)
Share of profits and losses of:			
Joint ventures	1,127,179	1,066,950	164,709
Associates	1,671,110	2,074,079	320,183
Profit before tax	12,639,753	16,032,233	2,474,952
Tax	(3,117,606)	(5,229,342)	(807,271)
Profit for the year/period	9,522,147	10,802,891	1,667,681
Attributable to:			
Owners of the parent	5,392,633	5,586,513	862,410
Non-controlling interests	4,129,514	5,216,378	805,271
	9,522,147	10,802,891	1,667,681

Consolidated Statement of Financial Position Data:

	As of December 31,		
	2014	2015	
	RMB (audited)	RMB (audited)	US$
		(in thousands)	
Total non-current assets................	190,804,575	262,910,018	40,586,313
Cash and bank	40,475,693	46,621,684	7,197,148
Total current assets.......................	134,993,272	143,216,526	22,108,822
Total current liabilities....................	121,578,343	136,825,302	21,122,187
Net current assets	13,414,929	6,391,224	986,635
Total non-current liabilities.............	128,060,682	177,285,349	27,368,142
Equity attributable to owners of the parent	31,455,218	37,794,762	5,834,506
Non-controlling interest..................	44,703,604	54,221,131	8,370,300
Total equity....................................	76,158,822	92,015,893	14,204,806

RISK FACTORS

Before making an investment decision, prospective investors should carefully consider all of the information set out in this Offering Circular, including the risk factors set forth below. The risks and uncertainties described below are not the only ones we face. Prospective investors should be aware that our business is located almost exclusively in the PRC and we are governed by a legal and regulatory environment that in some respects differs from that which prevails in other countries. Additional risks and uncertainties not presently known to us or that we currently deem immaterial could also harm our business. If any of the following risks actually materializes, our business, financial condition or results of operations could be materially adversely affected, the trading price of the Notes could decline, our ability to pay pursuant to the terms of the Notes could be adversely affected and you may lose all or part of your investment. You should also refer to the other information contained in this Offering Circular, including the financial statements and related notes.

Risks Relating to Our Businesses

We may not be able to grow at a rate comparable to our growth rate in the past.

We have experienced significant growth in recent years. A large portion of our growth has been attributable to the increase in scale of our existing operations through organic expansion and the broadening of the scope of our business through investments and acquisitions. Although we plan to continue to grow our business through organic expansion as well as investments and acquisitions, we may not be able to grow at a rate comparable to our growth rate in the past, either in terms of revenue or profit.

We may not be able to successfully identify, acquire, invest in or operate suitable investment projects, acquisition targets or businesses.

A significant portion of our growth is expected to be achieved through investments and acquisitions. We continue to evaluate and enter into discussions regarding a wide array of investments and acquisitions. We may not be able to identify investment projects or acquisition targets that suit our development plans. Even if we do identify suitable investment projects or acquisition targets, we cannot assure you that we will be able to complete the acquisitions and/or investments within the timeframe or budget as we anticipated, or at all. Completion of proposed investments and/or acquisitions is dependent upon the completion of due diligence and the negotiation of definitive agreements, and there can be no assurance that all or any of the proposed transactions will be consummated on commercially acceptable terms, if at all. The successful acquisition of businesses with good prospect requires an assessment of a number of factors, many of which are inherently inexact and may prove to be inaccurate. In connection with acquisitions, we may assume liabilities that were not disclosed to or known by us or that exceed our estimates. Our assessments of potential acquisitions may not reveal all existing or potential problems, nor may such assessments make us sufficiently familiar with the businesses to fully assess their strengths and weaknesses.

In identifying investment projects, acquisition targets or businesses with high-growth opportunities, we may decide to acquire only a non-controlling interest in other entities and may not necessarily embark on new business lines. Such growth opportunities involve additional risks because we may not have a good understanding of our business partners and/or have any proven track record in operating the new businesses. As a result, we may not be able to operate any such acquired businesses profitably.

We may encounter difficulties in implementing centralized management and supervision of our portfolio companies and in integrating the operations of an acquired business or in realizing anticipated efficiencies and cost savings.

We may not be able to effectively implement centralized management and supervision of our portfolio companies and our investees or ensure consistent application of our strategies and policies throughout the Company. In a number of portfolio companies, there are other major shareholders holding significant portions of equity interests and have great influence in their management. We may not be able to ensure that the Company's strategies and policies are implemented effectively and consistently within each portfolio company. In addition, due to the large number of our portfolio companies, their broad geographic distribution and limitations in our information systems and other factors, we may not always be able to effectively detect or prevent on a timely basis operational or management problems at these portfolio companies, and information available to and received by our management may not be accurate, timely or sufficient for our management to manage risks and plan for and respond to market and other changes in our operating environment. If we are unable to effectively implement our centralized management and supervision of our portfolio companies, or apply our strategies and policies consistently throughout the Company, our business, financial condition and results of operations could be materially and adversely affected and our reputation could suffer.

In addition, we may grow our business through acquisitions. To successfully execute our growth strategy through acquisitions, we need to properly manage post-closing issues, which could be complex, time-consuming and expensive. The successful integration of an acquired business may be affected by the size and complexity of the acquired business and the execution of the integration plan by local management. We may face unexpected delays or encounter difficulties that may require us to allocate additional resources to deal with such problems. Any such problem may impair our competitiveness and growth prospect, and adversely affect our business, financial condition and results of operations.

We face increasing competition from existing and new market participants, which may result in reduced operating margins and loss of market share.

Our operating environment is and will continue to be highly competitive. In particular:

- Competition in the PRC and overseas insurance industry continues to increase. We face intense competition from both domestic and foreign-invested insurance companies in both domestic and foreign markets. Some of our competitors have competitive advantages based upon operating experience, capital base and product diversification. In addition, we face potential competition from commercial banks, which have been permitted to invest in, or form alliances with, insurance companies to offer insurance products and services that compete against those offered by us.

- Some of our pharmaceutical products are manufactured based on non-proprietary formulae or production techniques. If other manufacturers obtain the required approvals from the SFDA, they may produce and sell similar products using the same formulae or production techniques in China. Further, the administrative or patent protection periods for some of our pharmaceutical products will expire soon. We may encounter more competition from other market players as a result, including from major international pharmaceutical companies that have sought to expand their business in the PRC market.

- Since China became a member of the World Trade Organization ("WTO") in 2001, many tariffs and other competitive barriers for the domestic steel industry and mining industry have been reduced or eliminated. We expect more competition from international steel producers and mining groups as a result. Further, as domestic production capacities increase, the steel industry and mining industry in China may become increasingly competitive, which may exert downward pressure on prices for our steel and mining products.

- As we expand our property business to other cities and regional markets in China, we need to compete with local property developers in those cities, some of which have better knowledge of target purchasers and the local business environment and may have stronger relationships with construction contractors.

- The asset management business is intensely competitive, with competition based on a variety of factors, including investment performance, continuity of investment professionals and investor relationship, the quality of services provided to investors, corporate positioning and business reputation. A number of our competitors have greater financial, technical, marketing and other resources, better name recognition and more personnel than we do.

Some of our principal competitors in one or more of our business segments have more resources than us and have been making significant capital investments in select areas. Our inability to compete effectively or an increase in competition with respect to our products could have an adverse effect on our financial results and return on capital expenditures, which could cause a decline in our growth rates, reduce our revenue, or reduce our ability to increase our target market shares. As we expand into new geographical markets or introduce new products and services, we may be subject to competition from other market players. We cannot predict the extent to which this competition will affect our future operating results.

We may fail to obtain sufficient capital resources for continued growth and other operational needs.

We require additional capital resources to pursue our business strategy of growing our business through organic expansion as well as investments and acquisitions and to remain competitive by responding timely to technological changes or market demand. In particular, we require significant capital to build, maintain and operate our industrial production facilities, to conduct research and development of new pharmaceutical products, to acquire new land parcels for property development projects, and to invest in or acquire suitable investment projects or acquisition targets, which requires a considerable period of time before we can generate any revenue or investment returns, if at all. In addition, as part of our investment business we invest in the securities of privately-held and publicly-traded companies, which often requires large amounts of investments. Also, many of such investments are not liquid assets. Our liquidity, financial condition and our ability to finance our other operations and to service our debt obligations may be materially and adversely affected if we cannot quickly liquidate such investments for cash when needed. See "— We may fail to realize any profits from our investment activities or may be unable to sell our investments for a considerable period of time or to recover our investment costs." Further, the growth of our asset management business largely depends on our ability to retain investors and increase the size of the investment funds we operate, which, however, may be substantially affected by the performance of the global capital and credit markets. The volatility in and disruption of the global capital and credit market will materially and adversely affect the size of our AUM, and thereby our financial condition and business performance.

We expect to meet the funding needs for our operations through cash flows from operations, securities offerings, bank borrowings and other external financing sources. Our ability to obtain additional financing or to obtain investors for our asset management segment depends on a number of factors, including China's economic condition, prevailing conditions in capital markets, regulatory requirements, our financial condition, results of operations and cash flows, and costs of financing including changes in interest rates. If we cannot obtain sufficient funding on acceptable terms or receive necessary approvals from the regulatory authorities, we may not be able to successfully implement our business strategy, and our prospects could be materially adversely affected.

Our borrowing levels and significant interest payment obligations could limit the funds we have available for various business purposes.

We have relied on both short-term and long-term borrowings to fund a portion of our capital requirements and expect to continue to do so in the future. As of December 31, 2015, we had total interest-bearing bank and other borrowings of RMB122,436 million and our ratio of total interest-bearing bank and other borrowings to total assets was 0.30.

Our results of operations may be adversely affected by an increase in the effective interest rate of our borrowings, including as a result of increases in LIBOR, HIBOR or other benchmarks to which our floating rate borrowings are linked. See "Description of Other Material Indebtedness." In recent years, the PBOC has adjusted the bank deposit and lending rates a number of times and may make further adjustments in the future depending on macroeconomic factors.

We require significant funding for our capital expenditure and investment programs as a result of our continued growth and other operational needs. We had capital commitments of RMB20,006.9 million as of December 31, 2015. We also have a significant amount of income expenses, respectively, to pay interest. Interest payments reduce funds available for our working capital, capital expenditures and other business purposes. Any funding shortage could limit our ability to respond to changing market conditions or to grow our business, make us more vulnerable to adverse economic and industry conditions, and place us at a competitive disadvantage compared to our competitors with less indebtedness.

Any revision, downgrade or withdrawal of our credit ratings may affect our ability to raise additional financing and may adversely affect the market price of the Notes.

Our Company has received long-term ratings of "BB" from Standard & Poor's Hong Kong Limited and "Ba3" from Moody's Investors Service Hong Kong Ltd. These ratings reflect the rating agencies' views of our Company's ability to make timely payment of principal and interest on senior unsecured debts. There can be no assurance that these ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies at any time in the future if, in their judgment, circumstances so warrant. On May 31, 2016, Standard & Poor's Hong Kong Limited announced that it had placed our credit rating of "BB" on a negative outlook.

Any negative rating revision, downgrade or withdrawal of our Company's credit ratings by one or both of these agencies could have an adverse effect on the market price of the Notes as well as adversely impact on our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available and could have a material adverse effect on our financial condition and results of operations.

Our historical consolidated financial information may not be indicative of our future results of operations.

Our historical consolidated financial information must be evaluated in light of the impact of the significant changes in our portfolio that have occurred in the periods covered in the financial statements included in this Offering Circular. We cannot assure you that the historical financial information will be indicative of what our results of operations, financial condition or cash flow will be in the future. In particular:

- Our scale of operations has grown significantly in recent years, a large part of which has been attributable to investments and acquisitions.

- We may fail to consolidate some of our existing subsidiaries if our voting interests in them are diluted further. See "— Our voting interests in our portfolio companies may be diluted."

- We have recognized substantial other income from interest income, revenues generated by our subsidiaries outside their core business activities, dividends from available-for-sale investments, dividends from equity investments at fair value through profit or loss, government grants and exchange gains, gains from our disposal of interests in subsidiaries, deemed disposal of interests in associates, fair value gain on investment properties and fair value adjustment of equity investments at fair value through profit or loss. We may not be able to realize similar gains from our portfolio companies in the future.

We establish, as well as acquire and dispose of equity interests in, portfolio companies from time to time in accordance with our business objectives. Period-to-period comparisons of our historical operating results must be evaluated in light of the impact of such transactions.

Our corporate structure, which consists of a large number of companies in multiple business lines, exposes us to challenges not found in companies with a single business line, such as conflicts of interest among business segments.

The Company consists of portfolio companies operating in multiple industries, including several publicly-traded companies with unrelated businesses. Due to the diverse characteristics of our portfolio companies, we face challenges not found in companies with a single business line. In particular:

- We are exposed to business, market and regulatory risks relating to different industries. We need to devote substantial resources to monitor changes in different operating environments so that we can react with appropriate strategies that fit the needs of the portfolio companies affected.

- Due to the large number of portfolio companies involved, a successful operation of the Company requires an effective management system that emphasizes accountability, imposes financial discipline on portfolio companies, and creates value-focused incentives for management. As we continue to grow through acquisitions of businesses in an increasing number of different industries, our operations will become more complex, which may increase the difficulty of implementing our management system.

- As many of our principal portfolio companies are publicly traded, transfers of funds into or out of these companies are subject to various regulatory restrictions. Intra-group transactions may also be subject to applicable listing requirements, such as the issuance of press notices, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and accounts. Portfolio companies with funding needs may not be able to obtain financial support from us in a timely manner.

A portion of the borrowings of our portfolio companies are guaranteed by Fosun High Technology. Although none of our portfolio companies have defaulted on their borrowings in the past, if a portfolio company defaults on any such borrowings, the relevant lender may exercise its right under the guarantee to demand payment from Fosun High Technology. This may result in a funding shortage at the holding company level and adversely affect the financial support that Fosun High Technology may offer to its portfolio companies in other segments.

Further, our portfolio companies in different business segments may determine that it is in their shareholders' interests to pursue business ventures together. We cannot assure you that such business ventures will be successful or generate the synergies expected, if any. The successful completion of this type of transaction will depend on several factors, including satisfactory due diligence findings and the receipt of necessary regulatory approval, among others. If we fail to complete such business ventures or they prove to be unsuccessful, our relevant business segments may be adversely affected.

The composition of our business segments has been changing from time to time and may further change in the future, and the historical financial information of each segment may not be comparable from period to period or be indicative of its future financial results.

The Company currently consists of two principal businesses, under each of which, there are a number of portfolio companies. The classification of segmentation is primarily made based upon our ownership structure, business operations and development strategies. These composition and the portfolio companies under each business segment may change from time to time, based on the development of our operations. As such, the financial information of each segment may change from time to time, and may not be comparable from period to period or be indicative of the future financial results of such segment. Period-to-period comparisons of our historical operating results must be evaluated in light of the impact of such transactions and reclassifications.

Disputes with our joint venture partners may materially and adversely affect our business, results of operations and financial condition.

We have developed certain projects and made certain investments through joint ventures or cooperation arrangements with our PRC or foreign partners. Our joint partners or cooperation partners may have economic or business interests or goals that are inconsistent with ours, take actions contrary to our instructions or requests or contrary to our policies or objectives, may be unable or unwilling to fulfill their obligations under the relevant joint venture or cooperation agreements or have financial difficulties. Disagreement with any of our joint venture partners or other cooperation partners with respect to business objective or the scope or performance of our respective obligations under joint venture or cooperation arrangements or the early termination of our joint venture or cooperation arrangement could adversely affect our business operations, financial condition and results of operations.

We depend on the experience and industry expertise of our senior management.

To ensure the successful operation of the Company, the senior management of our Company assigns directors, officers and senior staff members with the relevant experience and expertise to our portfolio companies. To a large extent, our continued ability to successfully integrate new operations and to identify other market opportunities will depend on the experience and expertise of our senior management and the management assigned to our portfolio companies. At the holding company level, we rely principally on our Executive Directors, some of whom are our controlling shareholders, in formulating business strategy and supervising the operations of the Company as a whole. For details concerning our Directors, see "Directors and Senior Management" in this Offering Circular. At the business segment level, in addition to our Company's Executive Directors, we rely also on certain management personnel in our portfolio companies. The continued success of the Company depends in large part on the leadership of our existing management personnel, our ability to retain such management personnel, and our ability to attract and recruit adequate management personnel with specialized expertise in the industries in which our portfolio companies operate. Our business may be adversely affected if we lose the service of any key management personnel in our Company or in any of our portfolio companies.

Rapid growth may strain our management and operating resources.

As we continue to grow our business by growing our existing principal portfolio companies as well as investment portfolio, our operations have become more complex, and our management's responsibilities have correspondingly increased. Our managerial and operational resources could become strained as a result of our growth. If we fail to retain or identify and attract additional management capability and operating personnel, our ability to successfully grow our business will be adversely affected. Further, during periods of increased demand for our products, we may encounter constraints on the total output and mix of products due to capacity limitations at our production facilities.

Our voting interests in our portfolio companies may be diluted.

Our voting interests in our portfolio companies that are not currently publicly traded may be diluted if these entities become publicly traded.

In addition, our portfolio companies may from time to time need additional capital to achieve their expansion plans or other business objectives and may issue additional shares or other equity securities to meet their capital needs. We may choose not to, or be unable to, subscribe for the securities offered in any such additional issuances by our portfolio companies. If we fail to subscribe for additional securities of a portfolio company on a pro-rata basis consistent with our existing shareholding in such company, our equity interest in the company will be diluted.

Our voting interests in our portfolio companies could also be diluted as a result of the exercise, redemption or conversion of stock options or equity-linked instruments. A dilution of our equity interest in a portfolio company would reduce our share of the profits earned by such portfolio company, which may have an adverse effect on our results of operations. Further, if our ownership were reduced significantly, it may cause our representation on such company's board to be reduced, or otherwise reduce our ability to direct or influence the operations of that company.

We depend on our investment returns and our receipt of cash dividends from our portfolio companies for our cash flow and ability to satisfy our obligations.

We depend on cash from disposal of investments held by our Company and our receipt of cash dividends from Fosun High Technology for our cash flow and ability to satisfy our debt obligations. See "— We may fail to realize any profits from our investment activities or may be unable to sell our investments for a considerable period of time or recover our investment costs" below for risks associated with our investments. The dividends paid to us by Fosun High Technology are dependent on dividends and distributions from our other portfolio companies. If our other portfolio companies fail to pay cash dividends to Fosun High Technology, our ability to receive cash dividends from Fosun High Technology may be materially adversely affected.

While many of our portfolio companies have, in the past, paid cash dividends from time to time, the pattern may not be indicative of the amount of dividends Fosun High Technology may receive in the future, or at all. In particular:

- Dividend policies of our portfolio companies may vary significantly and change from time to time. Some portfolio companies may conclude that it is in the best interest of their shareholders to retain earnings, if any, for use in the operation and expansion of their businesses. The shareholders or the board of a portfolio company (as the case may be) have the power to determine whether to pay dividends based on conditions then existing, including the company's earnings, financial condition and capital requirements, as well as economic and other conditions the shareholders or the board may deem relevant.

- Most of our principal portfolio companies are incorporated in the PRC and as such their ability to declare and pay dividends is subject to various PRC legal, regulatory and contractual constraints. According to PRC laws and regulations, a PRC company is required to allocate a portion of its profit to statutory reserve funds before it may pay any dividends. Furthermore, if a PRC company has incurred cumulative losses, it may not issue any dividends until such losses have been offset by profits and the above mentioned statutory reserve funds have been allocated.

The Company's controlling shareholders may withdraw their financial support or take actions that are not in the best interests of our Company.

As of December 31, 2015, Messrs. Guo Guangchang, Liang Xinjun and Wang Qunbin are Fosun International's controlling shareholders, who together beneficially own 71.37% of its share capital through Fosun International Holdings and Fosun Holdings. See "Principal Shareholders." The Company's controlling shareholders may provide financial support to the Company from time to time. As a result of their ownership of the Company's share capital and provision of financial support, they have the ability to exert significant influence over the management of the Company, including the ability to implement administrative policies, elect the Company's directors and appoint members of the Company's senior management. They may withdraw their financial support or take actions or direct us to take corporate actions that are not in the best interests of the Company or its non-controlling shareholders.

We may not be able to satisfy the applicable regulatory requirements for the conduct of our businesses.

Our operations are subject to PRC Government regulations. Many of the industries in which our portfolio companies operate are subject to heavy government regulations, such as the pharmaceuticals and healthcare, property, steel and mining, financial and insurance industries. To maintain our current operations or to commence a new operation, we need to obtain, maintain and renew government authorizations, including permits, licenses and other qualifications. For instance, the terms and premium rates of certain insurance products are subject to regulation, and CIRC regulations require insurance companies to maintain minimum solvency margin rations; steel companies need manufacturing permits to engage in iron and steel production; all pharmaceutical production facilities in China need manufacturing permits and GMP certificates to produce pharmaceutical products; property development companies need qualification certificates and permits to develop and sell properties; and mining companies are also required to obtain certain government approvals, permits and licenses, among which exploration permits, mining permits, production safety permits are crucial to mining operations.

We believe the Company has all permits, licenses, qualifications and other government authorizations necessary to conduct its business and to use its properties in the manner described in this Offering Circular. We, however, cannot assure you that these permits, licenses, qualifications and other authorizations will be renewed upon their expiration, or that we will continue to meet the standards imposed by the government. Further, government authorizations may be revoked if the operation fails to comply with the stipulated standards. Failure to obtain, maintain or renew relevant qualifications may have a material adverse impact on our business.

Our right to occupy and use some of our land and buildings is subject to legal uncertainties.

We face several legal uncertainties in our continued occupation of some of the land and properties we occupy. We do not have valid and enforceable title certificates, such as land use rights certificates (or LURCs), building ownership certificates (or BOCs) or real estate title certificates (or RECs), or required government approvals, for certain properties we occupy. Our rights in relation to such properties and land, including the rights of occupation, utilization, profit and disposal, may not be recognized and protected under PRC law until we obtain the relevant title certificates and government approvals, and we cannot guarantee that we will be able to obtain them. We may be subject to penalties for occupying land in the absence of the required government approvals and may be required to return the land to its previous owner, demolish and remove buildings constructed on the land, restore the land to its original condition, or turn over the buildings to the government. We may be fined if we fail to obtain construction permits or if our commencement report is not approved under the Regulation on the Quality Management of Construction Projects (建設工程品質管制條例) in relation to properties we use or have under construction.

Similarly, there are also some properties occupied and leased by us for which the lessors have not provided us with the relevant BOCs or documentary evidence of the property owners' consent to sublease, as a result of which the leases have not been registered with the relevant government authority. If any of our leases were to be terminated as a result of challenges by third parties or any failure of our lessors to renew the leases or obtain their legal title or the requisite government approval or consent to lease the relevant properties, we may be forced to relocate some of our manufacturing operations or offices and incur losses or additional costs associated therewith.

Regulatory actions and legal proceedings against us could cause us reputational harm and have a material adverse effect on our business, financial condition and results of operations.

We are subject to extensive regulation by PRC and overseas regulatory authorities in each of the markets where we conduct our business, and, from time to time, we may be subject to regulatory or legal proceedings. Responding to these regulatory or legal proceedings, regardless of their ultimate outcome, is time-consuming and expensive and can divert the time and effort of our senior management from our business. Moreover, our provisions for regulatory or legal proceedings may be inadequate. Given the uncertainties and complexity of many of these regulatory or legal proceedings, their outcome generally cannot be predicted with any reasonable degree of certainty. We are subject to periodic examinations by the CIRC, the PBOC and other PRC Governmental authorities, relating to our compliance with PRC laws and regulations.

Any fraud, sales misrepresentation, money laundering and other misconduct committed by our employees and agents and other external parties could result in violations of laws and regulations by us and subject us to regulatory sanctions. Even if such instances of misconduct do not result in any legal liabilities on our part, they could cause serious reputational or financial harm to us. In particular, since 2006, the State Council and various PRC regulatory authorities, including the CIRC, have intensified their efforts to combat commercial bribery in the PRC. While we are implementing measures aimed at detecting and preventing employees' and external parties' fraud, sales misrepresentation, money laundering and other misconduct, we may not be able to detect or prevent such fraud, sales misrepresentation, money laundering or other misconduct in a timely manner, which could harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

Accidents in our business operations may expose us to liability and harm our corporate image.

Our significant portfolio companies operate in industries that may be exposed to accidents in business operations from time to time. A significant portion of our business relates to steel production, mining operations and real estate development. Steel production and mining operations involve the operation of heavy machinery and hence, are generally subject to certain operating risks, including industrial accidents, environmental hazards, the encountering of unusual or unexpected geological formations, cave-ins, flooding and earthquakes. These occurrences could result in damage to, or destruction of, our steel production facilities or mining operations, personal injury or death, environmental damage, asset write-downs, monetary losses and legal liability. In addition, working at steel production facilities or mining facilities presents risks to our employees. We may be held liable for on-the-job injuries or deaths. Further, real estate development may be exposed to construction-related personal injuries from time to time. We may also experience interruptions to our operations and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could adversely affect our business, financial condition and results of operations.

We may be exposed to claims by third parties which, if successful, could cause us to pay significant damage awards and incur other costs.

We are exposed to product liability, consumer, commercial, environmental and tax litigations, government investigations and other legal proceedings that may arise from time to time in the ordinary course of our business. Litigation is inherently unpredictable, and excessive verdicts may occur. We could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on our results of operations in any particular period.

Our insurance coverage may not adequately protect us against all operating risks.

We face various operational risks in connection with our business, including:

- production interruptions caused by operational errors, electricity outages, raw material shortages, the failure of equipment and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- economic loss due to product reclaim;
- on-site production accidents;
- social, political and labor unrest;
- disruption in global capital markets and global economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods, mine collapses or other natural disasters.

To manage operating risks, we maintain in our portfolio companies insurance coverage of various kinds. Although we believe that each company's insurance coverage is consistent with the relevant industry practice in China, we cannot assure you that all claims under their insurance policies will be honored fully or on time. In addition, we cannot assure you that the safety measures we have in place for our operations will be sufficient to mitigate or reduce industrial accidents. We also cannot assure you that casualties or accidents will not occur or that our insurance coverage would be sufficient to cover costs associated with accidents. Furthermore, we are generally unable to insure against certain types of losses, including losses caused by earthquakes, typhoons, floods, wars and riots, and we do not have business interruption insurance. To the extent that any of our portfolio companies suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, our results of operations and cash flow may be adversely affected.

Our risk management and internal control systems may not be adequate or effective in identifying or mitigating the risks to which we are exposed.

We have been devoted to establishing risk management and internal control systems consisting of an organization framework, policies, procedures and risk management methods that we consider to be tailored to the operations of each of the relevant business segment. However, there is no assurance that our systems may be adequate or effective in identifying and mitigating our risk exposure in the market environments related to the relevant business segment or against all types of risks that the relevant business segment may be exposed to.

Stricter environmental and safety protection in China may increase our operating costs.

We are subject to extensive and increasingly stringent safety and environmental protection laws and regulations in the PRC. Among other things, these laws and regulations:

- impose fees for the discharge of waste substances exceeding the discharge standards promulgated by relevant government authorities;
- require the establishment of reserves for reclamation and rehabilitation;
- impose fines for serious environmental offenses; and
- allow the PRC Government, at its discretion, to close any facilities failing to comply with orders to correct or stop operations that have caused environmental damage.

The PRC Government is currently moving toward more rigorous enforcement of applicable laws and regulations, as well as the adoption and enforcement of more stringent environmental standards. As a result, our budgeted capital expenditure for environmental regulatory compliance may be insufficient and we may need to allocate additional funds. Moreover, we cannot assure you that we can comply with all environmental laws and regulations that may be adopted or amended in the future. If we fail to comply with current or future environmental laws and regulations, we may be required to stop production, pay penalties or fines or take corrective actions, any or all of which may have a material adverse effect on our business, financial condition and results of operations.

A deterioration in our brand image could adversely affect our business.

We regard the "復星" "Fosun" brand name and the related trademarks and devices we use as important assets to our business. Any negative incident or negative publicity concerning us could adversely affect our reputation and business. Brand value is based largely on subjective consumer perceptions and can be damaged even by isolated incidents that degrade consumer trust. Consumer demand for our products and our brand value could diminish significantly if we fail to preserve the quality of our products, or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. In addition, any unauthorized use or infringement of our brand name may impair the value we have built in our brand name, damage our reputation and materially and adversely affect our business and results of operations.

We are subject to international business risks that could harm our investments in foreign markets and materially and adversely affect our business, results of operations and financial condition.

We execute on an investment model of "combining China's growth momentum with global resources." Our business consists of significant investments and asset in markets outside the PRC. Our investment and business experience in certain overseas markets is limited and we could face considerable business and regulatory risks in our expansion into international markets, including:

- a lack of local presence and familiarity with cultural, regulatory and business practices;
- shortage of personnel with necessary language skills and technical capabilities;
- burden or cost of complying with foreign laws and regulations, including unexpected changes in laws that may have an adverse effect on foreign businesses;
- inherent difficulties and delays in contract enforcement through the use of foreign legal systems;
- changes in political, regulatory or economic conditions;
- political and social instability, wars and terrorism;

- volatility in currency exchange rates;
- potentially adverse tax consequences;
- labor unrest;
- import and export duties and quotas, as well as general transportation costs;
- changes in domestic and international customs and tariffs;
- foreign exchange control or regulatory restrictions that could prevent us from repatriating income earned in such countries;
- difficulties in obtaining necessary permits, approvals, licenses or authorizations for our business and operations; and
- longer payment cycles and problems in collecting account receivables.

We cannot assure you that our efforts to enter into any international markets will be successful. Any of the foregoing risks could result in failure to realize economic return on our investments in those markets, which in turn could materially and adversely affect our business, results of operations and financial condition.

Acts of God, acts of war and terrorism, riots, epidemics and other disasters could affect our business.

Our business is subject to general and social conditions. Natural disasters, epidemics, acts of God and other disasters that are beyond our control may materially and adversely affect the economy, infrastructure and livelihoods of the people of the PRC and the other jurisdictions we operate in. For instance, some cities in the PRC are under the threat of flood, earthquake, sandstorm or drought. Our business, financial condition and operating results may be materially and adversely affected if natural disasters occur.

Epidemics threaten people's lives and may materially and adversely affect their livelihood as well as their living and consumption patterns. The occurrence of an epidemic is beyond our control, and there is no assurance that the outbreak of severe acute respiratory syndrome, the H5N1 strain of avian influenza, the H1N1 strain of swine flu, the H7N9 strain of bird flu or any other epidemics or pandemics will not occur.

Any epidemic or pandemic occurring in areas in which we operate, or even in areas in which we do not operate, may materially and adversely affect our business, financial condition and operating results.

Acts of war and terrorism may cause damage or disruption to us or our employees, facilities, markets, suppliers or customers, any of which may materially and adversely impact our revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict.

We have business operations in Europe, which may be subject to economic uncertainty in the region, including the results of the United Kingdom's referendum on withdrawal from the European Union that in turn may have a negative effect on global economic conditions, financial markets and our business.

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Notes.

In addition, Fosun Insurance Portugal is highly sensitive to changes in the Portuguese economy, which is undergoing a process of significant economic reforms that might increase uncertainty in the short term. Fosun Insurance Portugal's operations are principally located in Europe, particularly in Portugal. Accordingly, our financial performance is particularly affected by economic and financial conditions in Portugal, and our results of operations may be further adversely affected if the difficult macroeconomic circumstances in Portugal cause a sustained or significant fall in the demand for insurance products. The continuing credit crisis in Europe has caused widespread concern about the ability of several European governments to repay their debt. The weak economy has had, and will continue to have, a number of negative impacts on our insurance business in Portugal. Most significantly, it has resulted in a reduction in insurance premiums in the Portuguese insurance market. In these circumstances, many of the risks we face could intensify, which could have a material adverse effect on our business, results of operations and financial condition.

We have a relatively short operating history in the insurance industry.

Pramerica Fosun Life Insurance and Peak Reinsurance were both established in 2012, and we acquired 80% of Fosun Insurance Portugal in 2014. We completed our acquisition of MIG in July 2015 and MIG was delisted and ceased trading on the New York Stock Exchange. MIG is an American professional property and casualty insurer and an insurance administration services company focusing on niche markets. Also in 2015, we acquired 100% of Ironshore, a global specialty insurance company operating principally in Bermuda, the United States, Lloyd's and Ireland. We have limited operating history in the insurance industry for investors to evaluate our business operations and to forecast our future performance. Although we partner with Prudential Financial, Inc., which is one of the most reputable players in the insurance industry, there is no guarantee that its expertise, skills and distribution network may be immediately transferred to a new business entity. Further, we have no operational experience in offering reinsurance products. Although the management of Peak Reinsurance have experience in reinsurance business, there is no assurance that their experience and connections can be applied in a new business entity as fast as we anticipate. As such, there is no assurance that we may be able to achieve our performance goals with respect to our insurance segment, and if we cannot achieve our performance goals in accordance with our expected timetables, our business, results of operations and financial condition may be materially and adversely affected.

The growth rate of the insurance market in the PRC may not be sustainable or as high as we anticipate.

We expect the insurance market in the PRC to expand and the insurance penetration rate to rise with the continued growth of the PRC economy and household wealth, the reform of the social welfare system, demographic changes and the opening up of the PRC insurance market to foreign participants. Our judgments regarding the anticipated drivers of such growth and their impact on the PRC insurance industry are prospective. Our prospective judgments may not be consistent with actual developments, which could have a material adverse effect on our business, results of operations and financial condition.

Competition in the insurance industry is becoming more rigid and our profitability and market share could be materially and adversely affected if we are unable to compete effectively.

We face intense competition from both domestic and foreign-invested insurance companies. Competition in the insurance industry is affected by a number of factors, including brand recognition and reputation of the provider of services and products, distribution network and easy access to services and services personnel, pricing and quality of services, product design and diversification, financial strength, high-quality and stable professional team and information technology capabilities. Some of our competitors also have competitive strengths based on operating experience, capital base and product diversification.

In addition, we face potential competition from commercial banks, which have been permitted to invest in, or form alliances with, insurance companies to offer insurance products and services that compete against those offered by us. Large commercial domestic banks, such as Bank of China, Bank of Communications and China Construction Bank, have invested in insurance companies. Closer integration between the insurance and banking sectors may potentially better align their economic interests and increase incentives for banks to distribute insurance products and services of their insurance business affiliates and partners instead of ours. Such potential competitors may further increase the competitive pressures we expect to face.

Our failure to respond effectively to these various competitive pressures could result in a loss of market share, losses on some or all of our activities and slower growth, if we:

- fail to adapt to customer demand and regulatory changes;
- fail to implement our strategies successfully;
- fail to adopt the right product offering or distribution strategy; or
- fail to offer competitive, attractive and innovative products and services that are also profitable.

A decline in our competitive position due to one or more of these factors may have a material adverse effect on our business, results of operations and financial condition.

The ability of our insurance and reinsurance companies in the PRC to diversify investment portfolio is limited by the applicable PRC laws and regulations, which may have a material adverse effect on our business, results of operations and financial condition.

Although the PRC regulatory authorities, including the CIRC, have significantly expanded the assets classes in which PRC insurance companies are permitted to invest in recent years, the asset classes remain limited, as compared to those available to many international insurance companies. Even with the broadened investment types, the ability of our insurance and reinsurance companies to diversify their investment portfolio continues to be limited by the restrictions on the amount and percentage that we can invest in some of these asset classes, such as stocks listed on PRC stock exchanges and securities investment funds. Our limited ability to diversify our investments may have a material adverse effect on our business, results of operations and financial condition.

Credit risks in our insurance, reinsurance and distribution operations and credit risks relating to our investments may expose us to significant losses.

We are exposed to the risk that counterparties in our insurance, reinsurance and distribution operations, including customers and distribution partners, do not perform their obligations. Our customers and distribution partners may default on their obligations to us due to bankruptcy, lack of liquidity, downturns in the economy, operational failure, fraud or other reasons. We are also subject to the risk that our rights against these counterparties may not be enforceable in all circumstances. In addition, we are exposed to credit risks in relation to our investments, including a decrease in the fair value of securities we own, a downgrade in credit ratings of securities we own and the credit risks of counterparties in our investment activities.

We are also exposed to credit risks in connection with our investments under our insurance segment. The fair value of our exchange-traded bond investments is assessed with reference to the quoted market prices at the close of business on each balance sheet date. The fair value of our bond investments that are traded in interbank markets is determined using the estimated market prices published by the China Central Depositary & Clearing Co., Ltd. Domestic credit ratings may not use the same methods or have the same analytical capabilities as internationally-recognized rating agencies and thereby may not reflect the same creditworthiness as used by internationally-recognized rating agency. We may be subject to greater credit risks with respect to our investments in debt securities than we believe, which could result in a decrease in the fair value of our debt securities, resulting in impairment losses. Although we attempt to minimize the risks associated with investments through diversification, improving our credit analysis capability and paying attention to current interest rate trends, we cannot assure you that we are able to identify and mitigate credit risks successfully. As a result, the losses in fair value or realized losses we could incur on investments we hold as well as a significant downgrade in the credit rating of the debt securities owned by us could have a material adverse effect on our business, financial condition, results of operations and prospects. Furthermore, the counterparties in our investments, including issuers of securities we hold, banks that hold our deposits, debtors and investees of private equity funds, may default on their obligations to us due to bankruptcy, lack of liquidity, economic downturns, operational failure, fraud or other reasons. We are also subject to the risk that our rights against these counterparties may not be enforceable in all circumstances.

Volatility in the securities markets could result in lower returns or losses on the investment assets under our insurance segment.

Volatility in stock markets may affect our profitability, financial position and dispositions of equity securities and equity-linked assets. A decline in stock markets may lead to a reduction of unrealized gains in such assets or result in unrealized or realized losses, impairments, and a reduction of realized gains upon the disposition of such assets, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Stock markets are subject to volatility for numerous reasons including political, economic and social conditions. These and other factors may from time to time result in significant price volatility, unexpected losses and lack of liquidity in stock markets. A significant decrease in the prices of the listed stocks that our insurance companies have invested in, could materially reduce the value of our investment portfolio. Debt securities markets are also subject to volatility. Any significant decline in debt securities markets could negatively affect the value of our debt securities and have a material adverse effect on our business, financial condition, results of operations and prospects.

Our investment portfolio under the insurance segment is subject to liquidity risk which could decrease its value.

Some of our investments under the insurance segment may not have sufficient liquidity as a result of a lack of market makers, market sentiment and volatility, and the availability and cost of credit. As an investor with diversified investments, we may also hold significant positions in some of the listed stocks that we directly invest in, and any decision to sell or any perception in the market that we intend to sell could adversely affect the liquidity and market price of such security and, in turn, our returns on investments in such security. We may also hold privately placed fixed income securities, PE Investments and real estate investments. If we are required to dispose of these or other potentially illiquid assets on short notice due to significant insurance claims to be paid, surrenders and withdrawals of existing life and health insurance policies or other reasons, we could be forced to sell such assets at prices significantly lower than the prices we have recorded in our consolidated financial statements. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Changes in market interest rates could have a material adverse effect on our insurance business and our profitability.

The profitability of many insurance products and investment returns are highly sensitive to interest rate fluctuations. Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) could reduce our investment returns and spread and thus materially and adversely affect our insurance businesses and investment returns, which in turn could have a material adverse effect on our business, financial condition and results of operations.

A decline in interest rates could not only result in an increase in the value of our existing fixed income assets calculated based on fair value, but also result in reduced returns on investment from our newly added fixed income assets, thus materially reducing the profitability of our insurance business. During periods of declining interest rates, our average investment yield may be affected as our maturing investments and bonds that are redeemed or prepaid to take advantage of the lower interest rate environment may have to be replaced with new investments carrying lower yields, thus reducing our investment margins and investment income. Lowering assumed pricing rates could help offset decreases in investment margins on some life and health insurance products. However, our ability to lower these rates could be limited by competition and may not match the timing or magnitude of changes in investment yields, which would reduce or eliminate the profit margins on our products.

Accordingly, declining interest rates could have a material adverse effect on our business, financial condition, results of operations and cash flows of our insurance segment and significantly reduce our profitability in the insurance segment.

Differences between the actual benefit and claim payments and those assumptions and estimates used in the pricing of, and setting reserves for, our insurance products could have a material adverse effect on our business, financial condition and results of operations.

Our earnings from our insurance segment significantly depend on the extent to which the actual benefit and claim payments are consistent with those assumptions and estimates used in pricing products and establishing reserves for future policy benefits and claims.

We price our insurance products based on our estimates of probability of loss and various costs and the judgment of our management. We establish claim reserves and unearned premium reserves for property and casualty insurance products in accordance with industry practice and accounting and regulatory requirements. Claim reserves represent estimates of the ultimate cost of claims for claims incurred but not settled, whether or not reported, as of the balance sheet date, and includes reserves allocated for loss adjustment expenses that may be incurred for future benefits of claims. These estimates are based on actuarial and statistical projections and the predictions of variable factors based on the facts and circumstances known at the time when the losses are incurred. We price and establish reserves for life and health insurance products based on many assumptions and estimates, including as to investment returns, mortality rates, morbidity rates, lapse and surrender ratios, and expense ratios, among others. These estimates are based on our previous experience, statutory requirements, industry practice and the judgment of our management.

Due to the nature of underlying risks and the uncertainties associated with the determination of liabilities for future policy benefits and claims, the amount which we will ultimately pay to settle our liabilities may differ from estimated amount, particularly when those payments may not occur until well into the future. The estimates made in connection with pricing and establishing reserves are largely based upon prior operational experiences. We, however, have relatively limited operational history and limited accumulated experience in this industry. If our previously established reserves prove to be inadequate, we will incur additional costs in the form of costs of claims or we may be required to increase our reserves for future policy benefits, resulting in additional costs in the period during which the reserves are established or re-estimated, which could have a material adverse effect on our business, financial condition and results of operations.

Catastrophic events, which are covered by our insurance or covered by the insurance for which we provide reinsurance, could materially increase our liabilities for claims by policyholders and affect our reinsurance availability.

Both our insurance and reinsurance businesses expose us to risks of liabilities for insurance claim payments relating to catastrophic events, which are covered by our insurance or the insurance for which we provide reinsurance services. Catastrophes can be caused by various natural hazards, including earthquakes, typhoons, floods, draught, windstorms, hailstorms, severe weather, fires and explosions. Catastrophes can also be man-made, such as terrorist attacks and industrial or engineering accidents. In addition, our life and health insurance businesses are exposed to the risk of catastrophic mortality and illness, such as a pandemic or other event that causes a large number of hospitalizations and deaths. For example, significant influenza pandemics have occurred three times in the last century, and in 2003 an outbreak of severe acute respiratory syndrome infected over 5,000 individuals and caused over 300 deaths in China. Neither the likelihood, timing, nor the severity of a future pandemic can be predicted. If we offer group insurance products or reinsurance from group insurance products, a localized catastrophic event that affects the workplace of one or more of the group insurance customers could cause a significant loss due to mortality or morbidity claims. Catastrophes could also result in losses in our investment portfolios, due to, among others, the failure of our counterparties to perform their obligations or significant volatility or disruption in the financial markets, and could in turn have a material adverse effect on our business, financial condition and results of operations. We will likely in the future experience losses related to catastrophic events covered by our insurance or the insurance for which we provide reinsurance services that could materially and adversely affect our financial results. The extent of our losses from catastrophes is a function of their frequency and severity. In addition, catastrophic events, such as rainstorms, floods and typhoons, generally occur more frequently during the second half of each year in China, which have resulted, and will likely result in the future, in an increase of total claims and claim payments during such periods compared to the first half of each year.

We have limited experience investing in certain asset classes that have only recently been permitted by the CIRC and may have limited experience investing in other asset classes that may be permitted in the future.

The CIRC has in recent years significantly expanded the scope of permitted investments for PRC insurance companies. We are permitted to invest our insurance funds in a variety of areas such as infrastructure debt investment plans, unsecured bonds, shares of unlisted companies, real estate, bank financing products, trust plans, financial derivatives and overseas investments, and may be permitted by the CIRC to invest in additional new asset classes in the future. When making investments in these asset classes, we may face new and heightened risks, including but not limited to liquidity, credit and operation risks, partially due to our limited experience in investing in such asset classes. Investments in these asset classes may increase the overall risk exposure of our investment portfolio. Our lack of investment experience in certain new asset classes could reduce our investment returns and cause our investment returns to fall below expectations, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Adverse changes in the reinsurance markets could have a material adverse effect on our business, financial condition and results of operations, and we are exposed to the risk that our reinsurers may not perform their obligations.

As part of our overall risk management strategy and in line with the general market practice, we plan to cede a portion of the insured risks we will underwrite to reduce the underwriting risk of our various business segments. Under a reinsurance contract, the assuming reinsurer becomes liable to us to the extent of the risk ceded although we remain liable to the insured as the insurer. The supply and prices of reinsurance are global and generally inelastic. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly in different periods of time. As a result, we may be unable to (i) maintain our current reinsurance coverage, (ii) obtain additional reinsurance coverage in the event our current reinsurance coverage is exhausted by a catastrophic event, or (iii) obtain other reinsurance coverage in adequate amounts at acceptable rates. We may be unable to obtain sufficient reinsurance to cover losses in the future, and we may not be able to obtain the reinsurance we require in a timely or cost-effective manner. Any decrease in the amount of reinsurance will increase our risk of loss and any increase in the cost of reinsurance will, absent a decrease in the amount of reinsurance, reduce our net income. Accordingly, we may still be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could materially restrict our ability to underwrite future business or result in the assumption of more risk with respect to the retention amounts under those policies we issue.

Reinsurance may not protect us completely against losses due to the credit risk that our reinsurers may not perform their obligations. Although a reinsurer is liable to us to the extent of the risks reinsured, we remain liable for those transferred risks if the reinsurer cannot meet its obligations. Our reinsurers may default on their obligations to us due to bankruptcy, lack of liquidity, downturns in the economy, operational failure, fraud or other reasons. We are also subject to the risk that our rights against our reinsurers may not be enforceable in all circumstances. As a result, although we seek reinsurance arrangements only with reputable and creditworthy reinsurers, a default by a reinsurer to which we have material exposure could expose us to significant losses and therefore have a material adverse effect on our business, financial condition and results of operations.

Our risk management and internal control systems, as well as the risk management tools available to us, may not be adequate or effective in identifying or mitigating risks to which our insurance business may be exposed.

We have been devoted to establishing risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that we consider to be appropriate for our insurance business operations. However, due to our limited operation history in insurance industry, the inherent limitations in the design and implementation of such systems, including internal control environment, risk identification and evaluation, effectiveness of risk control, and information communication, our systems may not be adequate or effective in identifying or mitigating our risk exposure in all market environments or against all types of risks.

We are in the business of being paid to accept certain risks and provide relevant protection. Our employees and agents who conduct our insurance business, including management, sales and product managers, sales agents and investment professionals, among others, do so in part by making decisions that expose us to risks. These decisions include setting underwriting guidelines and standards, product design and pricing, investment decisions, and pursuit of business opportunities, among others. In addition, our employees and agents may make decisions beyond their scope of authority and that exposes us to excessive risks. Although we endeavor, in the design and implementation of our compensation and incentive plans and internal control system, to avoid giving our employees and agents incentives to take excessive risks, they may make decisions that expose us to risks regardless of the structure of our compensation and incentive plans and internal control system. Similarly, although we employ controls and procedures designed to monitor business decisions of our employees and agents and prevent them from taking excessive risks, we cannot assure you that these controls and procedures may always be effective. If our employees and agents take excessive risks or make intentional or unintentional mistakes, the impact of those risks or mistakes could have a material adverse effect on our business, financial condition and results of operations.

As the regulatory framework of the PRC insurance industry continues to be liberalized and the PRC insurance market continues to evolve, we are likely to offer a broader and more diversified range of insurance products and invest in a significantly wider range of assets in the future. The diversification of our insurance product offerings and investments will require us to continue to enhance our risk management and internal control capabilities. Our failure to timely adapt our risk management and internal control policies and procedures to our developing business could have a material adverse effect on our business, financial condition and results of operations.

Failures of or inadequacies in our information technology systems could have a material adverse effect on our business, financial condition and results of operations.

Our insurance business depends heavily on the ability of our information technology systems to timely process a large number of transactions across vast geographic areas and numerous product lines. In particular, transaction processes have become increasingly complex and the volume of transactions continues to increase. The proper functioning of our financial controls, accounting, customer database, customer service and other data processing systems, including those relating to underwriting and claims processing functions, actuarial and risk management, together with the communications systems linking our headquarters, branches, sales and service outlets and main information technology centers, is critical to our operations and to our ability to compete effectively. Our business activities would be materially disrupted in the event of a partial or complete failure of any of these information technologies or communications systems. These failures could be caused by, among others, hardware failure, software program errors, computer virus attacks, internet failure, conversion errors due to system upgrading or system relocation, failure successfully to implement ongoing information technology initiatives, human errors, natural disasters, war, terrorist attacks, blackouts and unanticipated problems at our existing and future facilities. Many of these events are wholly or partially outside of our control. Although we back up our business data regularly and have an emergency disaster recovery center located at a site different from our production data center, any material disruption to the operation of our information technology systems could have a material adverse effect on our business.

We update our information technology systems and introduce new information technology systems from time to time. However, delays, system failures or other accidents may occur during such system upgrades or introduction of new systems. In addition, the upgraded or new information technology systems may not be able to achieve the projected processing capacity and availability, and may also not be able to meet the needs of our business scale and business growth in the future. Our failure to address these problems promptly, including any delay in the implementation of any upgraded or new information systems, could result in our inability to perform, or prolonged delays in performing, critical business operational functions, the loss of key business data, or a failure to comply with regulatory requirements, which could have a material adverse effect on our business operations, customer service and risk management, among others. This could in turn have a material adverse effect on our business, financial condition and results of operations.

Insurance businesses are extensively regulated, and changes in laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

Our insurance businesses are subject to extensive regulations in the countries and territories in which they do business including regulations imposed by the CIRC, Office of the Commissioner of Insurance, Autoridade de Supervisao, the National Association of Insurance Commissioners and the Bermuda Monetary Authority. Our U.S. insurance operations are subject to extensive state regulatory oversight in the U.S. jurisdictions in which they do business. State insurance laws and regulations are administered by agencies that have broad powers. The terms and premium rates of certain insurance products offered by our insurance portfolio companies are subject to regulation. Changes in these regulations may affect the profitability of these insurance products. In addition, local insurance regulations generally require insurance companies to maintain strong capital positions and minimum solvency margin ratios. These capital and solvency requirements were designed to evaluate the adequacy of statutory capital and surplus in relation to investment and insurance risks associated with asset quality, mortality and morbidity, asset and liability matching and other business factors. The requirements are used by local insurance regulators as an early warning tool to discover companies that may be weakly-capitalized for the purpose of initiating regulatory action. Generally, if an insurer's solvency margin ratio falls below specified levels, the insurer is subject to different degrees of regulatory action depending upon the magnitude of the deficiency.

Failure to comply with any of the laws and regulations to which we are subject could result in fines, restrictions on our business operations or expansion or, in extreme cases, revocation of our business licenses, any of which could have a material adverse effect on our business, financial condition and results of operations. As some of the laws and regulations to which we are subject to are still relatively new, there is uncertainty regarding their interpretation and application. Changes in these laws and regulations, or in the interpretation or application thereof, are often made for the benefit of the insured parties, which may materially increase our direct and indirect compliance and other expenses and in turn have a material adverse effect on our business, financial condition and results of operations.

Concentrated policy surrenders in our insurance businesses may have a material adverse effect on our business, financial condition and results of operations.

Under normal circumstances, it is generally possible for insurance companies to anticipate the overall level of policy surrenders in a given period. However, the occurrence of unusual events that have significant or lasting impact, such as sharp declines in customer income due to a severe deterioration in economic conditions, radical changes in applicable government policies, or loss of customer confidence in the insurance industry due to the severe or perceived weakening of the financial strength of one or more insurance companies, may trigger concentrated surrenders of insurance policies. If this were to occur, our business, financial condition and results of operations may be materially adversely affected.

Our pharmaceuticals and healthcare business is strictly regulated, which limits our flexibility managing our operations.

As the pharmaceuticals industry is monitored closely by the PRC Government, our operations are constrained in many ways. To introduce a new product to the market, we must obtain all the necessary permits and product certifications. We cannot assure you that regulatory authorities will approve all of our new products. Changes in regulations may also make the application process more difficult.

Regulatory authorities conduct periodic assessments of our operations to ensure that we comply with applicable laws. All of our pharmaceutical production facilities in China must be GMP-certified. Failure to attain GMP standards can result in suspension of operations at our production facilities or the revocation or non-renewal of our manufacturing permits. In addition, we must follow specific standards when distributing pharmaceutical products, and our pharmaceutical retailers and wholesalers must be GSP-certified.

Our pharmaceuticals and healthcare business is subject to strict price control.

Most of our pharmaceutical products are subject to price controls in China, which typically involve the imposition of retail price ceilings. The nature and scope of price controls may be varied by the PRC Government from time to time. For example, our ability to set and raise prices of our products which are included in the National Medical Insurance Drugs Catalogue is subject to the price control. We derived a substantial portion of our revenue from sales of pharmaceutical products that were subject to price controls. Retail price controls imposed by the PRC Government significantly impact the selling prices of many of our pharmaceutical products. We cannot assure you that the PRC Government will not further expand the list of pharmaceutical products subject to price control, further lower the price ceilings or strengthen the existing price control measures. If such changes take place, our pharmaceuticals and healthcare business may be adversely affected.

In China, regulations and policies relating to the pharmaceuticals industry change from time to time. If the standards become more lenient, we may face increased competition. If the standards become stricter, our compliance costs may increase. Although our pharmaceutical production facilities in China and our pharmaceuticals retail and distribution companies have generally been able to meet the required standards, we cannot ensure that this will continue to be the case. If we fail to comply with the latest standards, our pharmaceuticals and healthcare business may be adversely affected.

Our pharmaceutical products may be removed or excluded from the National Medical Insurance Drugs Catalogue or the Provincial Medical Insurance Drugs Catalogues.

In the PRC, eligible participants in the governmental basic medical insurance program who purchase drugs listed in the National Medical Insurance Drugs Catalogue and/or the Provincial Medical Insurance Drugs Catalogues are entitled to reimbursement from the social medical insurance fund. As a result, it is critical for a pharmaceutical producer in China to have its products included in the National Medical Insurance Drugs Catalogue and/or the Provincial Medical Insurance Drugs Catalogues. This reimbursement is up to the entire cost of medicines that are included in such catalogues, and for this reason, hospitals in China frequently order medicines included in the catalogues for their patients. The PRC central and provincial governmental authorities select medicines for the catalogues based on a variety of factors including treatment requirements, frequency of use, effectiveness and price, and they may also from time to time review the catalogues and adjust medicines included the National Medical Insurance Drugs Catalogue and the Provincial Medical Insurance Drugs Catalogues. Many of the pharmaceutical products that we manufacture are included in the National Medical Insurance Drugs Catalogue. We also have a large number of products included in the Provincial Medical Insurance Drug Catalogues. If any of our existing major pharmaceutical products are removed from any of the catalogues or new major products we launch in the future are not included in the catalogues, our business, financial condition and results of operations may be adversely affected.

We are subject to risks associated with quality issues that may arise on our pharmaceutical products during post-production processes.

The quality of our pharmaceutical products may be affected during certain post-production processes including transportation, storage, warehousing and usage. We generally rely on transport operators for delivery of our pharmaceutical products. Delivery disruptions for various reasons beyond our control, including weather conditions, political turmoil, social unrest and strikes could lead to delayed deliveries. The nature of pharmaceutical products may also mean that poor handling by pharmacies, hospitals or transport operators could result in damage to our products, including contamination or degeneration. Some of these processes are managed by third parties, over which we have limited control. Product liability claims may arise if any of our pharmaceutical products are deemed or proven to be unsafe, ineffective, defective or contaminated. Under certain circumstances, we may be required to recall products. Even if a situation does not necessitate a product recall, we cannot assure you that product liability claims will not be asserted against us as a result. Any claims relating to the quality of our pharmaceutical products, regardless of their merit, could adversely affect our reputation, divert our time, resources and attention of our management, and result in material and adverse impact on our business, financial condition and results of operations of our pharmaceuticals and healthcare business. Also see "— We may incur losses and our reputation may be adversely affected by potential product liabilities relating to certain products that we manufactured" below.

Our employees, distributors or third-party sales representatives could engage in corrupt practices or other improper conduct that could harm our reputation and business.

We are subject to PRC laws and regulations relating to healthcare fraud and abuse. We are subject to risks in relation to actions taken by us, our employees, distributors or third-party sales representatives that constitute violations of the PRC anti-corruption and other related laws. Our failure to comply with these laws, or effectively manage our employees and affiliates in this regard, could have a material adverse effect on our reputation, results of operations and business prospects. In the pharmaceutical industry, corrupt practices include, among others, acceptance of kickbacks, bribes or other illegal gains or benefits by pharmacies, hospitals and medical practitioners from pharmaceutical manufacturers and distributors in connection with the prescription of certain pharmaceutical products. If we, our employees, distributors or third-party sales representatives violate these laws, rules or regulations, it could harm our reputation and expose us to regulatory investigations, costs and liabilities. In the case of our pharmaceutical manufacturing business, our pharmaceutical distribution and retail business, and our diagnostic products and medical devices business, the government authorities may seize the products involved in the illegal or improper conduct, and suspend our operations or, in the case of our retail pharmacy operations, outstanding claims to local government social security bureaus for reimbursements of purchases paid with medical insurance cards could be rejected. Any of the consequences resulting from corrupt practices by us, our employees or affiliates could materially and adversely affect our business, financial condition and results of operations. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our own or to adopt additional anti-corruption laws and regulations could also require us to make changes to our operations. Our reputation and results of operations could be adversely affected if we become the target of any negative publicity as a result of actions taken by us, our employees or affiliates.

We sell our pharmaceutical, diagnostic products and medical devices primarily through third parties and have limited control over their practices.

In our pharmaceutical, diagnostic products and medical devices businesses, we rely on various channels to sell our products in China. In particular, our non-prescription pharmaceutical products are distributed to consumers mainly through retail pharmacies. Our prescription pharmaceutical products are sold through distributors to hospitals, which then sell the products to patients. Our diagnostic products and medical devices are mainly sold to hospitals through third party distributors. We cannot assure you that we will be able to maintain a sufficiently diversified sales network for our products in our pharmaceutical, diagnostic products and medical devices businesses. Nor can we assure you that we will be able to renew the contracts with our distributors on the same terms and conditions. Furthermore, we have limited ability to control and manage the activities of these third-party sales channels. If any third party in our sales channels treats our competitors' products more favorably than ours, or stops selling our products, and we are unable to find appropriate substitutes, our business, financial condition and results of operations may be adversely affected.

If we fail to win the statutory tender process or have to share orders from hospitals or other medical institutions, our pharmaceutical manufacturing business may be adversely affected.

In recent years a substantial portion of revenue from our pharmaceutical manufacturing segment was derived from sales to hospitals and other medical institutions in the PRC. The purchase of pharmaceutical products by government-owned or government-controlled hospitals is generally subject to an annual statutory tender process run by the relevant local governments. With the recent introduction of a more centralized statutory tender system for essential drugs, which may lead to increasing competition among suppliers of essential drugs, the PRC Government is expected to apply further downward pricing pressure on pharmaceutical product manufacturers. We may fail to win the statutory tender process if our prices are not competitive, our pharmaceutical products fail to meet certain quality requirements or are less effective clinically than competing products, our reputation is adversely affected by unforeseen events, our service quality or any other aspect of our operation fails to meet the relevant requirements, or for other reasons. If we fail to win orders from hospitals or other medical institutions through the statutory tender process, we will not be able to sell our products to them and our pharmaceutical manufacturing business will be adversely impacted. On the other hand, even if we win the statutory tender process, we may have to share the orders with other co-winners, resulting in a decrease in our share in the relevant market.

Our research and development efforts may not result in the production of commercially successful pharmaceutical products or otherwise generate desirable results.

An important element of our business strategy is to focus on the research and development of innovative drugs, biopharmaceutical generic drugs and first-to-market chemical generic drugs. We incur a significant amount of research and development expenses. However, the development process is complex, uncertain, time-consuming and costly. We cannot assure you that our research and development efforts will result in the development of commercially successful products, or that any such research projects will generate expected benefits. In particular, relatively few medical research and development programs successfully developed commercially viable products. In addition, a product candidate that appears promising at the early phases of development may fail to reach the market for a number of reasons, such as:

- failure to demonstrate safety and efficacy in preclinical and clinical trials;
- lack of proprietary rights, such as patent rights for product candidates;
- inability to acquire or license such rights on commercially reasonable terms, or at all; and
- failure to obtain approvals for the intended use from relevant regulatory bodies, such as the SFDA.

Delays in any part of the development process or inability to obtain regulatory approval of our products could have a material adverse effect on our business, financial condition and results of operations.

Even if we successfully develop and launch a new product, we cannot assure you that it will be commercially accepted in the market. The primary factors which may affect the commercial viability of our products include, among other things:

- the safety and effectiveness profile of the product;
- our reputation and brand image;
- the product's perceived advantages and disadvantages as compared to competitors' products;
- the product's cost-effectiveness; and
- the effectiveness of our marketing efforts.

If any of our new products is not well accepted by the market, we may not be able to recoup our investment in the research and development process. Moreover, even if we successfully commercialize new products, these products may serve markets that are currently being served by our existing products and may result in cannibalization of our existing products. If our research and development efforts fail to attain our projected sales levels, our business, financial condition and results of operations may be materially and adversely affected.

The Company may from time to time become a party to litigation, legal disputes, claims or administrative proceedings that may materially and adversely affect it.

As a large publicly listed company, the Company may from time to time become a party to various litigation, legal disputes, claims or administrative proceedings arising in the ordinary course of its pharmaceuticals and healthcare business. Such negative publicity may damage the Company's reputation and adversely affect the image of its brands and products. In addition, ongoing litigation, legal disputes, claims or administrative proceedings may distract its management's attention and consume its time and other resources. Furthermore, any litigation, legal disputes, claims or administrative proceedings which are not of material importance may escalate due to the various factors involved, such as the facts and circumstances of the cases, the likelihood of winning or losing, the monetary amount at stake, and the parties concerned continue to evolve in the future, and such factors may result in these cases becoming of material importance to the Company. Finally, if any verdict or award is rendered against the Company, it could be required to pay significant monetary damages, assume other liabilities, and suspend or terminate the related business ventures or projects. Consequently, the Company's business, financial condition and results of operations may be materially and adversely affected.

We rely on third parties for the development and clinical testing of certain pharmaceutical products outside China.

In order to leverage on the network and brand name of research institutions in developed countries, we have entered into research agreements with certain such institutions with respect to the development of specific products or production processes. We also contract with research organizations and other third parties in developed countries to manage the clinical trials of some of our pharmaceutical products and invest in joint ventures to develop and commercialize new products.

We cannot assure you that we will be able to enter into similar collaborative relationships with third parties for additional research and development, preclinical and clinical testing and marketing. Our inability to maintain or develop such relationships could limit the growth of our pharmaceutical products' sales.

Collaborative relationships may create obligations on our part, such as confidentiality, non-competition and exclusivity in the procurement of raw materials or distribution of end products. These obligations may place restrictions on our operations and our ability to procure or use certain external resources. If the parties collaborating with us fail to perform under their relevant agreements with us or fail to meet regulatory standards, clinical testing of the relevant products may be delayed or prematurely terminated. Moreover, these parties may gain access to our patents, trademarks, know-how, trade secrets and/or other intellectual properties through collaboration with us. Even though the collaboration agreements generally have confidentiality provisions, we cannot assure you that the parties collaborating with us will not knowingly or unknowingly misuse, infringe or violate our intellectual properties to their advantage and that the relevant agreements can offer us meaningful protection against such misuse, infringement or violation. These parties could also pursue alternative technologies as a means of developing or marketing products for the diseases targeted by our collaborative programs.

Pharmaceutical and healthcare industry is highly competitive, and our business, financial condition and results of operations may be adversely affected if we are not able to compete effectively.

Each of the pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices industries is highly competitive, and we face intense competition in each of these segments. Our pharmaceutical products may lose their market appeal as lower-priced products become available, as similar or new products are introduced or as other technological advances and developments render our products obsolete or less effective. In particular, the majority of revenue in our pharmaceutical manufacturing business is derived from sales of generic drugs. Since we do not have intellectual property rights in these products or enjoy any administrative protection in respect of their production, we cannot preclude any third party from offering the same products at more competitive prices. Partly as a result of their nonproprietary nature, competition in the market segment for many of these products is intense. Our key competitors are multinational pharmaceutical companies as well as large domestic pharmaceutical companies, whose products have similar curative effects and can be used as substitutes for our products.

In our pharmaceutical distribution and retail business, our key competitors are regional pharmaceutical distributors, large retail pharmacy chains, independent pharmacies, supermarkets and convenience chains in our target markets. As we further expand our healthcare service operations, we expect to face strong competition from other premium or specialized healthcare service providers in our target markets in China. In our diagnostic products and medical devices business, we compete with both large multinational companies and domestic diagnostic products and medical devices manufacturers. We cannot assure you that we will be able to remain competitive by distinguishing our products or services from our competitors, or by expanding our production capacity, sales forces, retail pharmacy network or healthcare service operations, nor can we assure you that we will be able to maintain or increase our existing market share in any of our business segments. Our competitors in each of our business segments may have more financial resources, better research and development resources, manufacturing techniques, marketing capability and experience than we do and may choose to invest more in the product and technology development, service offering, facilities and equipment, or sales and marketing, as the case may be. As a result, our competitors in the pharmaceutical manufacturing, diagnostic products and medical devices industries may succeed in developing products that are more effective, less costly or with a shorter time-to-market than ours, our competitors in the pharmaceutical distribution and retail business may be able to offer products that are more popular in the pharmaceutical retail market than ours, and our competitors in the healthcare service business may be able to deliver healthcare services that are more effective and less costly than ours. We must continuously keep abreast of the latest developments in our industries in order to remain competitive. Furthermore, new competitors may enter the markets in which we currently operate. If we are unable to compete effectively against our existing or new competitors, our business, financial condition and results of operations may be materially and adversely affected.

Product liability claims or product recalls could result in substantial damages.

We are subject to product liability claims with respect to the pharmaceutical products, diagnostic products and medical devices we manufacture, distribute and/or sell. Such claims may arise if any of our products are deemed or proven to be unsafe, ineffective, defective or contaminated or when we are alleged to have engaged in practices such as improper filling of prescriptions, insufficient or improper labeling of products, provided inadequate warnings or insufficient or misleading disclosures of side effects, or unintentionally distributed counterfeit medicines. In the event that the use or misuse of any product manufactured and/or distributed by us results in personal injury or death, product liability and/or indemnity claims may be brought against us. We may be subject to product recalls, and the relevant regulatory authorities in the PRC may close down some of our related operations and take other administrative actions against us. In addition, as pharmaceutical manufacturers are responsible for all consequences arising from clinical trials of their new products in China, we could be subject to claims and expenses arising from any professional malpractice of medical practitioners or researchers with whom we contract for clinical trials. We may also be held responsible for professional malpractice by medical practitioners or researchers with whom we contract for clinical trials in other countries, such as the United States. Moreover, we may be subject to malpractice or other claims for injuries or wrongful death claims in our healthcare service business.

For example, in August and September 2012, Chongqing Yaoyou was notified by the Chongqing branch of SFDA that certain hospitals in Anhui and Jiangsu provinces and Guangxi Zhuang Autonomous Region reported a number of occurrences of side effects in patients after being administered with Shaduolika from two different batches. Upon being notified of these occurrences, Chongqing Yaoyou immediately activated voluntary recall procedures for the two batches of Shaduolika products involved in the occurrences of side effects as well as 14 other batches which were manufactured around the same time as the abovementioned two batches and the defective batch of Shaduolika had been successfully recalled. Fosun Pharma had also voluntarily suspended the production of Shaduolika and is currently conducting its own investigation into the production of Shaduolika, including the examination of our procurement, manufacturing, quality control and product evaluation procedures for Shaduolika.

We cannot guarantee that such claims will not be filed against us in the future. A substantial claim or a substantial number of claims against us, if successful, would have a material adverse effect on the reputation, business, financial condition and results of operations of our pharmaceuticals and healthcare business. We do not have product liability insurance for all of the products manufactured or sold by us. We maintain product liability insurance for most of the products manufactured or sold by our subsidiaries, including Guilin Pharma, Jiangsu Wanbang Biopharmaceutical Company Limited, Sichuan Hexin Pharmaceutical Company Limited, Huaiyin Medical Instruments Company Limited and Chongqing Carelife Pharmaceutical Company Limited. The product liability insurance covers personal injuries, diseases, death and loss of property resulting from the use, consumption or operation of the products of these subsidiaries globally. Our product liability insurance policy is now more product-oriented, and it now covers a significant portion of our major products. For the products for which we have insurance, our coverage, however, may not be sufficient to cover the amount of damages. If any of our products are alleged to be harmful, we may experience reduced sales of the products manufactured or distributed by us and may have to recall these products from the market. Any claims against us or any product recalls, regardless of merit, can strain our financial resources and consume the time and attention of our management. If any claims against us are successful, we may incur monetary liabilities, and our reputation may be severely damaged.

Moreover, applicable laws, rules and regulations require our in-store retail pharmacists to offer advice, without additional charge, to our customers regarding medication, dosage, common side effects and other information deemed significant by these pharmacists. Our in-store pharmacists may be legally required to warn customers regarding any potential negative effects of a prescription medicine. We may be liable for claims arising from such advice or the failure to adhere to such advice given by our in-store pharmacists, and our business, financial condition and results of operations, as well as reputation, could be materially and adversely affected.

Additionally, quality of pharmaceutical products may also be affected by various other factors after production. Also see "— We are subject to risks associated with quality issues that may arise on our pharmaceutical products during post-production processes" above.

Substantially all of our pharmaceutical products must undergo a clinical trial process before they can be introduced into the market for commercial sale. The process is expensive, lengthy and uncertain.

Generally, we must provide regulatory authorities with clinical data that demonstrates the safety and efficacy of our pharmaceutical products in order to obtain approval for their commercial sale. The clinical trial process, which involves preclinical testing and clinical development, can take several years to complete and the outcome of such process is uncertain.

Product testing can fail at any stage of the clinical trial. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and interim results of trials do not necessarily predict final results. It is not unusual for companies to suffer significant setbacks in advanced clinical trials, even after promising results in earlier trials. Further, the duration of a clinical trial generally varies substantially with the type, complexity, novelty and intended use of the product. Clinical trials may be delayed or need to be repeated for many reasons, such as negative or inconclusive results, adverse medical events, ineffectiveness of the study compound, inability to manufacture sufficient quantities of the compound for use in clinical trials and failure of the regulatory authority to approve our clinical trial protocols. Our clinical trials may be suspended at any time if we or the regulatory authorities believe the patients participating in our studies are exposed to unacceptable health risks.

We do not know whether planned clinical trials will begin on time or whether any of our clinical trials will be completed on schedule, or at all. Our product development costs would likely increase if we encounter delays in testing or obtaining approvals or if we need to perform more or larger clinical trials than planned. If the delays are significant, the commercial prospects for some of our pharmaceutical products will be harmed, which will adversely affect the results of operations in our pharmaceuticals and healthcare business. Our pharmaceuticals and healthcare business may also be adversely affected if after we devote significant time and expense on the clinical trial process, a product under development fails to achieve approval for commercial sale.

Sales of counterfeit versions of the pharmaceutical products we manufacture or distribute may harm our reputation and adversely impact our pharmaceuticals and healthcare revenues.

The manufacture and distribution of counterfeit products has affected many manufacturers of Chinese consumer products, including pharmaceutical products, for several years, and has been widely reported in various international media. In the past, counterfeit versions of one of our principal pharmaceutical products, Artesunate, was reported to have been sold in various countries in Southeast Asia and elsewhere. We have made significant efforts to prevent the counterfeiting of Artesunate and our other pharmaceutical products, including increasing the sophistication of the packaging of our pharmaceutical products to make them more difficult and expensive to counterfeit. Despite these efforts, it is possible that sales of counterfeit products manufactured to appear similar to our genuine products will happen or continue. Sales of counterfeit products we manufacture could damage the market reputation of these products despite our best efforts to prevent it. Further, sales of counterfeit products may reduce revenues that we would otherwise receive from the sale of the genuine versions of the products we produce and adversely impact our revenues.

Our pharmaceutical products may not gain international accreditation.

We seek to increase our export of certain pharmaceutical products. Before we may develop, market and sell our pharmaceutical products in a particular country, governmental approvals are required. These requirements vary from country to country. In most countries, obtaining government approval to develop, market and sell new drugs is time-consuming and expensive, and clinical studies conducted outside of any particular country may not be accepted by that country and the approval of a pharmaceutical product in one country does not assure that the product will be approved in another country. In addition, governmental approvals might not be obtained in a timely manner, if at all, and we and our collaborative partners might not be able to meet other regulatory requirements for our pharmaceutical products. Even if we are successful in obtaining all required approvals to market and sell a new drug, post-marketing requirements and the failure to comply with other regulations could result in suspensions or limitations of government approvals.

In the case of exports to a developed country, our growth and success will depend upon acceptance by local physicians, laboratories and health insurance providers of our pharmaceutical products. This requires acceptance of our pharmaceutical products as clinically useful and cost-effective alternatives to other competing products. Further, our growth and success will depend, in part, on the extent to which companies, other organizations and governmental bodies provide insurance or comparable coverage for using our pharmaceutical products. We cannot predict the effect of any current or future policies relating to bulk purchases of pharmaceutical products by companies and other organizations.

We rely on a stable supply of raw materials to manufacture our pharmaceutical products.

Many of our pharmaceutical products require raw materials that are not readily available or are only manufactured by a limited number of suppliers. We have long-term supply agreements with some of these suppliers. Although we have been able to procure our required materials from our suppliers in the past, we cannot assure you that our suppliers will continue to supply materials at prices and on terms and conditions acceptable to us in the future. The availability and market prices of these materials may be adversely affected by factors beyond our control, such as weather conditions, natural disasters, changes in pricing principles or a sudden surge in demand. If the supply of raw materials is disrupted or the prices of the raw materials increase, our pharmaceuticals and healthcare business may be adversely affected.

Disputes over intellectual property rights may adversely affect our pharmaceuticals and healthcare business.

Although some of our pharmaceutical products enjoy administrative protection, patent, and other forms of intellectual property rights protection, our competitors may independently develop proprietary technologies similar to ours, introduce counterfeits of our products, misappropriate our proprietary information or infringe on our brand names or trademarks. Any misappropriation of our intellectual property rights may impair the market value of our pharmaceutical products or production technologies and adversely affect our pharmaceuticals and healthcare business and our reputation. Protection of intellectual property rights in China is different from other jurisdictions, and our efforts to protect our intellectual property may not be adequate. We may be unable to identify unauthorized use of our intellectual property or to take appropriate steps to enforce our rights on a timely basis.

Third parties, including our competitors, may make claims or initiate litigation seeking to establish their patent, copyright, trademark and other intellectual property rights in products, technologies and trade names that are relevant to our pharmaceuticals and healthcare business. Although we have not encountered any material intellectual property infringement claims, the risk of us being subject to such claims may increase as we continue to expand and diversify our product lines. Because patent applications are confidential, and many new patent applications are currently under review in China, we may be unable to determine whether any of our products, their production technologies or means of use, or their design and appearance infringe or will infringe upon the patent rights of others.

Litigation may divert our management resources and result in substantial legal costs. If any claim made against us is successful, we may have to obtain licenses from the claimants in order to continue selling the affected products, and such licenses may be unavailable on commercially reasonable terms or at all. Further, we may be forced to discontinue production of the relevant products and may be required to pay compensation for the alleged infringement.

Our property business may be adversely affected if there is a downturn in China's property market.

Our property business targets middle to high-end consumers from urban areas in China and will therefore continue to be affected by the property markets in major cities in China, especially changes in supply and demand in the cities where we operate. If our targeted residential property markets experience downturns, our property business may be adversely affected.

The Forte Entities have property development operations in major cities and provinces across China, including Beijing, Shanghai, Tianjin, Nanjing, Chongqing, Chengdu, Xi'an, Wuhan, Datong, Wuxi, Hangzhou, Taiyuan, Changsha, Changchun, Ningbo and Hainan. In addition, our investments in the property industry conducted through our investment segment and asset management segment may cover these and other regions in China. We cannot assure you that demand for new properties in the areas we operate or intend to expand will continue to grow. Increased competition may lead to increased acquisition costs for land use rights, and a longer waiting period for obtaining regulatory approval, and may depress property prices. In addition, because such growth has often been coupled with volatility in market conditions and fluctuations in property prices, we cannot assure you that property development and investment activities in the cities where we operate will maintain their current pace.

Generally, the property market in China is significantly affected by social, political, economic and legal developments, as well as changing demand for residential properties. The transaction volumes and selling prices of real property in our target market have fluctuated in the past. In the event of any adverse change in employment rate, consumer confidence, urbanization rate or other aspects of the economy in China, the Chinese property market may suffer a significant downturn, and our property development business may be adversely affected.

Our property business may be adversely affected by policy changes by the PRC Government and local governments.

The PRC Government has announced various measures to slow down growth in the property segment. We expect these measures will discourage property development for the following reasons:

- suspending or restricting land grants and development approvals for villas and larger sized units;
- charging an idle land fee for land which has not been developed for one year starting from the commencement date stipulated in the land use rights grant contract and canceling land use rights for land which has not been developed for two years or more;
- at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing house for low-income people, small-to medium-size units and shantytown renovation;
- adopting the "70/90 rule" which requires at least 70% of the total GFA of a residential project approved or constructed on or after June 1, 2006 consist of units with a GFA of less than 90 sq.m. per unit;
- increasing the minimum amount of down payment from 20% to 30% of the purchase price of property if the property is to be used as a primary residence and has a GFA of 90 sq.m. or more;
- for a second-time home buyer, increasing (i) the minimum amount of down payment to 60% of the purchase price of the underlying property and (ii) the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark lending interest rate; if a member of a family (including the buyer and his/her spouse and their children under 18) has financed the purchase of a residential unit with loans from banks, any member of the family that buys another residential unit will be regarded as a second-time home buyer;

- in municipalities, provincial capitals and cities specifically designated in the state plan, permanent residents of local families who have one house unit or non-permanent residents who can provide proof of a certain number of years of local taxes or social insurance contributions are allowed to purchase one housing unit; permanent residents of local families who have two or more housing units, permanent residents of non-local families with one or more housing units, or non-permanent residents who cannot provide proof of a certain number of years of local taxes or social insurance contributions are suspended from purchasing local property;

- for a commercial property buyer, (i) prohibiting banks from financing any purchase of properties without a certificate of completion and acceptance, (ii) increasing the minimum amount of down payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark lending interest rate, and (iv) limiting the terms of such bank loans to no more than 10 years, although commercial banks are allowed flexibility based on their risk assessment;

- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45% of the purchase price of the underlying property with the other terms similar to those for commercial properties;

- requiring property developers to provide a down payment of no less than 50% of the land grant fee and, generally, requiring them to pay the remaining balance in installments within one year;

- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than two years;

- imposing a ban on onward transfer of properties where the investment in place (excluding land grant fee) has not reached 25% of the total investment;

- limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;

- imposing an idle land fee for land which has not been developed for one year starting from the commencement date stipulated in the land grant contract and cancelling the land use right for land being idle for two years or more;

- revoking the approvals for projects not in compliance with the planning permits; and

- banning the land grant for villa construction and restricting the land provision for high-end residential property construction.

In addition, local governments have also imposed restrictive policies to cool off the housing market. On January 27, 2011, the governments of Shanghai and Chongqing issued their respective measures for implementing pilot property tax schemes, which became effective on January 28, 2011. These two governments may issue additional measures to tighten the levy of property tax. It is also expected that more local governments will follow Shanghai and Chongqing in imposing property taxes on commodity properties, including Beijing, Shenzhen and Hangzhou. The imposition of property taxes on commodity properties will increase the purchasing cost of properties and is expected to have a negative impact on demand for properties in China, which in turn could have a material adverse effect on our business, financial condition and results of operations.

On February 20, 2013, the State Council announced five measures on the control of the PRC property market, including: (1) stabilizing property prices — each major city in China is required to compile and announce its target for 2013 on how to control the prices of newly completed commodity properties; (2) strictly limiting speculative purchase of properties by strictly implementing restrictions on purchasing commodity properties and expanding the scope of experimental taxation against residential properties held by individuals; (3) increasing the supply of small to medium-sized commodity properties and lands; (4) accelerating the construction of housing for low-income individuals; and (5) strengthening the supervision of the property market.

On February 26, 2013, the State Council issued the Notice on Continuing Adjustment and Control of Property Markets (關於繼續做好房地產市場調控工作的通知) which, among other restrictive measures, provides that further restraining measures are to be adopted to strengthen the regulation of the real estate market. Major cities which have implemented the commodity housing purchase restrictions are required to enforce purchase restrictions in all administrative areas of cities and restricted housing are to include new commodity housing and second-hand housing. Non-local residents who have one or more residential property and fail to provide one-year or longer tax payment certificates or social insurance payment certificates will be barred from purchasing any residential properties located in the administrative areas subject to restrictions. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may further raise the down-payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the Notice stipulates that the state will strictly enforce a 20% tax on profits from sales of properties. Financial institutions, subject to credit requirements being satisfied, will prioritize requests for mortgages for ordinary commodity housing construction projects in which medium and small housing units constitute 70% or more of the total units in such construction project.

Some local governments, such as those of Shanghai, Beijing, Shenzhen and Guangzhou, have promulgated local rules for the implementation of this Notice.

We cannot assure you that the PRC Government will not impose more restrictive policies in the future. A significant portion of working capital in our property business is financed by proceeds from the pre-sale of properties under development. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of properties and may only use such proceeds to finance their developments. If the PRC Government places additional restrictions on pre-sales, we would need to obtain additional funding to support our development projects. Any similar changes in government policies could lead to additional financing costs and our cancellation of certain planned property development projects, which could materially and adversely affect our property business.

We may not be able to obtain adequate funding to finance our land acquisitions or property developments.

The property development business is capital intensive. We have historically financed our land acquisition and property developments primarily through a combination of capital contributions from our shareholders, bank loans, internal cash flows, including proceeds from the pre-sale of our properties, and other funds we raised from the capital markets, including Forte's initial public offering in 2004 and Forte's offering of the domestic corporate bonds in 2009. As a result of the delisting of Forte from the Hong Kong Stock Exchange, we may have less access to the capital markets. We cannot assure you that we will have sufficient cash flow available for land acquisitions or property developments or that we will be able to achieve sufficient pre-sales and sales to fund land acquisitions or property developments. In addition, we cannot assure you that we will be able to secure external financing on terms acceptable to us or at all.

Our ability to arrange adequate financing for land acquisitions or property developments on terms that will allow us to earn reasonable returns depends on a number of factors, many of which are beyond our control. The PRC Government has in recent years taken a number of measures in the financial sector to further tighten lending requirements for property developers, which include, among other things:

- forbid PRC commercial banks from extending loans to property developers to finance land premiums;
- restrict PRC commercial banks from extending loans for the development of luxury residential properties;
- restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;

- prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans; and

- forbid property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

Since 2011, PBOC has revised the benchmark lending rates and adjusted the reserve requirement ratio for commercial banks several times.

We cannot assure you that the PRC Government will not introduce other measures which may limit our access to capital resources. The foregoing and other governmental actions and policy initiatives may limit our flexibility and ability to use bank loans or other forms of financing to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. As a result, our business, financial condition and results of operations may be materially and adversely affected.

PRC tax authorities may enforce the payment of LAT and may disagree with the basis on which we calculate our LAT obligations.

Under PRC tax laws and regulations, our properties developed for sale are subject to land appreciation tax (or LAT) collectible by local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as defined by the relevant tax laws, with certain exemptions available for the sale of ordinary residential properties if appreciation does not exceed 20% of the total deductible items as defined in the relevant tax laws. Sales of ordinary non-residential properties or above-standard residential properties, however, are not eligible for such exemption.

We have estimated and made provisions in our property business for the amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations, but only a portion of such provisions has been paid as required by the local tax authorities. For example, in 2012, the amount of the reversal of our LAT provisions exceeded the amount of our additional LAT provisions made for 2013.

According to the Administrative Regulations on the Settlement of LAT (土地增值稅清算管理規程) issued by the State Administration of Taxation on May 12, 2009, effective as of June 1, 2009, the taxpayer is responsible to volunteer to apply for LAT settlement with the relevant tax authorities, once the conditions on LAT settlement are satisfied, including (i) completion of construction and sales of the properties, (ii) transfer of the project under construction as a whole, or (iii) direct transfer of the land use rights. Furthermore, the competent tax authority may also require the taxpayer to conduct LAT settlement if any of the following occurs:

- in the case of the real estate development projects that have been completed and accepted, the sold area accounts for 85% of the saleable construction area, or any remaining saleable construction area has been leased or used by the developer itself;

- the taxpayer fails to complete the sale of the properties after obtaining the sale (presale) permit for three years;

- the taxpayer applies for cancellation of its tax registration but has not completed LAT settlement; or

- the provincial tax authorities require it, as they may in certain other circumstances.

On May 19, 2010, the State Administration of Taxation promulgated the Notice on Issues Regarding Land Appreciation Tax Settlement (關於土地增值稅清算有關問題的通知), which provides further clarifications and guidelines on LAT Settlement, income recognition, deductible expenses, timing of assessment and other related issues.

On May 25, 2010, the State Administration of Taxation promulgated the Notice on Strengthening the Levy and Administration of Land Appreciation Tax (關於加強土地增值稅徵管工作的通知) to impose further requirements on the collection of LAT. The notice provides that, except for social security housing, the minimum LAT prepayment rate shall be no less than 2% for properties in Eastern China, no less than 1.5% for properties in Central and Northeastern China and no less than 1% for properties in Western China. The LAT prepayment rate shall be determined by the local authorities based on different property types in the locality.

It is uncertain as to when local tax authorities will collect the amount of LAT in full, if at all. In the event that the LAT we have provided for in our property business is actually collected by the PRC tax authorities, the cash flow and financial position of our property business will be adversely affected. Further, the tax authorities may disagree with us on some of the assumptions made by us in computing the amount of LAT payable. In the event that LAT eventually collected by tax authorities exceeds the amount we have provided for, our property business will be adversely affected.

We may not be able to use our experience from developed markets when expanding our property business to other, less developed cities.

We have the relevant experience in developing properties in more developed cities, such as Shanghai and Beijing. In recent years, we have increased our focus on developing property in less developed cities and provinces, such as Tianjin, Nanjing, Chongqing, Chengdu, Xi'an, Wuhan, Datong, Wuxi, Hangzhou, Taiyuan, Changsha, Changchun, Ningbo and Hainan. We may continue to expand our property business to other less developed cities in China by utilizing our accumulated experience. However, other cities differ in economic development, culture and customs, regulatory framework and consumer preferences, and we may be less familiar with construction companies and sales channels in these markets. In particular, changes in the property markets of less developed cities may be more difficult to predict compared to more developed cities, such as Shanghai and Beijing. Demand for and the price of new properties in such cities may not continue to grow as we expect, and such growth and demand may not match the growth and demand in Shanghai and Beijing. Accordingly, we may not be able to capitalize on our experience when expanding our property business to other cities in China.

We may be unable to maintain an adequate level of land reserves.

Our property business focuses on the development and sale of residential properties, office buildings and retail venues. Our results of operations therefore depend on our continued ability to acquire new parcels of land for the construction of residential and commercial properties. Although we also obtain land use rights through joint ventures or strategic alliances with companies with land use rights, land supply in China is largely controlled by the PRC Government and its land supply policies principally dictate our ability to acquire quality sites on commercially reasonable terms.

In recent years, the PRC central and local governments have implemented various measures to regulate the means by which property developers may obtain land. For example, regulations were introduced to require that land use rights for residential and commercial property developments be granted by public tender, auction or listing-for-bidding. The PRC Government also controls land supply through zoning, land use regulations and other measures. Although we believe that the regulations would enable us to compete with large property developers for quality sites on an equal footing, the process may increase competition for land in China. Major PRC cities, including the cities where we currently operate, have experienced significant increases in land cost in recent years and there is a limited supply of suitable land available for development in such cities. As a result, we may not be able to acquire suitable land at commercially acceptable costs. If we cannot acquire desirable land parcels or have to pay higher prices, our future development may be adversely affected.

Restrictions on the payment terms for land use rights may adversely affect our financial condition.

The fiscal and other measures adopted by the PRC Government from time to time may limit our flexibility and ability to use bank loans to finance our property developments and therefore may require us to maintain a relatively high level of internally-sourced cash. In November 2009, the PRC Government raised the minimum down payment of land premium to 50%. In March 2010, this requirement was further tightened. According to Circular of Certain Issues regarding Enhancing Land

Supply and Supervision over Real Estate by Ministry of Land and Resources (Guotuzifa [2010] No. 34) (國土資源部關於加強房地產用地供應和監管有關問題的通知(國土資發[2010]34 號)), the PRC Government set the minimum land premium at no less than 70% of the benchmark price of the locality where the parcel of land is granted, and the bidding deposit at not less than 20% of the minimum land premium. Additionally, a land grant contract is required to be entered into within 10 working days after the land grant deal is closed, and the down payment of 50% of the land premium is to be paid within one month of signing the land grant contract, with the remaining to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract, subject to limited exceptions. Such change of policy may constrain our cash otherwise available for additional land acquisition and construction. We cannot assure you that we will have adequate resources to fund land acquisitions (including any unpaid land premiums for past acquisitions), or property developments.

On September 28, 2007, the PRC Government issued revised "Rules regarding the Grant of State-owned Land Use Rights for Construction by Way of Public Tender, Auction and Listing-for-bidding" (招標拍賣掛牌出讓國有建設用地使用權規定), which provides that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate and commence development on the land. This regulation became effective on November 1, 2007. On May 11, 2011, the Ministry of Land and Resources Promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Tender, Auction and Listing (關於堅持和完善土地招標拍賣掛牌出讓制度的意見), which provides, among other things, that (i) correct utilization of the regulating and controlling effects of the land transfer policy through tender, auction and listing; (ii) improvement in the transparency of the system of tender, auction and listing for housing land; (iii) adjustment and improvement in the land transfer policy through tender, auction and listing, including (a) limitation on house price or land price, and transfer of policy-related housing land by listing or auction; (b) limitation of the gross floor area of allocated security housing, and transfer of commodity housing land by listing or auction; (c) carrying out of comprehensive assessment on conditions of land development and utilization and land transfer prices, and determination of the person who is entitled to land use rights by tender; (iv) promotion of online operation of the transfer of land use rights; (v) improvement in the contracts for land transfer through tender, auction and listing. As a result, property developers are not allowed to bid for a large piece of land, make partial payment, and then apply for a land use rights certificate for the corresponding portion of land in order to commence development, which had been the practice in many Chinese cities. The implementation of such regulation requires property developers to maintain a higher level of working capital, which may have a material adverse effect on our cash flow position, financial condition and business plans.

We may be required to forfeit land to the PRC Government if we fail to comply with the terms of our land grant contracts.

Under PRC law, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, the designated use of the land and the schedule for commencing and completing the development, the relevant government authorities may issue a warning, impose a penalty and/or liquidated damages, or require us to forfeit the land. Any violation of the land grant contract may also restrict or prevent us from participating in future land bidding.

Pursuant to current PRC law, if we fail to commence the development of a parcel of land for more than one year from the commencement date stipulated in the land use rights grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee of up to 20% of the land premium. If we fail to commence development for more than two years from the relevant commencement date stipulated in the land grant contract, the land will be subject to forfeiture to the PRC Government. Moreover, even if the commencement of the property development satisfies the stated requirements of the land use rights grant contract, if the developed GFA is less than one-third of the total planned GFA of the project or the total capital invested is less than one-fourth of the total planned investment of the project, and development of the land is suspended continuously for more than one year without government approval, the land will still be treated as idle land.

In the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) promulgated by the State Council in January 2008, the aforesaid policy was reinforced. This notice states, among other things, that the Ministry of Land and Resources and other authorities are required to conduct research on and commence drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of land and Resources issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) in August 2009, which reiterates the current rules regarding idle land. The Measures for the Disposal of Idle Land (閒置土地處置辦法) amended by MLR on June 1, 2012, stipulates the measures charging an idle land fee for land which has not been developed for one year starting from the commencement date stipulated in the land use rights grant contract and canceling land use rights for land which has not been developed for two years or more. In September 2010, the Ministry of Land and Resources and Ministry of Housing and Urban-rural Development jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which provides that a property developer and its controlling shareholders will be prohibited from participating in land bidding before any illegal behaviors in which it engages, such as leaving land idle for more than one year without cause or failure to comply with the terms of land grant contracts, have been completely rectified.

We cannot assure you that circumstances leading to the imposition of penalty, liquidated damages or forfeiture of our land will not arise in the future. If we are deemed as holding land idle for more than one year without cause or are required to forfeit land, we may lose the opportunity to develop the relevant land, our investments in the land, including land premiums paid and development costs incurred, and our ability to bid for other land in the future, any of which could materially and adversely affect our business, prospects, financial condition and results of operations.

The operating results of our property business may fluctuate due to revaluation gains on investment properties.

In our property business, we reassess the fair value of investment properties upon their completion, and at every reported balance sheet date thereafter. Our valuations are based on active market prices or alternate valuation methods, such as through discounted cash flow analysis based on estimated future cash flows. In accordance with HKAS 40, we recognize changes to the fair value of such investment properties as a gain or loss (as applicable) in our consolidated statement of profit or loss. However, there is no cash flow impact arising from any fair value gain or loss as long as the relevant investment property is held by us. The fair value of our investment properties is likely to fluctuate, and our historical results should not be regarded as an indicator of the future profits of our property business. We cannot assure you that the fair value of our investment properties will not decrease in the future. Any such decrease in the fair value of such investment properties may reduce profits in our property business.

The valuation attached to our property interests contains assumptions that may not materialize.

The assumptions from which we derived the fair value of our investment properties, by their nature, are subjective and uncertain and may differ materially from actual results. Accordingly, the valuations are not a prediction of the actual value we expect to realize from these properties. Unanticipated results or changes in particular property developments, or changes in general or local economic conditions or other relevant factors, including changes in government regulations, could affect such values. A decrease in the value of our investment properties would reduce the amount of our profit and could lead to a net loss during a particular period.

We rely on independent contractors to design and construct our property development projects.

We retain independent third party contractors for some of the work relating to our property development projects, including piling and foundation work, construction of the principal structures, landscaping, elevator installation, general construction and interior decoration. We select independent contractors for these projects by way of open tender. Although we strive to use reputable independent third party contractors with a sound track record and we supervise them closely during the development process, we cannot assure you that the services rendered by each of these independent third party contractors will be satisfactory or match our quality expectations. If the performance of any contractor is unsatisfactory, or if any contractor is in breach of its contractual obligations, we may need to replace such contractor or take actions to remedy the situation, which could materially and adversely affect the cost and the construction process of our project. In addition, our contractors may encounter financial or other difficulties that affect their ability to carry out their work. As a result, our projects may be delayed or subject to cost overruns, which would adversely affect our property business and our reputation.

External factors may prevent us from completing our property development projects according to our original specifications or schedule.

We may fail to complete our property development projects on schedule as a result of many factors, such as disruptions in the supply of materials and equipment, shortages of workers and technical staff, adverse weather conditions, natural disasters, labor disputes, disputes with contractors and sub-contractors, accidents, delays in the resettlement of original inhabitants, changes in government policies, changes in market conditions, and delays in obtaining the requisite permits and approvals. Any of these factors may cause delays in our property development projects, result in cost overruns and reduce our profits. In addition, our failure to complete a project on time or according to its original specifications may give rise to potential liabilities and adversely impact rates of return in our property business.

In particular, our property projects may be delayed if we fail to obtain government approvals in time. Like other property developers in China, our property development projects are subject to extensive government regulation. For every property development project, we must obtain at various stages from different regulatory bodies the required permits, licenses, certificates and other approvals, including land use rights certificates, planning permits, construction permits, pre-sale permits, confirmation certificates for completion and inspection and delivery certificates. The developer must satisfy certain prescribed conditions before the relevant certificates or permits are issued, and the process may take longer than anticipated. We cannot assure you that we will not experience major problems or delays in obtaining these approvals in the future. In such cases, work on the relevant projects may be interrupted, and our property business may be adversely affected.

Fluctuations in the price of construction materials could adversely affect our business and financial performance.

The cost of construction materials such as steel and cement, which constitutes a significant proportion of our contractual payments to our construction contractors, may rise. Any rise in the cost of construction materials may result in additional costs to us and may lead to future increases in construction contract costs. Construction material costs have experienced periods of fluctuation in recent years. Any increase in the cost of any significant construction materials will adversely impact our overall construction costs, which is generally one of the largest components of our cost of sales in this business segment. If we cannot pass any or all of the increased costs on to our customers, our profitability will be adversely affected.

Changes in PRC regulations on the resettlement of original inhabitants may increase the cost of sales in our property business.

Under PRC law, if a developer receives government approval to redevelop a site, the developer must pay relocation and resettlement expenses to the site's inhabitants in accordance with the formulae stipulated by the local government. In general, in connection with a building's demolishment, the developer must pay its residents an amount that would reflect the market price of residential housing in the neighborhood, the appraised value of the building, the official price compensation index and the GFA of the building. We cannot assure you that the formulae for the computation of relocation and resettlement expenses will not be altered. If any local government alters the relevant formulae in favor of local residents, our construction and resettlement costs could increase accordingly.

In addition, if any inhabitants are dissatisfied with the amount of relocation and resettlement expenses to which they are entitled, they have the right to refuse to relocate and the property developer must resolve the disputes in accordance with the official mandated procedures. Disputes with inhabitants may substantially increase our construction and resettlement costs and delay the progress of our development projects. Furthermore, if a large number of residents object to the proposed resettlement arrangements, we may be prohibited from implementing the proposed development project at all.

We are subject to risks associated with the pre-sale of properties under development.

The pre-sale of properties under development is a widely-adopted practice in China. Like other developers, we are subject to potential liabilities arising from such practice. For example, if we fail to complete a project according to its original design specifications, we may be liable to purchasers of pre-sale units for losses they suffer. In addition, if a property development project is not completed on time, purchasers of pre-sale units may be entitled to compensation for late delivery, or, if the delay extends beyond a certain period, terminate their purchase agreements and claim damages against us. We therefore could be held liable for an amount in excess of the sales proceeds of the relevant unit. Such consequences may have an adverse effect on our property business.

The PRC Government may raise mortgage interest rates or impose a more stringent down payment requirement.

A large portion of purchasers of our properties rely on mortgages to fund their purchases. Therefore, demand for our properties may be affected by the availability and terms of mortgage financing in the PRC. For example, an increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the affordability of residential properties, therefore may adversely affect our revenue and profits. The PBOC published benchmark one-year lending rates in China directly affects the property mortgage rates offered by commercial banks in the PRC. We cannot assure you that the PRC Government will not raise interest rate in the future.

In addition, the PRC Government has also imposed a more stringent down payment requirement and additional conditions on mortgage financing. Under current PRC laws and regulations, purchasers of residential properties generally must pay at least 30% of the purchase price of the properties before they can finance their purchases through mortgages. The minimum down payment for commercial property buyers has increased to 60% of the purchase price, with minimum mortgage loan interest rates at 110% of the relevant PBOC benchmark lending interest rate and maximum maturities of no more than ten years. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55% of such individual's monthly income. Such restrictions may make mortgage financing more difficult or unattractive to consumers. As a result, some consumers may become unable or unwilling to purchase our properties, and our property business may be adversely affected.

Customers of our property business may default on their mortgage loans, the payment of which is guaranteed by us for a limited period.

We have arranged with several domestic banks to provide mortgage loans to our customers. In accordance with industry practice, we are required to guarantee mortgage loans for the benefit of our customers until relevant ownership certificates and certificates of other interests are furnished to their mortgagee banks. The guarantee typically lasts until the relevant certificates for the properties are obtained. If a customer defaults under the mortgage loan when the guarantee is in effect, the mortgagee bank has the right to demand us to make repayment on behalf of the defaulting customer. In accordance with industry practice, we do not conduct independent credit checks on our customers but rely instead on credit checks conducted by the mortgagee banks.

We cannot assure you that our customers will not default on their mortgage loan obligations or that we will not be called upon to fulfill our guarantee obligations. If a large number of defaults occur and the relevant banks exercise their rights to demand immediate payment from us, the financial condition of our property business could be adversely affected, especially if the market value of the underlying properties is lower than their original sales price or if the properties cannot be sold due to unfavorable market conditions or other reasons.

Our steel business is affected by the market conditions of the steel industry.

Market conditions in the steel industry change from time to time. In China, production capacities for steel products have increased substantially in recent years due to improvements in manufacturing technology and construction of new facilities, thus resulting in production overcapacity in the industry. Domestic overcapacity in steel production may have a negative impact on steel prices in China. The weakening of a large number of foreign economies especially those in the Eurozone which were heavily hit by the European debt crisis may result in lower local demand for steel products, which encourages greater steel exports to China at depressed prices. Further, our steel products are used principally in the oil and natural gas pipeline, shipbuilding and machinery industries. These industries are cyclical in nature, with the shipbuilding and machinery industries experiencing noticeable slowdown in recent years. Our business may be affected indirectly by supply and demand changes within these downstream industries. All these factors have significant impacts on our economic efficiency.

Our steel products mainly include medium and heavy steel plate, steel bar, wire rod, steel strip and section steel. Historically, the market prices for these products have fluctuated widely and experienced periods of significant decline. Their prices are influenced by numerous factors and events which are beyond our control such as world demand and supply, forward selling activities, costs of production by other producers, exchange rates, general economic conditions and other macro-economic factors. If market prices of the steel products that we produce should fall due to these and other factors and events, our business, financial conditions and results of operations could be materially and adversely affected.

Our results of operations may be adversely affected by changes in PRC Government policies on the steel industry.

In an attempt to prevent an overheated economy, the PRC Government has promulgated in recent years various regulatory measures targeting the steel industry and its downstream industries. We expect these measures will create pressure on the domestic steel industry in the following areas:

- steel manufacturers may need to alter their capacity expansion plans because they will have to finance at least 40% (up from 25%) of their project costs with capital resources generated internally for certain projects such as iron smelting, steel smelting and steel rolling;

- capacity expansion projects may take longer to complete, because projects involving significant fixed asset investment will require prior government approval and projects involving the construction of new steel plants and addition of production equipment will be subject to closer scrutiny by government authorities;

- projects involving steel production facilities will have to comply with more stringent requirements in production capacity, land use, environmental protection measures, energy consumption and comprehensive utilization of resources, safety and health, credit management and manufacturing technology and equipment;

- consolidation activities within the industry may decrease due to the additional limitations on foreign investment in steel companies in China. Under the Policies on Development of Steel and Iron Industry, foreign investors are generally not allowed to acquire controlling interests in domestic iron and steel enterprises;

- market demand for our steel products may decline because the PRC Government has imposed macroeconomic tightening measures on other industries;

- operational expenses may increase during the transition period when steel producers are required to phase out obsolete machinery and focus on technology reform and innovation; and

- export profit of our steel products may decrease because export tax rebate on certain steel products have been deducted or cancelled.

It has become more difficult to obtain relevant approval for new projects because the new projects involving setting up new steel production facilities must be in compliance with the goal of decreasing energy consumption and pollution release and phasing out obsolete production capacity.

In addition, new regulations may place additional restrictions on development planning, technology improvement, investments and acquisitions and foreign investment, which may increase our operating costs and affect the future development of our steel business. Similar policy changes may also impact our customers in certain downstream manufacturing industries. We cannot assure you that our steel business will not be adversely affected by changes in government policies.

Intensified competition among domestic and foreign steel producers may saturate the market and adversely affect our profit margin and other financial results.

We operate in a highly competitive steel industry. China's steel market experienced rapid growth in the last decade. A profitable domestic steel market led to overcapacity as existing and new steel companies continued to invest in new equipment and technologies and undertake capacity expansions. An effect of such capacity expansion is increased competition among domestic steel producers in both national and regional markets, which, in turn, has resulted in reduced revenues, narrowed-down profit margins and smaller market shares for steel producers. We may also face competitions from overseas suppliers.

The intensified competition in China's steel industry is caused by a number of factors which are beyond our control. We cannot assure you that competitions in the steel industry will be eased in the future. Any increase in competition in our existing and future markets may lead to further decreases in the sales volume and selling prices of our products, which may have an adverse effect on our results of operations.

The gross profit margins of our steel products may be adversely affected by increases in costs of raw materials, transportation and electricity.

Costs of raw materials, transportation and electricity can materially impact our gross profit margins. We procure raw materials from different suppliers at market prices. Market prices of iron ore, coking coal and scrap steel, as well as international shipping costs, have fluctuated significantly in recent years. In particular, prices of iron ore, the most important raw material for our steel production, have experienced sharp fluctuations in recent years. In addition, our electricity cost may increase in the future due to changes in governmental policies towards the electricity industry or other factors. We cannot assure you that the cost of our raw materials, transportation and electricity will not increase significantly. If the increase in prices of our steel products cannot fully offset the increases in our manufacturing costs, the gross profit margins in our steel products may decrease.

Our steel business may be materially and adversely affected by interruptions in the supply of raw materials or electricity, transportation problems, equipment breakdowns, or natural disasters.

Steel production requires a stable supply of electricity and consumes large quantities of raw materials, including iron ore, coke, scrap steel, alloy and other ancillary materials. In recent years, many regions of China, particularly Eastern China, have experienced power shortages from time to time. We have self-owned generator units, but they are not sufficient to supply all the electricity required for our steel operations. Similarly, we have long-term supply contracts with some domestic and overseas iron ore suppliers and coke suppliers, but these contracts cannot fully guarantee that we will obtain all of the iron ore, coke and other raw materials that we require. Although we have not experienced any significant interruption or shortage in the supply of electricity or raw materials, we cannot assure you that we will not encounter such problems in the future. Any interruption in the supply of electricity or raw materials may prevent our production facilities from operating at their full capacities and may have an adverse impact on our steel business.

Raw materials and finished steel products are delivered via railways, highways and waterways. Transportation problems could interrupt our production processes from time to time. Our dependence upon railroads and trucking and shipping companies impacts our ability to procure raw materials from our suppliers and deliver products to our customers. Disruption of service due to weather-related problems, strikes, lockouts, bottlenecks and other events could temporarily impair our ability to operate our steel business, resulting in decreased production volume or shipments. Decreased performance levels over long periods of time could cause our customers to look elsewhere for alternative steel producers, negatively affecting our revenues and profitability. Although we have not encountered any significant problems or interruptions in the transportation of raw materials and finished products, we cannot assure you that transportation problems will not occur in the future.

Successful operation of our steel business also depends on the performance of our manufacturing equipment. Although we conduct scheduled maintenance work on our facilities, malfunctions or breakdowns may occur. Closure of a production site, prolonged suspension of any substantial part of our production processes, damage to our production facilities arising from unexpected or natural disasters, such as earthquakes, fires or floods, or other similar events may decrease production volume and limit revenue in our steel business.

Capacity expansion and technological renovation projects for our steel production facilities may face problems such as cost overruns and delays.

We have historically expended significant capital to improve and expand our production facilities and expect to undertake similar projects from time to time. These projects may be adversely affected by delays or cost overruns. Factors that may contribute to delays and cost overruns include the following: shortages of major equipment; difficulty in securing financing or increases in financing costs; work stoppages, weather interference and other general problems associated with construction work; difficulty in obtaining necessary permits for more stringent safety and environmental requirements; and unanticipated changes in government policies. If the improvements we are making or intend to make in the future experience cost overruns or delays, the benefits we hope to receive from making these investments may not materialize, and the production capacities of the related facilities may fall short of our design specifications, expectations or estimates. In addition, if there is a change in market demand for the relevant steel products, we may not be able to fully utilize these facilities, which would adversely affect our ability to increase our revenue in our steel business.

Our failure to maintain stable relationships with our major customers could have an adverse effect on our steel business.

Nanjing Iron & Steel depends on its stable relationships with companies in the oil and natural gas, shipbuilding and machinery industries for its sales. We anticipate that we will continue to depend on a limited number of domestic customers in this business in the foreseeable future.

We cannot assure you that we will be able to maintain or improve our relationships with our key customers in this business, or that we will be able to continue to sell our products to these customers at current volumes or prices or at all. If any of our key customers substantially reduces, changes, delays or cancels their orders with us or terminates their business relationship with us, we may not be able to obtain orders on comparable terms or in a timely manner or at all from other customers to replace any such lost sales. The occurrence of any of the foregoing events may cause material fluctuations or declines in our revenue and could materially and adversely affect our business, financial condition and results of operations.

The financial condition, results of operations and cash flows in our steel business may be adversely affected if we cannot collect advances and deposits from customers of our steel products.

In accordance with the prevailing industry practice in recent years, we have been able to obtain from our customers advance payments or deposits for their orders. However, we cannot assure you that this practice will continue in the future, especially if our competitors abandon this practice or if demand for steel products decreases substantially. If our customers cease making advance payments or providing us with deposits, the risks of late payment or non-payment of our steel products will increase, which may adversely affect our steel business.

Demand for our steel products may decrease if substitutes for steel become available and more economical.

Our steel products are primarily used in the oil and natural gas pipeline, shipbuilding and machinery industries. In these industries, steel products can be replaced by aluminum, fiber-glass, plastic and other basic materials in certain applications. If our customers elect to substitute other materials for steel products, demand for our steel products may decrease, and the sales volume, sales price and profitability of our steel business may be adversely affected. In light of the advancements made in material science research, we cannot assure you that our steel products will not be gradually replaced by lower cost substitutes.

Laws and regulations relating to environmental protection and workplace safety in the PRC could impose significant costs on and require significant efforts from us.

The PRC Government has adopted extensive environmental laws and regulations with national and local standards in relation to emission control, discharge of waste water and storage, transportation, treatment and disposal of waste materials. All steel manufacturing projects in the PRC are subject to the national environmental statutes, which include the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Law of the Environmental Impact Assessment of the PRC (中華人民共和國環境影響評價法). Before the projects obtain the approval or registration with the NDRC or its local delegate, the construction shall be subject to environmental impact assessment procedures first and the related report of the environmental impact assessment shall be checked and approved by competent environmental protection administrations.

In particular, according to the Notice of the Ministry of Environmental Protection of the PRC on the Implementation of Limitation of Excessive Production Capacity and Development in certain Industries and their Healthy Development (關於貫徹落實抑制部分行業產能過剩和重複建設引導產業健康發展的通知) (Huan Fa [2009] No. 127) issued on October 31, 2009, projects which have yet to commence the preparation of environmental impact assessment reports, or which have such reports still pending approval or substantially revised will no longer be accepted and approved. The related environment protection authorities at all levels shall further control approvals for the projects of steel and iron, cement and other projects with excessive production capacity or overlapping construction, and no approval power shall be delegated to the government authority at a lower level. According to the Notice of Office of the Ministry of Environmental Protection of the PRC on the Inspection and Verification of Environmental Protection Compliance of Steel Manufacturing Corporations (關於開展現有鋼鐵生產企業環境保護核查的通知) (Huan Ban [2010] No. 128) issued on September 20, 2010, the Ministry of Environmental Protection will examine steel manufacturing corporations on a regular basis. Approvals of steel manufacturing companies that fail to pass the inspections will be revoked. Compliance with environmental laws and regulations which apply to the steel industry may be difficult for us or may impose significant costs on us.

Steel production may also give rise to certain safety hazards to workers on the production line, and steel businesses in China are subject to the State and local laws and regulations relating to the maintenance of workplace safety. The environmental and workplace safety laws and regulations are constantly evolving and becoming increasingly stringent. We are not always able to quantify the cost of complying with environmental and workplace safety laws and regulations owing to their evolving nature. We cannot assure you that the State or local authorities would not enact additional regulations or enforce current or new regulations in a more rigorous manner. Any future change in environmental and workplace safety laws and regulations could force us to incur substantially more costs for compliances. If we are unable to comply with the existing and future environmental and workplace safety laws and regulations or are required to incur significant costs in complying with them, our business, financial condition and results of operations could be materially and adversely affected.

The gross profit margin of Hainan Mining will decrease.

The volume of raw iron ore extracted by Hainan Mining through open-pit mining has gradually decreased. The methods of mining of the company will also switch from open-pit mining to underground mining, resulting in rising extraction costs for raw iron ore. As a result, the gross profit margin of Hainan Mining may decrease.

The mining industry is highly susceptible to the economic cyclicality and volatility in commodity prices.

The mining industry is primarily a supplier of industrial raw materials. Industrial production tends to be the most cyclical and volatile component of economic activity, which might be reflected in instability of demand for minerals and metals. Price volatility of major minerals and metals is closely related to the global economy, the economic cycle in China and the fluctuation of global currency markets. As the price of our primary mining products correlates with global and domestic commodity prices, any significant decreases in commodity price for metals could cause a material adverse impact on our mining business and results of operations.

Historically, the market prices for iron ore and gold have fluctuated widely and experienced periods of significant decline. Their prices are influenced by numerous factors and events which are beyond our control such as world demand and supply, forward selling activities, gold reserve movements at central banks, costs of production by other producers and other macro-economic factors such as expectations regarding inflation, interest rates, currency exchange rates (especially the strength of the U.S. dollar), as well as general global economic conditions and political trends. If market prices of iron ore, gold and other metals that we produce should fall due to these and other factors and events, our business, financial condition and results of operations could be materially and adversely affected.

A decline in the demand for steel would adversely affect our business and we might not be able to adjust production volume in a timely or cost-efficient manner in response to changes in demand.

Demand for our most important mining product, iron ore, depends on the demand for steel. Demand for steel depends heavily on global economic conditions and it also depends on a variety of regional and industry factors. The prices of different steels and the performance of the global and PRC steel industry are highly cyclical and volatile, and these business cycles in the steel industry affect demand and prices for our iron ore products.

We might not be able to adjust production volume in a timely or cost-efficient manner in response to changes in demand. During periods of high demand, our ability to rapidly increase production capacity is limited, which could render us unable to satisfy our clients' demand for our products.

Conversely, we might have to operate at significant idle capacity during periods of weak demand. Operating at significant idle capacity might expose us to higher unit production costs since a significant portion of our cost structure is fixed in the short-term due to the high capital intensity of mining operations.

Higher energy costs or energy shortages would adversely affect our business.

Energy costs are a significant component of the production costs of our mining business. We consume a substantial amount of electricity in our mining process. We obtain our electricity from local power grids at market rates. Any disruption in electricity supply could lead to production shutdowns and the obsolescence of work in process, as well as increased costs related to recommencement of operations. In addition, any microeconomic control measures implemented by the PRC Government which cause the price of electricity to fluctuate will impact on our cost of production, which in turn could adversely affect our results of operations.

Our reserve estimates might materially differ from mineral quantities that we might actually be able to recover; our estimates of mine life might prove inaccurate; and market price fluctuations and changes in operating and capital costs might render certain reserves uneconomical to mine.

Our reserves are estimated quantities of ore and minerals that we have determined can be economically mined and processed under present and anticipated conditions to extract their mineral content.

There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of mineral production, including factors beyond our control. Reserve engineering involves estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available drilling data and engineering and geological interpretation and calculation. As a result, no assurance can be given that the reserves will be recovered or that it will be recovered at the rates we anticipate. Estimates may vary, and results of our mining and production subsequent to the date of an estimate may lead to revisions of estimates. Reserve estimates and estimates of mine life may require revisions based on actual production experience and other factors. For example, fluctuations in the market prices of minerals and metals, reduced recovery rates or increased operating and capital costs due to inflation, or other factors may render a part of or all proven and probable reserves uneconomic to exploit and may ultimately result in a restatement of reserves. In addition, our ore reserves are measured under the PRC standards which may not be directly comparable to the international standards, such as the JORC Code.

We face risks and uncertainties associated with our mining and processing operations.

Our mining and processing operations are subject to a number of operating risks and hazards, some of which are beyond our control. These operating risks and hazards include unexpected maintenance or technical problems, periodic interruptions due to inclement or hazardous weather conditions and natural disasters, industrial accidents, power or fuel supply interruptions, critical equipment failures in our mining and ore processing operations, fires, earthquakes, flooding and unusual or unexpected variations in the ore, and geological or mining conditions such as instability of the slopes and subsidence of the working areas. Such risks and hazards may delay the production and delivery of our products and/or increase the costs associated with our mining and processing operations, and may have a material adverse effect on our business, financial condition and results of operations. In addition, as our mining operations involve the use, handling, storage, discharge and disposal of hazardous, explosive, toxic materials and articles, our mining business may be exposed to risks and hazards in relation to the mishandling of dangerous materials and articles.

Any disruption for a sustained period to the operations of our mines or processing plants or supporting infrastructure, particularly the railroad transportation network, or any change to the natural environment surrounding our mines, such as landslides as a result of earthquakes may have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, such as earthquakes, floods and snowstorms, may also interrupt our customers' operations and production. These natural disasters may also damage ancillary operations such as the transportation of our products to our customers. The occurrence of any natural disaster adversely affecting our customers and their ancillary operations may have a material adverse effect on our business, financial condition and results of operations.

Amortization expenses related to our mining rights may adversely affect our results of operations.

The mining rights are amortized 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 unit-of-production method. We intend to regularly review the amount of reserves for our mines. Any material decrease in the amount of reserves for our mines may cause impairment on the carrying value of our mining rights, which may have a material adverse effect on our business, financial condition and results of operations.

We might not be able to replenish our reserves, which could adversely affect our mining prospects.

We engage in mineral exploration, which is highly speculative in nature, involves many risks and frequently is non-productive. Our exploration programs, which involve significant capital expenditures, might fail to result in the expansion or replacement of reserves depleted by current production. If we do not develop new reserves, we will not be able to sustain our current level of production beyond the remaining lives of our existing mines.

We face rising extraction costs over time as we shift our method of mining from open-pit mining to underground mining and as reserves deplete.

Reserves are gradually depleted in the ordinary course of a given mining operation. As mining progresses, distances to the primary crusher and to waste deposits become longer, pits become steeper and underground operations become deeper. As a result, over time, as our mines become more mature, the production volumes of our mines could adversely decrease and we could experience rising unit extraction costs with respect to each of our mines.

We could be adversely affected by changes in government policies, including, but not limited to, the imposition of new taxes, charges or mining royalties.

Mining activities are subject to governmental regulation in the form of, among other obligations, taxes and royalties, which can have an important financial impact on our operations. The relevant government authorities may impose taxes, raise existing taxes and royalties, or change the basis on which they are calculated, in a manner that is unfavorable to us. For example, the PRC Government increased the resources tax rates effective August 1, 2007. There is no assurance that the PRC Government will not further raise the rates of resources tax or other taxes.

Our plan to acquire additional mineral reserves may not succeed.

We intend to acquire exploration and mining rights in the future to expand our mineral reserves. However, we may encounter intense competition during the expansion process and we may fail to select or value targets appropriately. One of the important factors that we will consider when we select or value targets is their resource and reserve data. Such resource and reserve data are estimates that involve professional judgment based on factors such as technical data, experience, industry practice and assumptions and standards. The accuracy of these estimates may be affected by many factors, including the quality of the results of exploration drilling, sampling of the ore, analysis of the ore samples, estimation procedures and standards as well as the experience of the qualified person making the estimates. There are also many assumptions and variables beyond our control that result in inherent uncertainties in estimating reserves. As a result, resource and reserve data are only estimates and may be inaccurate. The failure to select or value targets appropriately may result in our inability to complete our expansion plans at a reasonable cost, if at all.

Even if our expansion plans are successful, we may have to allocate additional capital and human resources to implement the integration of any acquired business with ours. We cannot assure you that such integration will be completed within a reasonable period of time or at all or that it will generate the expected economic benefits. If our expansion plans are delayed or they fail to deliver the expected economic benefits, then our business, financial condition and results of operations may be materially and adversely affected.

Our mining operations have a limited life and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with environmental standards.

Our existing mining operations have a limited life, which we estimate to be around 40-50 years. The key costs and risks for mine closures are: (i) long-term management of permanent engineered structures (such as tailings dams) and acid drainage; (ii) achievement of environmental closure standards (such as rehabilitation requirements); (iii) orderly retrenchment of employees and third-party contractors; and (iv) relinquishment of the sites with associated permanent structures and community development infrastructure and programs to new owners. A difficult closure can result in increased closure costs and handover delays, ongoing monitoring and environmental rehabilitation costs, and damage to our reputation if desired outcomes cannot be achieved. As a result, our business and results of operations could be materially and adversely affected.

Our petroleum and natural gas business is subject to risks, some of which are not within our control.

The petroleum and natural gas business is fundamentally a commodity business, meaning the operations and earnings may be significantly affected by changes in oil, gas, and petrochemical prices and by changes in margins on refined products. Oil and natural gas product prices and margins in turn depend on local, regional, and global events or conditions that affect supply and demand for the relevant commodity. Any material decline in petroleum and natural gas prices could have a material adverse effect on certain of our operations. Some factors that may affect the demand for petroleum and natural gas products, and therefore impact our results, include technological improvements in energy efficiency; seasonal weather patterns, which affect the demand for energy associated with heating and cooling; increased competitiveness of alternative energy sources that have so far generally not been competitive with oil and gas without the benefit of government subsidies or mandates; and changes in technology or consumer preferences that alter fuel choices, such as toward alternative fueled or electric vehicles.

In addition, our results from the petroleum and natural gas business can be adversely affected by political or regulatory developments affecting our operations. Even in countries with well-developed legal systems where we do business, we could be exposed to changes in law that could adversely affect our results, such as increases in taxes or government royalty rates; price controls; changes in environmental regulations or other laws that increase our cost of compliance or reduce or delay available business opportunities; and adoption of regulations mandating the use of alternative fuels or uncompetitive fuel components.

We may fail to realize any profits from our investment activities or may be unable to sell our investments for a considerable period of time or to recover our investment costs.

We have made and expect to continue to make significant investments in the securities of privately-held and publicly-traded companies, which involve significant risks. If our investments do not generate revenue, profit or cash flow in time or at anticipated levels, our growth prospects, business, results of operations and financial condition may be materially and adversely affected.

Many of our investments, in particular our PE Investments, are made in privately-held companies by purchasing a portion of their equity securities. We hold these securities mainly for investment purposes and our principal means of realizing investment returns are through privately negotiated sales or through initial public offerings of the companies invested. Generally, it takes a considerable time before we can sell any such investment and in many cases involves substantial efforts and resources to improve the management and business of a company we invested with a view to enhancing the value of our investment, especially when we plan to take the company public. Further, in many cases, we may be prohibited by contract or by applicable securities laws from selling such securities for a period of time.

- Sales of privately-held investments through privately negotiated transactions depend heavily on our ability to identify suitable buyers for the particular investment. It may be difficult for us to find suitable buyers for our investment in a privately-held company.

- Any intended sale may involve prolonged and difficult negotiations with the potential buyer, which may not materialize within a reasonable period, at an acceptable price, or at all.

- Realizing investment returns through the initial public offering of an invested company also involves significant uncertainties and is subject to a number of factors beyond our control, including the general economic conditions, performance of the relevant industries, competitiveness of the invested company as well as the conditions in the global and regional financial and capital markets. The securities offering will also need to comply with the applicable securities laws.

We also invest in publicly-traded securities from time to time. Our ability to dispose of these investments is heavily dependent on the performance of the securities market, apart from other factors that may affect a publicly-traded company’s financial performance. Market prices of publicly-traded securities tend to be volatile and subject to significant fluctuations. If the market price of the securities we hold declines significantly, we may be unable to sell any such securities at a favorable price, if at all, and may lose all or a portion of our investment amount. In addition, holdings of a large number of securities often can only be disposed of over a substantial length of time, exposing our investment returns to risks of downward movement in market prices during the intended disposition period. Accordingly, we may be forced to either sell the securities at lower prices or hold the securities for a considerable period of time, which could have a material adverse effect on our business, results of operations and financial condition.

Our investment company portfolio may expand to new businesses and geographic markets, which may result in additional risks and uncertainties in our businesses.

We intend to grow our investment portfolio by expanding into new businesses and geographic markets.

To the extent we make investments or acquisitions in a new line of business, we will face numerous risks and uncertainties, including risks associated with (i) the required investment of capital and other resources, (ii) the possibility that we have insufficient expertise to engage in such activities profitably or to manage our risk exposure, (iii) combining or integrating operational and management systems and controls, including risk management and internal control, (iv) insufficient financial, operational, management and other human resources to support our new investments and (v) the broadening of our geographic footprint, including the risks associated with conducting operations in foreign jurisdictions. Investment into certain lines of business may subject us to new laws and regulations with which we are not familiar, or from currently we are not subject to, and may lead to increased litigation and regulatory risk.

The due diligence process that we undertake in connection with our investments may not reveal all facts that may be relevant in connection with an investment.

Before making investments in a target company, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment, which often involves complex business, financial, tax, accounting, environmental and legal issues. Our due diligence relies on the resources available to us at the time, including public information, information provided by the target of the investment and, in some circumstances, third-party investigations. We cannot assure you that the due diligence investigation that we carry out with respect to any investment opportunity may reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. If we make an investment based on inaccurate or incomplete information, we may be unable to realize anticipated returns and may be subject to unexpected liabilities and losses.

We have made investments in portfolio companies that we do not control.

We invest in portfolio companies that we do not control. Our ability to manage and monitor the operations of our portfolio companies derives primarily from our contractual rights under shareholders' agreements and our shareholders' rights under PRC Company Law and other relevant laws and regulations. Typically, we manage and monitor these companies through our representation on their board of directors. Our inability to exercise control over these companies exposes us to inherent risks, and our interests may be adversely affected as a result of other shareholders' failure to perform their contractual obligations and disagreements among shareholders over the management or future directions of these companies. In addition, when we acquire minority equity interests or dispose of a portion of majority equity interests in portfolio companies in a manner that results in our Company retaining a minority investment and not having control, we are subject to the risk that the relevant portfolio company may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. Furthermore, regardless of whether we have control, we cannot assure you that we will not have disputes with other shareholders of our portfolio companies. In the event of such disputes, the operations of such companies may be adversely affected, and we may be forced to take actions, including arbitration and litigation, to resolve such disputes. These actions could result in substantial costs, divert our management resources and adversely impact our reputation. The outcome of any such arbitration or litigation cannot be guaranteed. If any of the foregoing were to occur, the values of our equity interests in companies that we do not control could decrease and our financial condition and cash flows could suffer as a result.

The reputation and the trading price of the securities of our investee companies may be negatively affected by adverse publicity or other detrimental conduct, which could adversely affect our exit plans and investment returns, and therefore affect our business, financial condition and results of operation.

Adverse publicity concerning our failure or perceived failure to comply with legal and regulatory requirements, alleged accounting or financial reporting irregularities, regulatory scrutiny and further regulatory action or litigation could harm the reputation and cause the trading price of the securities of our investee companies to decline and fluctuate significantly, which may materially and adversely affect our ability to exit our investments in these companies at our target price, or at all. For example, after Muddy Waters Research, a privately held due diligence based equity research company, alleged Focus Media conducted a series of fraudulent conducts in November 2011, the share price of Focus Media plunged nearly 40% on the day Muddy Waters Research released its reports. Our investee companies may continue to be the target of adverse publicity and other detrimental conduct. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies regarding their operations, accounting, revenues and regulatory compliance. Additionally, allegations may be posted on the internet by any person or entity which identifies itself or on an anonymous basis. Although Focus Media successfully entered into a buyout offer in December 2012 at per share price exceeding its trading price before the attack by Muddy Waters Research and the buyout transaction was completed in May 2013, there is no guarantee that our other investee companies will not be materially and adversely affected by such adverse publicity. If so, our exit plans and investment returns, and our financial condition and results of operation will be materially and adversely affected.

Our ability to retain our investment professionals is critical to our success and our ability to grow depends on our ability to attract additional key personnel.

Our success depends on our ability to retain our investment professionals and recruit additional qualified personnel. We anticipate that it will be necessary for us to recruit and train additional investment professionals as we pursue our growth strategy. However, we may not succeed in recruiting additional personnel or retaining current personnel, as the market for qualified investment professionals is extremely competitive. Our investment professionals possess substantial experience and expertise in investing, are responsible for implementing our investment strategies, identifying and executing our investments, and have valuable business network that may lead to investment opportunities. Therefore, the loss of our investment professionals could jeopardize the performance of our investment business, which would have a material adverse effect on our business, financial condition and results of operations. Efforts to retain or attract investment professionals may result in significant additional expenses, which could adversely affect our profitability.

Difficult market conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments, which could negatively impact our net income and cash flow and adversely affect our financial condition.

Our investment business is materially affected by conditions in the financial markets and economic conditions or events in China and in the world, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). Our investment business and the value of our investment are also affected by the performance of the companies in which we invest and the market conditions of the industries these companies operate in or are affected by. These factors are outside our control and may affect the level and volatility of securities prices and the liquidity and the value of our investments. We may not be able to manage our exposure to these conditions and/or events.

We may be affected by reduced opportunities to exit and realize value from their investments as lack of financing makes it more difficult for potential buyers to raise sufficient capital to purchase assets in our portfolios, by lower than expected returns on investments, which could cause us to realize diminished or no profit, and by the fact that we may not be able to find suitable investments for us to effectively deploy capital, which could adversely affect our ability to make new investments because we can generally only raise capital for a new investment following the substantial deployment of capital from the existing investment.

During periods of difficult market or economic conditions or slowdowns (which may be across one or more industries, sectors or geographies), companies in which we have invested may experience decreased revenues, financial losses, credit rating downgrades, difficulty in obtaining access to financing and increased funding costs. These companies may also have difficulty in expanding their businesses and operations or be unable to meet their debt service obligations or other expenses as they become due, including expenses payable to us. Negative financial results in our portfolio companies may result in lower investment returns for our investment, which could materially and adversely affect our operating results and cash flow. To the extent the operating performance of such portfolio companies (as well as valuation multiples) deteriorate or do not improve, we may sell those assets at values that are less than we projected or even at a loss, thereby significantly affecting our performance and consequently our operating results and cash flow.

The Regulation of Finance Companies by the CSRC may adversely affect the operating results of Fosun Finance Company.

The CSRC has put in place stringent requirements in relation to depositing funds in related parties by listed companies. As some companies within the group are PRC listed companies, business transactions involving depositing funds by such listed companies with Fosun Finance Company are to certain extent restricted. In addition, there can be no assurance that the PRC Government will not impose more stringent requirements on listed companies' fund deposit activities. If such more stringent requirements are imposed, the operating results of Fosun Finance Company may be adversely affected.

Our ability to retain clients and increase our asset under management ("AUM") depends, in part, on our absolute and relative investment performance.

Our ability to achieve investment returns for clients that meet or exceed investment returns for comparable asset classes and competing investment services is a key consideration when clients decide to keep their assets with us or invest additional assets, and when a prospective investor is deciding whether to invest with us. Poor investment performance, both in absolute terms and/or relative to peers and stated benchmarks, will result in clients withdrawing assets and in prospective clients choosing to invest with our competitors. The resulting lower AUM levels will lead to lower investment management fees and minimal or no performance-based fees, which will have a material adverse effect on our financial results.

Our investment performance may be affected by factors that are not under our control.

The mix, market value and level of our AUM are affected by the performance of financial markets (both domestic and international), global economic conditions, industry trends, interest rates, inflation rates, tax regulation changes and other factors that are difficult to predict. For example, since the financial crisis of 2008, the performance of a large number of asset management companies have been significantly and adversely affected by the crisis. Any decrease in our AUM will adversely affect our business operations and financial results.

Disputes with the limited partners or other general partners of the funds we manage may adversely affect our business, financial condition and results of operations.

We typically act as the general partners of the funds we manage and may obtain carried interests in addition to management fees we typically charge.

Disagreements with any of the limited partners or other general partners in connection with the scope or performance of our respective obligations under a fund partnership or cooperation arrangement could adversely affect our ability to implement our business strategies and achieve our investment goals. The limited partners or other general partners may interpret the obligations of the parties under the partnership or cooperation arrangement differently than we do. We may have disputes over the carried interests we may be entitled to. In addition, we may fail to identify appropriate investment opportunities and realize returns for our limited partners. The limited partners or other general partners may have economic or business interests or goals that are inconsistent with ours, take actions contrary to our instructions or requests or contrary to our policies or objectives, or be unable or unwilling to fulfil their obligations under the relevant partnership or cooperation agreements. Should any of these difficulties arise, we may be unable to derive the benefits we anticipate from such partnerships and our business, financial condition and results of operations could be adversely effected.

We may be unable to continue to attract, motivate and retain key personnel, and loss of key personnel could adversely affect our results of operations.

Our asset management business depends on our ability to attract, motivate and retain highly skilled, and often highly specialized, technical, managerial and executive personnel; there is no assurance that we will be able to do so. The market for qualified research analysts, portfolio managers, financial advisers, traders and other professionals is extremely competitive and is characterized by frequent movement of these investment professionals among different firms. Portfolio managers and financial advisers often maintain strong, personal relationships with their clients so their departure could cause us to lose investor accounts, which could have a material adverse effect on our results of operations. Compensation packages for investment talents are very competitive. Our operating margin may decline if we increase compensation to retain key personnel without a commensurate increase in revenues.

Failure to adequately address conflicts of interest could damage our reputation and materially adversely affect our business.

Potential, perceived and actual conflicts of interest are inherent in our existing and future investment activities. For example, certain of our funds have overlapping investment objectives and potential conflicts of interest may arise with respect to our decisions regarding how to allocate investment opportunities among funds. Potential, perceived or actual conflicts of interest could give rise to investor dissatisfaction, litigation or regulatory enforcement actions. Adequately addressing conflicts of interest is complex and difficult and we could suffer significant reputational harm if we fail, or appear to fail, to adequately address potential, perceived or actual conflicts of interest.

Our wealth management business is relatively new.

We entered into the wealth management business in 2014 and we have a relatively limited operating history in this business. Although we have experienced revenue growth since its establishment, we cannot assure you that our revenue from this business will continue to increase at previous rates or at all, or that we will be able to operate profitably in future periods. As the prediction of future results of operations from our wealth management business would largely be based on our relatively limited operating history in the wealth management business, past revenue growth experienced by us should not be taken as indicative of our future performance. You should consider our wealth management business and prospects in light of the risks, uncertainties, expenses and challenges that we will face as an early-stage wealth management company operating in new, rapidly evolving and challenging markets such as the wealth management industry.

Operational risks may disrupt our business, result in losses or limit our growth.

We rely heavily on the capacity and reliability of the communications, information and technology systems supporting our operations. Operational risks such as human processing errors or interruption of our financial, accounting, trading, compliance and other data processing systems, whether caused by fire, other natural disaster or pandemic, power or telecommunications failure, act of terrorism or war or otherwise, could result in a disruption of our business, liability to clients, regulatory intervention or reputational damage, and thus materially adversely affect our business. Although we have back-up systems in place, our back-up procedures and capabilities in the event of a failure or interruption may not be adequate.

Employee misconduct could expose us to significant legal liability and reputational harm.

We are vulnerable to reputational harm as we operate in an industry where integrity and the confidence of our clients are of critical importance. Our employees could engage in misconduct that adversely affects our business. For example, if an employee were to engage in illegal or suspicious activities, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial position, client relationships and ability to attract new clients. Our business often requires that we deal with confidential information. If any of our employees were to improperly use or disclose this information, we could suffer serious harm to our reputation, financial position and current and future business relationships. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not always be effective. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our reputation and our business.

If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses.

In order to manage the significant risks inherent in our business, we must maintain effective policies, procedures and systems that enable us to identify, assess and manage the full spectrum of our risks including market, fiduciary, operational, legal, regulatory and reputational risks. Our risk management methods may prove to be ineffective due to their design or implementation, or as a result of the lack of adequate, accurate or timely information or otherwise. If our risk management efforts are ineffective, we could suffer losses that could have a material adverse effect on our financial condition or operating results. Additionally, we could be subject to litigation, particularly from our clients, and sanctions or fines from regulators.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and that of our customers, and personally identifiable information of our clients and employees, in our data centers and on our networks. The secure maintenance and transmission of this information is critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disrupt our operations, damage our reputation, and cause a loss of confidence in our products and services, which could adversely affect our business.

The investment management industry faces substantial litigation risks which could materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us.

We depend to a large extent on our network of relationships and on our reputation in order to attract and retain investors for our asset management business. In an asset management business, if an investor is not satisfied with our services, such dissatisfaction may be more damaging to our business than to other types of businesses. We make investment decisions on behalf of our investors that could result in substantial losses to them. If our investors suffer significant losses, or are otherwise dissatisfied with our services, we could be subject to the risk of legal liabilities or actions alleging negligent misconduct, breach of fiduciary duty, breach of contract, unjust enrichment and/or fraud. These risks are often difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time, even after an action has been commenced. We may incur significant legal expenses in defending against litigation. Substantial legal liability or significant regulatory action against us could materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us.

A decline in the pace of investment in the funds we manage would result in us receiving less management fees and carried interest.

The management fees and carried interest that we earn are driven in part by the pace at which the funds we manage make investments. Any decline in that pace would reduce our management fees and carried interest and could make it more difficult for us to raise capital. Many factors could cause such a decline in the pace of investment, including the inability of our investment professionals to identify attractive investment opportunities, competition for such opportunities among other potential acquirers, decreased availability of capital on attractive terms and our failure to consummate identified investment opportunities because of business, regulatory or legal complexities and adverse developments in China or the global economy or financial markets. In particular, the lack of financing options for new leveraged buy-outs resulting from the recent credit market dislocation, significantly reduced the pace of traditional buyout investments by our private equity funds.

Third-party investors in our funds with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect a fund's operations and performance.

Investors in the funds that we manage make capital commitments to those funds that we are entitled to call from those investors at any time during prescribed periods. We depend on investors fulfilling their commitments when we call capital from them in order for those funds to consummate investments and otherwise pay their obligations when due. Any investor that did not fund a capital call would be subject to several possible penalties, including having a significant amount of its existing investment forfeited in that fund. However, the impact of the penalty is directly correlated to the amount of capital previously invested by the investor in the fund and if an investor has invested little or no capital, for instance early in the life of the fund, then the forfeiture penalty may not be as meaningful. If investors were to fail to satisfy a significant amount of capital calls for any particular fund or funds, the operation and performance of those funds could be materially and adversely affected.

The due diligence process that we undertake in connection with investments by our funds may not reveal all facts that may be relevant in connection with an investment.

Before making investments in private equity and other investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, independent auditors and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Our funds make investments in companies that we do not control.

Investments by our capital markets funds include and will include debt instruments and equity securities of companies that we do not control. Such instruments and securities may be acquired by our funds through trading activities or through purchases of securities from the issuer. In the future, our private equity funds may seek to acquire minority equity interests more frequently and may also dispose of a portion of their majority equity investments in portfolio companies over time in a manner that results in the funds retaining a minority investment. Those investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of investments by our funds could decrease and our financial condition, results of operations and cash flow could suffer as a result.

Fraud and other deceptive practices could harm fund performance.

Instances of fraud and other deceptive practices committed by senior management of investee companies in which we invest may undermine our due diligence efforts with respect to such companies. Due to such frauds, the results of our due diligence may not accurately reflect the actual business performance, financial conditions, legal non-compliance and others that may affect our investment decisions. If such fraud is discovered after we make our investments, it will negatively affect the valuation of a fund's investments. The valuation based upon which we determine our investment price may overstate the value of the investee companies and value we purchase may be substantially lower than the price we pay, which causes under performance of the funds. In addition, when discovered, financial fraud may contribute to overall market volatility that can negatively impact our investment program. As a result, instances of fraud could result in fund performance that is poorer than expected.

Risks Relating to China

A downturn in China's economy may adversely affect our results of operations and financial condition.

The majority of our assets are located in the PRC and a majority part of our revenue is sourced from the PRC. We therefore depend heavily on general economic conditions in China for our continued growth. Although the Chinese economy has grown significantly in recent years, we cannot assure you that the economy will continue to grow, or that its growth will be steady or occur in geographic regions or economic sectors from which we benefit. The global crisis in financial services and credit markets that began in 2008 caused a slowdown in the growth of the global economy. If the crisis in global financial services and credit markets were to recur, there is no certainty as to its impact on the global economy, especially the Chinese economy. A downturn in China's economic growth or a decline in its economic condition may have material adverse effects on our results of operations and financial condition.

Economic, political and social conditions in the PRC as well as government policies could affect our business.

Our results of operations, financial position and prospects are subject to the economic, political and legal developments in the PRC and could be affected by factors such as:

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may negatively affect our operations. For example, our financial condition and results of operations may be adversely affected by the PRC Government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us. In addition, since early 2004, the PRC Government has implemented certain measures to prevent the PRC economy from growing too quickly. These measures may cause a decrease in the level of economic activity and may have an adverse impact on economic growth in the PRC and, consequently, our business, financial condition and results of operations.

Compliance with the PRC Labor Contract Law may increase our labor costs.

The PRC Labor Contract Law became effective on January 1, 2008 (while certain provisions thereof were amended on December 28, 2012 and became effective on July 1, 2013). Compliance with the requirements under the PRC Labor Contract Law, in particular the requirements to make severance payments and non-fixed term employment contracts, may increase our labor costs.

Pursuant to the PRC Labor Contract Law, since January 1, 2008, we have been required to enter into non-fixed term employment contracts with employees who have worked for us for more than ten years or, unless otherwise provided in the PRC Labor Contract Law, for whom a fixed term employment contract has been concluded for two consecutive terms if the employees request or agree to renew the employment contract. We may not be able to efficiently terminate non-fixed term employment contracts under the PRC Labor Contract Law without cause. We are also required to make severance payments to fixed term contract employees when the term of their employment contracts expire, unless such employee voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. The amount of severance payment is equal to the monthly wage of the employee multiplied by the number of full years (six months or over six months are deemed as a full year) that the employee has worked for the employer, except in circumstances where the employee's monthly wage is three or more times greater than the average monthly wage in the relevant district or locality, in which case the calculation of the severance payment will be based on a monthly wage equal to three times the average monthly wage multiplied by a maximum of twelve years. A minimum wage requirement has also been incorporated into the PRC Labor Contract Law. Liability for damages or fines may be imposed for any material breach of the PRC Labor Contract Law.

In addition to the cost of compliance with current PRC labor laws and regulations, any significant changes in PRC labor laws in the future may substantially increase our operating costs and have a material adverse effect on our business, financial condition and results of operations.

Most of our revenue is denominated in Renminbi, which is not freely convertible for capital account transactions and may be subject to exchange rate volatility.

We require foreign currency to purchase imported equipment and raw materials, pay dividends to our shareholders and service our foreign currency-denominated debt obligations, including the Notes. Most of our revenue, however, is in Renminbi. Under PRC laws and regulations, payments of current account items, including profit distributions, interest payments and operation-related expenditures, may be made in foreign currencies without prior approval but are subject to procedural requirements. Strict foreign exchange control continues to apply to capital account transactions. These transactions must be approved by or registered with the SAFE, and repayment of loan principal, distribution of return on direct capital investment and investment in negotiable instruments are also subject to restrictions. We cannot assure you that we will be able to meet all of our foreign currency obligations or to remit profits out of China. In addition, Fosun High Technology may not be able to obtain sufficient foreign currency to pay dividends to us, repay inter-company loans or satisfy its other foreign currency requirements.

The value of the RMB against Hong Kong dollar, U.S. dollar and other currencies is affected by, among others, changes in China's political and economic conditions and China's foreign exchange policies. On July 21, 2005, PBOC announced that it ceased to peg the Renminbi to the U.S. dollar. Instead, the PRC Government introduced a managed floating exchange rate system to allow the value of the RMB to rise or fall based on market supply and demand and by reference to a basket of other currencies. This change in currency policy resulted in the appreciation of the Renminbi against the U.S. dollar. On May 18, 2007, the PBOC enlarged, effective on May 21, 2007, the floating band for the trading prices in the inter-bank spot exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC each day. Under the current policy, the RMB is pegged against a basket of currencies, determined by the People's Bank of China, against which it can rise or fall by as much as 2% each day. There has been pressure from foreign countries on the PRC recently to adopt a more flexible currency system that could lead to further appreciation of the Renminbi. The Renminbi may be revalued further against the U.S. dollar or other currencies, or may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the U.S. dollar or other currencies, any of which could give rise to uncertainties in our financial condition and results of operations. Any appreciation of Renminbi may subject us to increased competition from imports, and any devaluation of Renminbi may adversely affect the value of our net assets, earnings and declared dividends in foreign currency terms, as well as our ability to service our foreign currency obligations.

China's legal system is less developed than those of some other countries.

China is a civil law jurisdiction. Under the civil law system, prior court decisions may be cited as persuasive authority but do not have binding precedent effect. Although progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organization and governance, foreign investment, commerce, taxation and trade, China's legal system remains less developed than the legal systems in many other countries. Furthermore, because many laws, regulations and legal requirements were adopted only recently, their interpretation and enforcement are subject to uncertainties. Changes in China's legal framework, the promulgation of new laws and conflicts between national and provincial regulation could adversely affect our financial condition and results of operations.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies may cause delay in or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC operating subsidiaries.

We are an offshore holding company of our PRC operating subsidiaries. In utilizing the proceeds of this offering in the manner described in "Use of Proceeds," we may make loans or additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations. For example, loans by us to our PRC subsidiaries that are foreign-invested enterprises to finance their activities cannot exceed the difference between the total investment amount and the registered capital of such foreign-invested enterprises and must be registered with the SAFE.

We may also decide to finance our PRC subsidiaries by means of capital contributions. These capital contributions must be approved by the PRC Ministry of Commerce or its local counterpart. We cannot assure you that we will be able to obtain these government approvals on a timely basis, if at all, with respect to future capital contributions by us to our subsidiaries. If we fail to receive such approvals, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may adversely affect our business operations.

The Circular of SAFE on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Investment, Financing and Round-trip Investment via Overseas Special Purpose Companies (國家外匯管理局關於境內居民通過特殊目的公司投融資及返程投資外匯管理有關問題的通知) was issued by SAFE and effective on July 4, 2014. Under the Circular: PRC domestic residents who plan to establish an overseas special purpose vehicle ("SPV") must conduct foreign exchange registration with the local foreign exchange authority prior to contributing their legitimate overseas or domestic assets or equity interest as capital contribution of an overseas SPV. PRC domestic residents who have contributed their domestic assets or equity interests must conduct foreign exchange registration with local foreign exchange authority which locates at the registration place of the domestic enterprise or the place of the assets or equity interests. PRC domestic residents who have contributed their overseas assets or equity interests must conduct foreign exchange registration with local foreign exchange authority which locates at the registration place of the domestic enterprise or at the place of domicile of PRC residents.

Pursuant to the Circular, the existing ultimate shareholders of our Company, Messrs. Guo Guangchang, Liang Xinjun and Wang Qunbin, were required to apply to the relevant foreign exchange administration authorities for foreign exchange registration of overseas investment for their investment in our Company and its associated overseas companies. Our PRC legal counsel, Grandall Law Firm (Shanghai), has confirmed that as of the date hereof these existing ultimate shareholders completed the required foreign exchange registration and no other PRC approvals or consents in relation to these existing shareholders' direct or indirect interests in the Company are required to be obtained.

Changes in tax and other preferential policies may adversely affect our business and results of operations.

Our business benefits from certain PRC Government incentives. Expiration of, or changes to, these incentives could have a material adverse effect on our operating results. In particular:

- Some of our portfolio companies receive tax incentives from local governments. These incentives may not be consistent with relevant national rules governing tax incentives. If any of the incentives granted by the local governments are repealed by the central government or terminated by the local governments, the relevant companies might lose the tax incentives they enjoy currently and could be required to pay back the tax subsidies or rebates that they received in the past.

- Some of our portfolio companies are eligible for preferential tax treatments. Under the Enterprise Income Tax Law promulgated in March 2007, beginning on January 1, 2008 (the "EIT Law") (企業所得稅法), a unified enterprise income tax rate of 25% and unified tax deduction standards is applied equally to both domestic-invested enterprises and foreign-invested enterprises. Enterprises established prior to March 16, 2007 that are eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations will be eligible under the regulations of the State Council to gradually become subject to the new tax rate over a five-year transition period starting from the date of effectiveness of the new law. As a result, the effective tax rates for some of our portfolio companies increased.

When our currently available tax benefits expire or become unavailable as a result of the enactment of the new measures as mentioned above or for any other reasons, the effective income tax rate of our PRC subsidiaries will increase significantly, and any increase of the income tax rate applicable to such subsidiaries in the future could have a material adverse effect on our financial condition and results of operations. Moreover, our historical operating results may not be indicative of our operating results for future periods as a result of the expiration of the tax benefits currently available to us.

We may be treated as a PRC resident enterprise for PRC tax purposes, which may subject us to PRC income taxes on our worldwide income and may result in PRC withholding taxes and PRC tax on the sale of Notes.

Under the Enterprise Income Tax Law and the implementation rules which both took effect on January 1, 2008, enterprises established outside the PRC whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax purposes. The implementation rules define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation specified certain criteria for the determination of the "de facto management bodies" for foreign enterprises that are controlled by PRC enterprises.

We hold our shareholders' meetings and certain board meetings outside China and keep our shareholders' list outside China. However, most of our directors and senior management are currently based inside China and we keep our books of account inside China. The above elements may be relevant for the tax authorities to determine whether we are PRC resident enterprises for tax purposes. However, there is no clear standard published by the tax authorities for making such a determination.

Although it is unclear under PRC tax law whether we have a "de facto management body" located in China for PRC tax purposes, we take the position that we are not a PRC resident enterprise for tax purposes. We cannot assure you that the tax authorities will agree with our position. If we are deemed to be a PRC resident enterprise for EIT purposes, we would be subject to the PRC enterprise income tax at the rate of 25% on our worldwide taxable income (although in that event we may be able to receive dividends from our PRC subsidiaries free of PRC withholding tax). Furthermore, we may be obligated to withhold PRC income tax of up to 7% on payments of interest and certain other amounts on the Notes to investors that are Hong Kong resident, 10% on payments of interest and other amounts on the Notes to non-PRC enterprise investors that are not Hong Kong resident enterprises, or 20% on payments of interest and certain other amounts on the Notes to investors who are non-PRC individuals, provided that there are no tax treaties between China and those countries which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. In addition, if we fail to do so, we may be subject to fines and other penalties. In addition, if we were treated as a PRC resident enterprise for PRC tax purposes, any gain realized by such non-resident investors from the transfer of the Notes may be regarded as being derived from sources within the PRC and may accordingly be subject to a PRC tax at the rate of 10% in the case of non-resident enterprises, or 20% in the case of non-resident individuals, subject to the provisions of any applicable double tax treaty.

If we are required under the EIT Law to withhold PRC income tax from interest payments made to our foreign holders of Notes, we will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Notes, as well as our profitability and cash flow. In addition, if you are required to pay PRC income tax on the transfer of our Notes, the value of your investment in our Notes may be materially and adversely affected. It is unclear whether, if we are considered a PRC "resident enterprise," holders of our Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

Changes in PRC Government policy regarding foreign investment in China may adversely affect our business and results of operations.

Under the latest version of the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄), which became effective on April 10, 2015, some industries are categorized as sectors that are encouraged, restricted or prohibited for foreign investment. Although currently, none of our portfolio companies are within the prohibited category and most of their businesses are not in the restricted category, as this Catalogue is updated every few years, there can be no assurance that the PRC Government will not change its policies in a manner that would cause part or all of our businesses to fall within the restricted or prohibited categories. If we cannot obtain approval from relevant approval authorities to engage in businesses that become restricted for foreign investors, we may be forced to sell or restructure the businesses that have become restricted or prohibited for foreign investment. If we are forced to adjust our business portfolio as a result of changes in government policy on foreign investment, our business, financial condition and results of operations would likely be materially and adversely affected.

Holders of the Notes may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

Although we are a company incorporated under the laws of Hong Kong, our operating subsidiaries are incorporated under PRC laws, Portuguese laws and Japanese laws, among others, and substantially all of our assets are not located in Hong Kong. In addition, most of our directors and officers reside within China, and substantially all of their assets are located within China. As a result, it may not be possible to effect service of process outside of China upon most of our directors or officers. Moreover, our PRC legal counsel, Grandall Law Firm (Shanghai), has advised us that China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in civil and commercial cases with the United States, the United Kingdom, Japan or most other members of the Organization for Economic Cooperation and Development (or OECD). Therefore, recognition and enforcement in China of judgments of a court in any of the jurisdictions mentioned above in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

Risks Relating to the Notes and the Parent Guarantee

The Issuer and the Parent Guarantor are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Parent Guarantee, respectively.

The Issuer is incorporated solely for purposes of issuing the Notes, with no independent business operations and no significant assets. The Issuer expects that the proceeds from the Notes will be used by the Parent Guarantor in accordance with the intent set forth in "Use of Proceeds". Investors should expect that repayment of the Notes will be wholly dependent on the ability of the Parent Guarantor to honor its obligations under the Parent Guarantee. The Parent Guarantor is a holding company with no independent business operations or significant assets other than investments in its subsidiaries and derive all or substantially all of its revenue and cash from its operating subsidiaries. The Parent Guarantor therefore depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations.

The Parent Guarantor is a holding company and payments with respect to the Notes and the Parent Guarantee are structurally subordinated to liabilities, contingent liabilities and obligations of the Company and our subsidiaries.

The Parent Guarantor is a holding company with no material operations. It conducts its operations primarily through its subsidiaries. The Parent Guarantor's ability to honor the Parent Guarantee will depend upon its receipt of principal and interest payments on the intercompany loans and distributions of dividends from its subsidiaries, mainly our PRC subsidiaries through the Company.

The Notes will not be guaranteed by the Parent Guarantor's subsidiaries, including the Company. As a result, the Parent Guarantor's payment obligations under the Parent Guarantee will be effectively subordinated to all existing and future obligations of its subsidiaries (including Fosun International). As of December 31, 2015, the Parent Guarantor's subsidiaries had total debt (excluding debt due to the Parent Guarantor) of RMB114,917 million capital commitments of RMB20,007 million and contingent liabilities of RMB8,046 million.

The Notes and the Indenture do not restrict the ability of the Parent Guarantor's subsidiaries to issue certain categories of guarantee in the ordinary course of business such as trade payables and to incur debt or issue guarantee for the Company and the Company's subsidiaries. All obligations of the Parent Guarantor's subsidiaries will have to be satisfied before any of the assets of these subsidiaries would be available for distribution, upon a liquidation, dissolution, reorganization, bankruptcy or similar proceeding, to the Parent Guarantor. In the event of the liquidation, dissolution, reorganization, bankruptcy or similar proceeding of the business of a subsidiary, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to the Parent Guarantor or the holders of the Notes. In any of these events, the assets of that subsidiary that are available to us may not be sufficient assets to pay amounts due on the Notes. In addition, any Parent Guarantor's secured creditors would have priority as to its assets securing the related obligations over claims of holders of the Notes.

The Parent Guarantee may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Parent Guarantee.

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in Hong Kong or other jurisdictions where insolvency proceeding may be commenced with respect to the Parent Guarantor, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of the Parent Guarantor if, among other things, the Parent Guarantor, at the time it incurred the indebtedness evidenced by, or when it gives its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction which is being applied. Generally, however, the guarantor would be considered insolvent at a particular time if it is unable to pay its debts as they fall due or if the sum of its debts was then greater than all of its property at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debt as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantors. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder was incurred for less than reasonably equivalent value or fair consideration.

If a court voids the Parent Guarantee, subordinates such guarantee to other indebtedness of the Parent Guarantor, or holds the Parent Guarantee unenforceable for any other reason, holders of the Notes would cease to have a claim against that Parent Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Parent Guarantor, and would solely be creditors of us. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes.

We have substantial indebtedness and may incur additional indebtedness in the future, which could adversely affect our financial condition and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.

We and our portfolio companies have, and will continue to have after this offering, a substantial amount of indebtedness. As of December 31, 2015, our total consolidated debt including interest-bearing bank and other borrowings, convertible bonds and loans from related companies, amounted to RMB122,706 million and, our total contingent liabilities amounted to RMB8,046 million. Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to satisfy our obligations under the Parent Guarantee and other debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require our operating companies to dedicate a substantial portion of their cash flow from operations to servicing and repaying indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industries in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit our ability to borrow additional funds; and
- increase additional financing cost.

In the future, we may from time to time incur additional indebtedness. If we or our portfolio companies incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance and the operating performance of our portfolio companies, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We may not be able to generate sufficient cash flow to meet our anticipated expenses and to service our debt obligations as they become due. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, certain of our financing arrangements impose operating and financial restrictions on our business. These provisions may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, significantly increase research and development expenditures, or withstand a future downturn in our business. Any of these could materially and adversely affect our ability to satisfy our obligations under the Notes and other debt. For a discussion of our material long-term indebtedness other than the Notes, see “Description of Other Material Indebtedness.”

The Parent Guarantor’s subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Parent Guarantor and its subsidiaries.

As a holding company, the Parent Guarantor depends on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, including the Company and our PRC subsidiaries, to satisfy our obligations, including its obligations under the

Parent Guarantee. The ability of the subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of the subsidiaries, applicable laws and restrictions contained in the debt instruments of such subsidiaries. A number of the PRC subsidiaries and non-PRC subsidiaries are also subject to certain restrictions on dividend distributions under their loan agreements with certain PRC banks. See "Description of Other Material Indebtedness.". In addition, if any of the Parent Guarantor's subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Parent Guarantor to make payments under the Parent Guarantee. These restrictions could reduce the amounts that the Parent Guarantor receives from its subsidiaries, which would restrict the Parent Guarantor's ability to meet its payment obligations under the Parent Guarantee and the ability of the Issuer to meet its obligations under the Notes, as the case may be.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with HKFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. The Parent Guarantor's PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends by the board of directors or the general meeting of shareholders. In practice, these PRC subsidiaries generally pay dividends once a year. In addition, starting from January 1, 2008, dividends paid by the PRC subsidiaries to their non-PRC parent companies are subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to a double tax treaty between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%. As a result of such limitations, there could be timing limitations on payments from the PRC subsidiaries to meet payments required by the Parent Guarantee or satisfy the Parent Guarantor's obligations under the Parent Guarantee and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption.

The Parent Guarantor's PRC subsidiaries must present certain documents to the SAFE, its authorized branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of the PRC (including, in the case of dividends, evidence that the relevant PRC taxes have been paid and, in the case of shareholder loans, evidence of the registration of the loan with the SAFE). Furthermore, in practice, the market interest rate that the PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The interest rates on shareholders' loans paid by the Parent Guarantor's subsidiaries, therefore, are likely to be lower than the interest rate for the Notes. These PRC subsidiaries are also required to pay a 10% (or 7% if the interest is paid to a Hong Kong resident) withholding tax on our behalf on the interest paid under any shareholders' loans. PRC regulations require approval by the SAFE and MOFCOM prior to the making of shareholder loans by any of these non-PRC subsidiaries in foreign currencies and require such loans to be registered with the SAFE. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries must present evidence of payment of the withholding tax on the interest payable on any such shareholder loan and evidence of registration with the SAFE, as well as any other documents that the SAFE or its local branch may require. If any PRC subsidiary for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, the PRC subsidiary will be unable to pay dividends or interest and principal on existing shareholder loans, which may affect the Parent Guarantor's ability to satisfy its obligations under the Parent Guarantee.

We may be subject to risks presented by fluctuations in exchange rates between Renminbi and other currencies, particularly the U.S. dollars.

The Notes are denominated in U.S. dollars, while most of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on July 21, 2005, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of Renminbi against the U.S. dollar, such a devaluation could adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and the Issuer's ability to satisfy its obligations under the Notes.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between Renminbi and other currencies. Any hedging transaction that we may enter into from time to time may not be sufficient to reduce our exposure to such risks. Following the offering of the Notes, the Parent Guarantor may enter into foreign exchange or interest rate hedging arrangements in respect of its U.S. dollar-denominated liabilities under the Notes. These hedging arrangements may require the Parent Guarantor to pledge or transfer cash and other collateral to secure its obligations under the arrangements, and the amount of collateral required may increase as a result of mark-to-market adjustments. If Parent Guarantor is unable to provide such collateral, it could constitute a default under such hedging arrangements.

The insolvency laws of Hong Kong and other local insolvency laws may differ from the bankruptcy law of the jurisdictions with which holders of the Notes are familiar.

Because the Parent Guarantor is incorporated under the laws of Hong Kong, an insolvency proceeding relating to it, even if brought in the jurisdictions of the holders of the Notes, would likely involve Hong Kong insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the bankruptcy law in the jurisdiction. In addition, the Issuer is incorporated in the BVI, and the insolvency laws of the BVI may also differ from the laws of other jurisdictions with which the holders of the Notes are familiar.

We conduct substantially all of our business operations through PRC-incorporated subsidiaries in China. As equity holders in our PRC subsidiaries, we are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from the jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in the Notes.

The Issuer may not be able to repurchase the Notes upon a Change of Control Triggering Event.

Upon a Change of Control Triggering Event (as defined in "Description of the Notes — Definitions"), the Issuer must make an offer to purchase all outstanding Notes at the repurchase price of 101% of their principal amount, plus accrued interest and unpaid interest, if any, up to, but not including, the date of purchase. The source of funds for any such purchase would be available cash or third-party financing. The Issuer, however, may not have enough available funds at the time of the occurrence of any change of control triggering event. The Issuer's failure to make the offer to purchase or purchase tendered Notes would constitute an Event of Default (as defined in "Description of the Notes — Definitions") under the Notes. Such event of default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If the Parent Guarantor's other debt were to be accelerated, the Issuer may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of Change of Control Triggering Event for purposes of the Indenture does not necessarily afford protection for the holders of the Notes in the event of some highly-leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase indebtedness or otherwise affect the Parent Guarantor's capital structure or credit ratings. The definition of Change of Control Triggering Event for purposes of the Indenture also includes a phrase relating to the sale of "all or substantially all" of the Parent Guarantor's assets. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition under applicable law. Accordingly, the Issuer's obligation to make an offer to purchase the Notes, and the ability of a holder of Notes to require the Issuer to purchase its Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of the Parent Guarantor's assets may be uncertain.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

The Notes may initially be sold to a small number of investors, and a liquid trading market for the Notes may not develop.

The Notes may initially be sold to a small number of investors. A liquid trading market for the Notes may not develop or be sustained, in which case you may not be able to resell your Notes at their fair market value or at all. Any holder of a majority in aggregate principal amount of the Notes will have certain rights and powers under the Indenture and related documents. For example, subject to certain exceptions, the holders of a majority in aggregate principal amount of the Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. In addition, as described in "Description of the Notes — Amendments and Waiver," the Indenture may be amended with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding Notes, and any Default or Event of Default or compliance with any provision of the Notes and the Indenture may be waived with the consent of the holders of a majority in aggregate principal amount of the Notes, subject in each case to certain exceptions. Accordingly, any investor that holds (or any investors acting in concert that hold) a majority in aggregate principal amount of the Notes will be able to exercise such rights and powers on behalf of all Noteholders and control the outcome of votes on such matters. In addition, any investor that holds a significant percentage of the Notes, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by Noteholders. For example, holders of at least 25% in aggregate principal amount of the Notes may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable if certain types of Events of Default have occurred and are continuing. In addition, if any such significant holder sells a material portion of the Notes at any one time, it may materially and adversely affect the trading price of the Notes.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in price for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future.

There may be less publicly available information about us than is available in certain other jurisdictions.

We are a private company incorporated in Hong Kong. Although Fosun International is a listed company in Hong Kong, there may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, our financial statements are prepared and presented in accordance with HKFRS, which differ in certain significant respects from IFRS.

If and for so long as the Notes are listed on the SGX-ST, will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries.

If and for so long as the Notes are listed on the SGX-ST, we will be subject to reporting obligations in respect of the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

USE OF PROCEEDS

The net proceeds from this offering after deducting US$450,000 estimated expenses payable in connection with the offering, will be approximately US$89.55 million.

The Parent Guarantor intends to use the net proceeds of this offering as follows:

- to refinance some of its existing indebtedness; and
- for working capital and general corporate purposes.

CAPITALIZATION

The following table sets forth the Parent Guarantor's consolidated cash and bank balances and capitalization as of December 31, 2015 on an annual basis and as adjusted to give effect to the Notes being issued (after deducting estimated expenses) and the use of proceeds as described under "Use of Proceeds."

	Actual		As adjusted	
	RMB	US$	RMB	US$
	(in thousands)			
Cash and bank balances[1]	46,621,684	7,197,148	47,201,771	7,286,698
Interest-bearing bank and other borrowings				
Bank loans	85,284,280	13,165,624	85,284,280	13,165,624
Enterprise bonds and corporate bonds	6,598,361	1,018,611	6,598,361	1,018,611
Private placement note	7,560,499	1,167,140	7,560,499	1,167,140
Senior notes	5,873,726	906,747	5,873,726	906,747
Medium-term notes	5,981,017	923,310	5,981,017	923,310
Senior notes to be issued	–	–	580,087	89,550
Other borrowings, secured	3,624,268	559,491	3,624,268	559,491
Other borrowings, unsecured	7,514,563	1,160,049	7,514,563	1,160,049
Total interest-bearing bank and other borrowings	122,436,714	18,900,972	123,016,801	18,990,522
Convertible bonds	268,983	41,524	268,983	41,524
Portion classified as:				
Short-term debt	55,577,706	8,579,719	55,577,706	8,579,719
Long-term portion	67,127,991	10,362,777	67,708,078	10,452,327
	122,705,697	18,942,496	123,285,784	19,032,046
Equity				
Issued capital	–	–	–	–
Reserves	37,794,762	5,834,506	37,794,762	5,834,506
Proposed final dividend	–	–	–	–
Non-controlling interests	54,221,131	8,370,300	54,221,131	8,370,300
Total equity	92,015,893	14,204,806	92,015,893	14,204,806
Total capitalization[2]	159,143,884	24,567,583	159,723,971	24,657,133

Notes:

(1) Cash and bank balances, as adjusted, include the net cash proceeds of the Notes offered hereby, after deducting underwriting discounts and other estimated expenses related to the offering of the Notes.

(2) Total capitalization includes total long-term debt plus total equity.

We incur indebtedness from time to time to fund our operations in the ordinary course of business. Except as otherwise disclosed in this Offering Circular, there has been no material change in our indebtedness and capitalization since December 31, 2015.

EXCHANGE RATE INFORMATION

Our financial statements are published in Renminbi. This Offering Circular contains translations of H.K. dollar amounts and Renminbi amounts to U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise noted, all translations from H.K. dollars to U.S. dollars in this Offering Circular were made at the rate of HK$7.7507 to US$1.00, the noon buying rate for U.S. dollars in The City of New York for cable transfers in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2015, and translations of Renminbi amounts into U.S. dollars were made at RMB6.4778 to US$1.00, the noon buying rate for U.S. dollars in The City of New York for cable transfers in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2015. You should not assume that Renminbi or Hong Kong dollar amounts could actually be converted into U.S. dollars at these rates or at all.

Hong Kong Dollar Exchange Rates

The Hong Kong dollar is freely convertible into the U.S. dollar. Since 1983, the Hong Kong dollar has been linked to the US dollar at the rate of HK$7.80 to US$1.00. The Basic Law of Hong Kong (the "Basic Law"), which came into effect on July 1, 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to US$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar. However, we cannot assure you that the Hong Kong government will maintain the link at HK$7.80 to US$1.00 or at all.

The following table sets forth, for each of the periods indicated, certain information concerning the noon buying rate for U.S. dollars in the City of New York for cable transfers in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York.

	Noon buying rate			
Period	**Period end**	**Average**[1]	**Low**	**High**
	(HK$ per US$1.00)			
2011	7.7663	7.7793	7.8087	7.7634
2012	7.7507	7.7556	7.7699	7.7493
2013	7.7539	7.7565	7.7654	7.7503
2014	7.7531	7.7554	7.7669	7.7495
2015	7.7507	7.7519	7.7686	7.7495
2016				
January	7.7876	7.7812	7.8270	7.7505
February	7.7763	7.7829	7.7969	7.7700
March	7.7563	7.7604	7.7745	7.7528
April	7.7570	7.7556	7.7570	7.7537
May	7.7689	7.7635	7.7689	7.7582
June	7.7591	7.7620	7.7709	7.7568
July	7.7588	7.7568	7.7588	7.7540

[1] Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

Note:

(1) Annual averages are calculated by using the average of the exchange rates on the last business day of each month during the relevant year. Monthly averages or average for a period are calculated by using the average of the daily rates during the relevant month or period.

Renminbi Exchange Rates

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi in the market with reference to a basket of currencies during the prior day. PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange markets. Although payments of current account items may be made in foreign exchange currencies without government approvals, conversion of Renminbi into foreign currency for most capital account items requires the approval of SAFE. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of Renminbi to that of the U.S. dollar, to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar.

The PRC government has since made further adjustments to the exchange rate system. The PBOC authorized the China Foreign Exchange Trading Center, effective since January 4, 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the business day. On May 18, 2007, the PBOC announced that the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar was to be expanded from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. On June 19, 2010, the PBOC announced its intention to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on April 16, 2012, the band was expanded to 1.0%. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis to reflecting the market supply and demand with reference to a basket of currencies. The PRC government may in the future make further adjustments to the exchange system. Currently, the PBOC announces the closing price of a foreign currency traded against Renminbi in the inter-bank foreign exchange spot market after the closing of the market on each business day, and makes it the central parity for the following business day.

Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of the SAFE and other relevant authorities. The following table sets forth, for each of the periods indicated, certain information concerning the noon buying rate for U.S. dollars in the City of New York for cable transfers in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

	Noon buying rate			
Period	**Period end**	**Average**[2]	**Low**	**High**
	(RMB per US$1.00)			
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1478	6.2438	6.0537
2014	6.2046	6.1620	6.2591	6.0402
2015	6.4778	6.2827	6.4896	6.1870
2016				
January	6.5752	6.5726	6.5932	6.5219
February	6.5525	6.5501	6.5795	6.5154
March	6.4480	6.5027	6.5500	6.4480
April	6.4738	6.4754	6.5004	6.4571
May	6.5798	6.5259	6.5798	6.4738
June	6.6459	6.5892	6.6481	6.5590
July	6.6371	6.6771	6.7013	6.6371

Note:

(1) Annual averages are calculated by using the average of the exchange rates on the last business day of each month during the relevant year. Monthly averages or average for a period are calculated by using the average of the daily rates during the relevant month or period.

2 Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

THE ISSUER

General

The Issuer of the Notes, Lucky Assets Limited, was incorporated on July 8, 2016 as a business company with limited liability under the laws of the BVI (BVI Company Number: 1918253). Its registered office is located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

Business Activity

The Issuer has no business operations. It was solely established for the purpose of issuing the Notes.

Capitalization

The Issuer is authorized to issue a maximum of 50,000 shares with a par value of US$1.00 each of a single class. Out of the authorized share capital, one share has been issued and paid up upon incorporation of the Issuer.

As of the date of this Offering Circular, other than the Notes, the Issuer has no borrowings or indebtedness in the nature of borrowings, term loans, liabilities under acceptance or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

THE PARENT GUARANTOR

General

The Parent Guarantor of the Notes, Fosun Holdings Limited, was incorporated on February 18, 2005 with limited liability under the Companies Ordinance of Hong Kong (Hong Kong Company Number: 952239). Its registered office is located at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong.

Business Activity

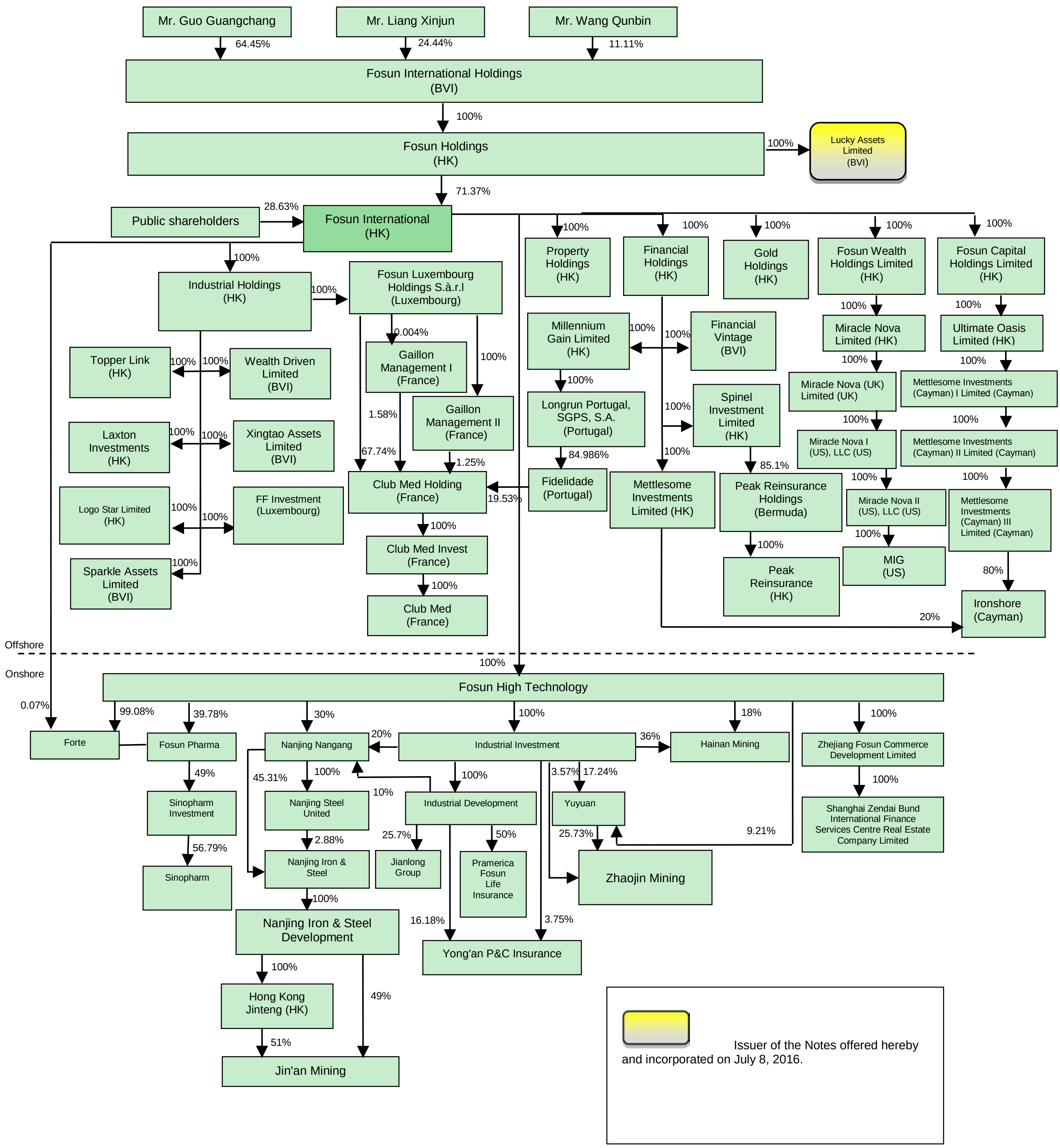
The principal activity of the Parent Guarantor is investment holding. The principal activities of its investments through the Company include integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes the four major segments: insurance, investment, wealth management and internet finance while the industrial operations include five key segments: health, happiness, steel, property development and sales, and resources.

The holding company of the Parent Guarantor and the ultimate holding company of the Company is Fosun International Holdings Ltd., which is incorporated in the British Virgin Islands.

CORPORATE STRUCTURE

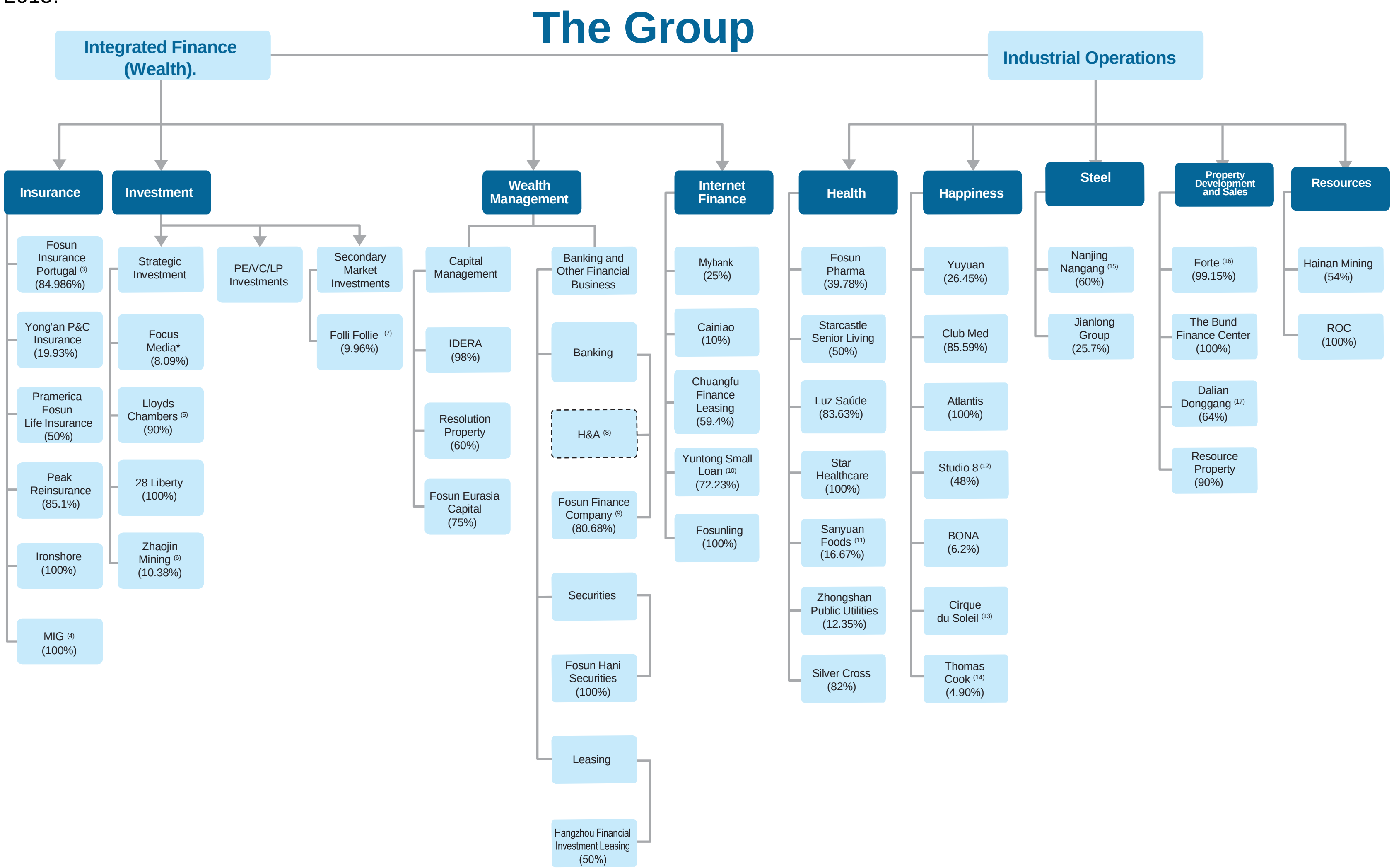
Corporate Structure

The following structural chart sets forth our basic corporate structure as of December 31, 2015, depicting our major subsidiaries, joint ventures and associates. Unless otherwise specifically indicated, the place of incorporation of the various entities set forth above is the PRC:



Segment Presentation

The following structural chart sets forth the presentation of our segments (shareholding percentages represent effective equity interests as of December 31, 2015:



(1) Percentages of shareholdings held represent effective equity interests as of December 31, 2015.

(2) Dotted line indicates the projects which were not yet closed as of December 31, 2015.

(3) We held 84.986% equity interest in Fidelidade, 80% equity interest in Multicare and 80% equity interest in Fidelidade Assistência.

(4) The ordinary shares of MIG were delisted and ceased trading on the New York Stock Exchange in July 2015.

(5) We held 90% effective equity interest in Lloyds Chambers as a limited partner and 0.005% effective equity interest as general partner.

(6) We held 3.57% equity interest in Zhaojin Mining via our wholly-owned subsidiary Industrial Investment. In addition, Yuyuan, our 26.45% owned associate, also held 25.73% equity interest in Zhaojin Mining.

(7) As of December 31, 2015, we held 9.96% equity interest in Folli Follie. In addition, Pramerica-Fosun China Opportunity Fund held 3.89% equity interest through its wholly-owned subsidiary. In February 2016, we increased our equity interest in Folli Follie to 10%.

(8) In July 2015, we made an offer to acquire all of the registered no-par value ordinary shares of H&A, which had been accepted by a number of shareholders which hold more than 80% of the registered no-par value ordinary shares in H&A as of July 7, 2015. Currently, the acquisition is still in the process of obtaining regulatory approval.

(9) We held in aggregate 86% equity interest in Fosun Finance Company via Fosun High Technology and Fosun Pharma. In addition, Nanjing Steel United, a wholly-owned subsidiary of Nanjing Nangang (a joint venture in which we had 60% equity interest), held 9% equity interest in Fosun Finance Company, and Yuyuan, our 26.45% owned associate, held 5% equity interest in Fosun Finance Company.

(10) We held in aggregate 68% equity interest in Yuntong Small Loan through its wholly-owned subsidiaries Fosun South Investment Management Co., Ltd., Shanghai Xingxin Investment Consulting Co., Ltd. and Shanghai Yuzhi Investment Management Co., Ltd. In addition, Yuyuan, our 26.45% owned associate, held 16% equity interest in Yuntong Small Loan.

(11) We and Fosun Chuanghong under its management held 16.67% and 3.78% equity interest, respectively, in Sanyuan Foods.

(12) We held 80% equity interest in Class A investors of Studio 8, and the shares held by Class A investors represent 60% of the total share capital of Studio 8.

(13) CMF and Zhejiang Growth Fund managed by us and Yuyuan, our associate company, held in aggregate 25% equity interest in Cirque du Soleil.

(14) We held 5.76% equity interest in Thomas Cook through Fidelidade.

(15) We held 60% equity interest in Nanjing Nangang through Fosun High Technology, Industrial Investment and Industrial Development, but we were deemed to be indirectly interested in 50% of voting rights of Nanjing Nangang.

(16) Results of the real estate series funds of Forte are included.

(17) We directly owned 50% equity interest in Dalian Donggang, and held the other 50% equity interest through Star Capital, and in turn held 64% effective interest in Dalian Donggang.

*Focus Media here refers to 分眾傳媒信息技術股份有限公司(Focus Media Information Technology Co., Ltd.), a company listed on Shenzhen Stock Exchange with stock code: 002027, whose former name is 七喜控股股份有限公司(Hedy Holding Co., Ltd).

Our Major Subsidiaries, Joint Ventures and Associates

As of December 31, 2015, our Company's ownership interests in its major subsidiaries, joint ventures and associates were as follows:

Name of company	Place of incorporation/ registration and place of business	Effective equity interest attributable to our Company	Principal activities
Subsidiaries			
上海復星高科技(集團)有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.)	PRC/Mainland China	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	100.0%	Investment holding
復星金融控股有限公司 (Fosun Financial Holdings Limited)	Hong Kong	100.0%	Investment holding
復星地產控股有限公司 (Fosun Property Holdings Limited)	Hong Kong	100.0%	Investment holding
上海復星醫藥(集團)股份有限公司* (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)	PRC/Mainland China	39.8%	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	39.8%	Investment holding
錦州奧鴻藥業有限責任公司 (Jinzhou Aohong Pharmaceutical Co., Ltd.)	PRC/Mainland China	37.0%	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	37.9%	Manufacture and sale of pharmaceutical products

Name of company	Place of incorporation/ registration and place of business	Effective equity interest attributable to our Company	Principal activities
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	20.3%	Manufacture and sale of pharmaceutical products
重慶藥友製藥有限責任公司 (Chongqing Yao Pharmaceutical Co., Ltd.)	PRC/Mainland China	20.3%	Manufacture and sale of pharmaceutical products
桂林南藥股份有限公司 (Guilin South Pharma Co., Ltd.)	PRC/Mainland China	38.0%	Manufacture and sale of pharmaceutical products
復星實業(香港)有限公司 (Fosun Industrial Co., Limited)	Hong Kong	39.8%	Investment holding
湖南洞庭藥業股份有限公司 (Hunan Dongting Pharmaceutical Co., Ltd.)	PRC/Mainland China	31.0%	Manufacture and sale of pharmaceutical products
上海復星平耀投資管理有限公司 (Shanghai Fosun Pingyao Investment Management Co., Ltd.)	PRC/Mainland China	39.8%	Manufacture and sale of pharmaceutical products
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	23.9%	Provision of medical services
復地(集團)股份有限公司 (Shanghai Forte Land Co., Ltd.)	PRC/Mainland China	99.15%	Property development
上海復地投資管理有限公司 (Shanghai Forte Investment Management Co., Ltd.)	PRC/Mainland China	99.1%	Investment holding
武漢中北房地產開發有限公司 (Wuhan Zhongbei Property Development Co., Ltd.)	PRC/ Mainland China	69.3%	Property development
長春兆基房地產開發有限公司 (Changchun Zhaoji Real Estate Development Co., Ltd.)	PRC/Mainland China	99.1%	Property development

Name of company	Place of incorporation/ registration and place of business	Effective equity interest attributable to our Company	Principal activities
上海櫻花置業有限公司 (Shanghai Yinghua Real Estate Co., Ltd.)	PRC/Mainland China	99.1%	Property development
山西復地得一房地產開發有限公司 (Shanxi Forte Deyi Real Estate Co., Ltd.)	PRC/Mainland China	79.3%	Property development
長沙復地房地產開發有限公司 (Changsha Forte Real Estate Co., Ltd.)	PRC/Mainland China	99.1%	Property development
上海精盛房地產開發有限公司 (Shanghai Jingsheng Real Estate Co., Ltd.)	PRC/Mainland China	79.3%	Property development
天津申港置業發展有限公司 (Tianjin Shengang Real Estate Co., Ltd.)	PRC/Mainland China	69.4%	Property development
南京復地東郡置業有限公司 (Nanjing Forte Dongjun Real Estate Co., Ltd.)	PRC/Mainland China	99.1%	Property development
無錫地久置業有限公司 (Wuxi Dijiu Real Estate Co., Ltd.)	PRC/Mainland China	79.3%	Property development
杭州金成品屋置業有限公司 (Hangzhou Jincheng Pinwu Real Estate Co., Ltd.)	PRC/Mainland China	59.5%	Property development
上海證大外灘國際金融服務中心置業有限公司 (Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited)	PRC/Mainland China	100%	Property development
海南礦業股份有限公司 (Hainan Mining Co., Ltd.)	PRC/Mainland China	54.0%	Mining and ore processing
Roc Oil Company Limited	Australia	100%	Oil and gas exploration
Club Méditerranée S.A.	France	85.6%	Tourism

Name of company	Place of incorporation/ registration and place of business	Effective equity interest attributable to our Company	Principal activities
上海復星創富投資管理有限公司 (Fosun Capital Investment & Management Co., Ltd.)	PRC/Mainland China	100.0%	Capital investment and management
IDERA Capital Management Ltd.	Japan	98.0%	Capital investment and management
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong	85.1%	Reinsurance
Fidelidade - Companhia de Seguros, S.A.	Portugal	85.0%	Underwriting of life and non-life insurance
Meadowbrook Insurance Group, Inc.	United States of America	100%	Underwriting of non-life insurance
Ironshore Inc.	Cayman Islands/ United States of America	100%	Underwriting of non-life insurance
Associates			
國藥產業投資有限公司 (Sinopharm Industrial Investment Co., Ltd.)	PRC/Mainland China	19.5%	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	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	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	14.0%	Property investment and management
上海地杰置業有限公司 (Shanghai Dijie Real Estate Limited)	PRC/Mainland China	39.6%	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	19.9%	Property insurance

Name of company	Place of incorporation/ registration and place of business	Effective equity interest attributable to our Company	Principal activities
分眾傳媒信息技術股份有限公司@ (Fosun Media Information Technology Co., Ltd.) (Formerly named as 七喜控股股份有限公司 (Hedy Holding Co., Ltd.))	PRC/Mainland China	8.09%	Development and operation in digital media business
Joint ventures			
南京南鋼鋼鐵聯合有限公司# (Nanjing Nangang Iron & Steel United Co., Ltd.)	PRC/Mainland China	60.0%	Manufacture and sale of iron and steel products
無錫復地房地產開發有限公司 (Wuxi Forte Real Estate Development Co., Ltd.)	PRC/Mainland China	49.6%	Property development
陝西省建秦房地產開發有限公司 (Shaanxi Jianqin Real Estate Development Co., Ltd.)	PRC/Mainland China	49.6%	Property development

The English names of the above subsidiaries, associates and joint ventures are directly translated from their Chinese names.

The above table lists our subsidiaries, associates and joint ventures which, in the opinion of the directors of the Company, principally affected our results for the year ended December 31, 2015 or formed a substantial portion of our net assets. To give details of other subsidiaries, associates and joint ventures would, in the opinion of our directors, result in particulars of excessive length.

Notes:

* Fosun Pharma continues to be accounted for as a subsidiary because we continue to be the single major shareholder of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders, despite the fact that our equity interest in this company was 39.78% as of December 31, 2015.

@ Our investments in these associates are accounted for under the equity method of accounting because we have 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 our direct or indirect equity interests in these associates were lower than 20% for the year ended December 31, 2015.

\# Due to the delegation of 10% voting rights in Nanjing Nangang Iron & Steel United Co., Ltd. ("Nanjing Nangang") by us to Nanjing Steel Group as of December 31, 2015 we lost control of Nanjing Nangang and Nanjing Nangang was accounted for as our joint venture. Details are set out in note 51(b) to Fosun Holdings' consolidated financial statements for the year ended December 31, 2015.

BUSINESS

Certain information furnished in this section is sourced from official government and other third-party publications. While we have exercised reasonable care in compiling and reproducing the information from such publications, such information has not been independently verified by the Company, the Trustee, the Paying Agent, Transfer Agent, the Registrar or any of their respective directors, officers and advisers. The information sourced from official government publications may not be consistent with other information compiled within or outside the PRC. Such information has been accurately reproduced and that as far as we are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, we do not make any representation as to its accuracy and investors should not unduly rely on such information contained in this section.

Overview

We are a leading investment group taking roots in China with a global foothold with a select portfolio of businesses benefiting from China's growth momentum. As a result of our rapid growth since our incorporation, we have established what we believe to be a high-quality business combination which has benefited from China's economic growth, urbanization and industrialization. We have significant experience in managing different businesses in China and have successfully grown our core businesses into strong players with widely recognized brands within their respective industries. We seek to achieve sustainable and rapid growth of the value of our investment portfolio through the continued optimization of the existing portfolio and upgrading the management of our investee companies. Our past superior investment returns and our rich experience in improving the management of investee companies in a variety of industries in China give us what we believe to be a strong competitive advantage in continuously capturing investment opportunities. We have a strong investment platform which enables us to identify investment opportunities that we believe will benefit from China's rapid growth. We aim to become a world-class investment group underpinned by the twin drivers of insurance-oriented comprehensive financial capability and industry-rooted global investment capability.

We believe our in-depth understanding of China's macroeconomic and microeconomic trends and our established operational experience in managing different business lines in China position us to capture more investment opportunities benefiting from China's growth momentum. We have extensive experience in promoting brands, enhancing management structures and building sales networks, which effectively facilitate the development of an investee company's business. In addition, as a large diversified, non-state-owned enterprise in a rapidly growing market, we have developed strong execution capabilities that allow us to respond quickly to opportunities and challenges emerging from rapid economic development. We also have a diversified financing platform which gives us access to a wide range of capital resources to support the Company's sustainable development.

Currently, our principal businesses include integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes the four major segments: insurance, investment, wealth management and internet finance while the industrial operations include five key segments: health, happiness, steel, property development and sales, and resources. We believe that our principal portfolio companies enjoy competitive advantages within their respective industries and significant growth potential.

For the years ended December 31, 2014 and 2015, Fosun Holdings' consolidated revenue was RMB61,738.4 million and RMB78,796.9 million, respectively, and Fosun Holdings' profit was RMB9,522.1 million and RMB10,802.9 million, respectively.

Messrs. Guo Guangchang, Liang Xinjun and Wang Qunbin are founders of our Company, owning a 64.45%, 24.44% and 11.11% equity interest in Fosun International Holdings, respectively, which, through its wholly-owned subsidiary, the Parent Guarantor, held a 71.37% equity interest indirectly in the Company as of December 31, 2015.

Our Businesses

Our principal businesses include integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes the four major segments: insurance, investment, wealth management and internet finance while the industrial operations include five key segments: health, happiness, steel, property development and sales, and resources.

Integrated Finance (Wealth)

Our integrated finance (wealth) business consists of four segments: (i) insurance, (ii) investment, (iii) wealth management and (iv) internet finance.

Insurance

Our insurance segment mainly includes (i) Fosun Insurance Portugal (the largest insurance group in Portugal which has 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), (ii) Yong'an P&C Insurance (an insurance company headquartered in Xi'an with a nationwide presence in China, which operates a comprehensive non-life insurance business), (iii) 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), (iv) Peak Reinsurance (its principal scope of business includes providing life and non-life reinsurance as well as investing using its investable assets), (v) Ironshore (a global insurance company focusing on specialty insurance) and (vi) MIG (a professional property and casualty insurer and insurance administration services company focused on specialty niche markets).

The growth in the scale of the insurance segment continued rapidly, but a more important meaning to us was that the insurance-oriented integrated financial gene of Fosun that comes from its insurance business has been rapidly evolving and developing. It had a profound impact on our overall operation and profit model. We have regarded insurance as a good means to connect our investment capability to high quality long-term capital. On one hand, the above-mentioned insurance companies can improve their profits from underwriting by leveraging on our extensive industrial operations experience and expertise in insurance and finance, and on the other hand may also help us to realize higher investment revenue through effective investment practices. As a result, insurance plus investment will be our core business in the future.

Our revenue from the insurance segment increased by 86.4% from RMB7,867.6 million as of December 31, 2014 to RMB14,667.4 million as of December 31, 2015 and our profit attributable to owners of the parent from the insurance segment increased by 88.4% from RMB1,117.0 million as of December 31, 2014 to RMB2,104.2 million as of December 31, 2015. The increase in both revenue and profit attributable to owners of the parent was mainly attributable to the business growth of both Fosun Insurance Portugal and Peak Reinsurance. The increase in profit attributable to owners of the parent was also in line with our acquisitions of 100% equity interest in both MIG and Ironshore which were completed in July and November 2015, respectively.

Fosun Insurance Portugal

Fosun Insurance Portugal is a global operator in the Portuguese insurance market, selling products in all key lines of business and benefiting from the largest and most diversified insurance sales network in Portugal, including exclusive and multi-brand agents, brokers, own branches, Internet and telephone channels and having strong distribution partnerships 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). We own 84.986% equity interest in Fidelidade and 80.0% equity interest in each of Multicare and Fidelidade Assistência, respectively.

In 2015, Fosun Insurance Portugal reached a gross premium income of Euro3,971.2 million, a non-life business net combined ratio of 98.4%, a solvency adequacy ratio of 215.7% and the net profit reached Euro301.1 million. Its investable assets totaled Euro13,864.8 million, the total investment return reached 4.7%. International business of Fosun Insurance Portugal continued to reveal a strong commercial performance, reaching overall Euro202.1 million in direct insurance premiums, an increase of 13.7% when compared to 2014. Fosun Insurance Portugal's strong positioning and levels of service in the Portuguese market allowed it to win several distinguished awards in 2015, such as Seguradora com a Melhor Reputação (Best Reputation Insurance Company), Marktest Reputation Index, Marca de Confiança 2015 (Most Trusted Brand), Global Banking & Finance Review: "Best Non-Life Insurance Company Portugal 2015" and "Best Customer Service Insurance Company Portugal 2015".

Yong'an P&C Insurance

We hold 19.93% equity interest in Yong'an P&C Insurance. Yong'an P&C Insurance is a national insurance company headquartered in Xi'an and operates all types of non-life insurance business. Yong'an P&C Insurance has taken the initiative and will be 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 the claim settlement cost, enhanced innovative development, and actively explored Internet applications. In 2015, Yong'an P&C Insurance recorded gross premium income of RMB8,139.6 million, net profit of RMB833.3 million, investable assets of RMB10,855.7 million, net combined ratio of 98.0%, solvency adequacy ratio of 264% and the total investment return reached 10.0%.

Pramerica Fosun Life Insurance

We hold 50% equity interest in Pramerica Fosun Life Insurance which was established in September 2012. In recent years, the premium received by Pramerica Fosun Life Insurance has been growing rapidly and it has launched several innovative projects, such as Health Manager, Star-Go-Shine Sales Platform, Star-Alliance Plan and PFL Pal. The company continuously promotes products innovation in aspects like Product Segmentation, Best Tailored Insurance Plan, etc.. It is also exploring new sales model of "Insurance + Health Manager + Retirement Community + Overseas Asset Allocation", and crowdfunding insurance project, etc.

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. In 2015, the new annualized premium income and the total premium of Pramerica Fosun Life Insurance reached RMB125.3 million and RMB978.1 million respectively (both including universal life insurance policyholders' deposits). In 2015, Pramerica Fosun Life Insurance recorded gross premium income of RMB57.2 million, net loss of RMB113.0 million, investable assets of RMB1,903.2 million, solvency adequacy ratio of 985.5%, total investment return reached 6.9%.

Peak Reinsurance

Peak Reinsurance obtained its certificate of authorization in respect of the property and casualty reinsurance business from the Office of the Commissioner of Insurance of Hong Kong in December 2012 and the license for underwriting long-term reinsurance business in June 2014. This makes Peak Reinsurance one of the few locally established reinsurance companies in Asia Pacific underwriting both life & health and property & casualty reinsurance business. In 2015, Peak Reinsurance further expanded its business and brand globally. It announced its plan to acquire a 50% stake in Caribbean insurance group NAGICO Holdings Limited in July 2015. This transaction is currently pending for regulatory approvals. Peak Reinsurance has set up a Zurich branch in September 2015 to emphasize client's proximity in Europe. Its business in Asia Pacific expanded steadily and it has also made solid progress in Europe and North America. In 2015, the gross premium written from Europe and North America accounted for 41.5% of the total premium income, which had an increase of 24.4 percentage points from 17.1% of same period in 2014. As of the end of 2015, Peak Reinsurance has served over 285 customers in 47 markets around the world, compared to 175 customers as of the end of 2014. In 2015, Peak Reinsurance's gross premium written was US$582.7 million, compared to US$288.1 million for the same period in 2014; net profit was US$59.2 million, increased by US$17.6 million compared to the same period in 2014; net combined ratio was 96.8%; solvency adequacy ratio was 754%; investable assets were US$913 million; and total return on investment was 6.4%. We own 85.1% equity interest in Peak Reinsurance, while International Finance Corporation owns the remaining 14.9% equity interest.

Ironshore

In February 2015, we completed the acquisition of approximately 20% of the total outstanding ordinary shares of Ironshore. The purchase price was approximately US$466.6 million. In November 2015, we completed the acquisition of all of the remaining interests in Ironshore that we did not own previously. The purchase price was US$2,052.0 million in cash. 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 regarded highly by peers in the industry.

In 2015, Ironshore's gross premium income reached US$2,163.9 million, net profit of US$57.8 million and a net combined ratio was 96.7%, the solvency adequacy ratio was approximately 166.0%. Total investable assets were US$5,103.1 million, and total return on investment reached 1.3%.

On June 23, 2016, we announced that we are seeking regulatory approval for the proposed spin-off and separate listing on the New York Stock Exchange or Nasdaq Stock market of Ironshore.

MIG

In December 2014, we entered into a merger agreement with MIG at a purchase price of US$8.65 per share, representing an aggregate transactional value of approximately US$439.0 million to acquire its 100% equity interest. MIG is a professional property and casualty insurer and an insurance administration services company focusing on niche markets. MIG markets and underwrites specialty property and casualty insurance programs and products on both an admitted and non-admitted basis 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. The acquisition was completed in July 2015 and MIG was delisted and ceased trading on the New York Stock Exchange.

In 2015, MIG recorded gross premium income of US$726.5 million, net profit of US$34.3 million, net combined ratio of 100.3%, solvency adequacy ratio of 200.3%, investable assets of US$1,570.6 million, and total return on investment reached 2.9%.

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 investment and capital contribution to our asset management business as a limited partner (PE/VC/LP investments), and secondary market investments.

Our revenue from the investment segment decreased by 36.8% from RMB700.5 million as of December 31, 2014 to RMB442.5 million as of December 31, 2015 and our profit attributable to owners of the parent from the investment segment increased by 33.5% from RMB2,195.3 million as of December 31, 2014 to RMB2,930.5 million as of December 31, 2015. The decrease in revenue of the investment segment was mainly due to the declining rental income from 28 Liberty, as a result of its property renovation project. The increase in profit attributable to owners of the parent of the investment segment was mainly attributable to the gain on disposal of our subsidiary, partial investment in an associate available-for-sale investments, offsetting by the loss on fair value adjustment of investments at fair value through profit or loss.

Our strategic investment includes Focus Media, Lloyds Chambers, 28 Liberty and Zhaojin Mining, etc.

Focus Media

Focus Media is one of our important investments in the culture and media industry. At the end of December 2015, the backdoor listing of Focus Media in A-share market through Hedy Holding Co., Ltd. on Shenzhen Stock Exchange (stock code: 002027.SZ) was successfully completed, which was among one of the first Chinese concept shares to be relisted in the A-share market. We hold 8.09% equity interest in the listed company, and is entitled to a board seat and remains as one of the significant 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, we 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. In 2015, its rental income was GBP7.1 million. Asset management of the project is being implemented in accordance with the business plan and progress has been achieved in value enhancement.

28 Liberty

In December 2013, we completed the acquisition of 28 Liberty, freehold for investment purposes at a purchase price of US$725 million. 28 Liberty, located in the Financial District of Lower Manhattan of New York, is a 60-storey Grade A office building landmark with a leasable area of 2,215,000 sq.ft. In 2015, the rental revenue of the project amounted to US$47.5 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. In both 2014 and 2015, the annual gold production of Zhaojin Mining was approximately 20 tonnes. In 2015, gold ore resources of Zhaojin Mining Note was 1,228 tonnes, as compared to 811 tonnes in 2014, and its sales revenue amounted to RMB5,886.85 million in 2015, representing an increase of 5.01% over the same period in 2014.

PE/VC/LP Investments

<u>PE Investments</u>

Our investment in PE involves international fashion, mass consumption, advanced manufacturing and other industries. The amount of new investment in 2015 was approximately RMB68.9 million. The amount of exit investment in 2015 was approximately RMB623.2 million. As of December 31, 2015, we had invested in 24 PE projects with total remaining investment amount of approximately RMB1,586.1 million.

<u>VC Investments</u>

Fosun Kinzon Capital is our venture capital platform investing in early and growth stage Internet-related enterprises. Fosun Kinzon Capital team focuses on high-potential early stage ventures utilizing mobile-Internet (including Internet finance, digital health, Internet-related real estate & automotive, O2O (Online to Offline), Internet education, on-line travel and services to small and medium enterprises) and is committed to promoting the rapid development of investee companies by leveraging our industrial depth and resources. As of December 31, 2015, Fosun Kinzon Capital team had invested in 35 projects with total investment amount of approximately HK$1,452.4 million.

LP Investments

We made investment through capital contribution as a limited partner while proactively developing its asset management business. As of December 31, 2015, we committed to contribute a total of RMB7,684.4 million (RMB691.2 million was committed to contribute by Forte), of which RMB6,020.3 million was actually contributed (RMB691.2 million was contributed by Forte to the real estate series funds of Forte).

Secondary Market Investments

Our investments in the secondary market primarily consists of Folli Follie.

Folli Follie

Folli Follie, a globally renowned fashion retail group, was our overseas strategic investment of in 2011. As of December 31, 2015, we held 9.96% equity interest and Pramerica-Fosun China Opportunity Fund, a fund managed by us, held 3.89% equity interest in Folli Follie, amounting to 13.85% equity interest in total. We increased its equity interest in Folli Follie to 10% in February 2016 that resulted in an increase of total equity interest to 13.89%.

The other two business segments of Folli Follie – wholesale/retail and department stores achieved growth of 20.6% and 13.3% respectively in sales revenue over the same period in 2014. Since its investment in 2011, we had leveraged on 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 its sales network expansion and brand building. Folli Follie achieved a continuous steady growth in the sales performance in China and a significant acceleration of the expansion of sales network.

Other Significant Secondary Market Holdings

The table below sets forth information for our other significant secondary market investments as of December 31, 2015.

No.	Stock Code	Stock Name	Number of Securities (As at 31 December 2015)	Percentage of total number of shares	Currency	Accounting Treatment[2]
1	TCG.LN	Thomas Cook	88,494,290	5.76%	GBP	B
2	1988.HK	Minsheng Bank (H)[3]	773,019,800	2.12%	HKD	A
3	1336.HK	New China Life Insurance (H)	44,865,900	1.44%	HKD	A
			44,661,800	1.43%		B
4	SINA	SINA	4,554,032	6.55%	USD	B
	—	SINA Convertible Bonds	222,312	N/A	USD	
5	BHFKB.BB	BHF[4]	25,768,724	19.49%	Euro	B
6	YOKU	Youku	5,270,314	2.69%	USD	B
7	FFGRP.GA	Folli Follie	6,669,828	9.96%	Euro	A
8	YY	YY	1,839,516	3.36%	USD	B
	—	YY Convertible Bonds	609,754	N/A	USD	
9	SFUN	SouFun	12,815,718	2.97%	USD	B
	—	SouFun Convertible Bonds	3,924,766	N/A	USD	A
10	1398.HK	ICBC (H)	53,939,000	0.02%	HKD	B
	601398.SS	ICBC (A)	54,000,027	0.02%	RMB	

(1) The calculation range covers the securities investments on the secondary markets, excluding the securities invested by our funds.

(2) A: Equity investments at fair value through profit and loss; B: Available-for-sale investments.

(3) Including derivative interests of 390 million shares.

(4) As of March 2016, we no longer held any share in BHF KB.

Wealth Management

Our wealth management business mainly includes asset management, banking and other financial business. We engage in raising and managing funds from third parties and collect 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 Carlyle-Fosun, (iii) RMB Private Equity Fund, (iv) Star Capital, (v) Xinghong Fund, (vi) real estate series fund of Forte, and (vii) Foreign Currency Denominated Real Estate Funds. Moreover, we own the entire or partial equity interest of Fosun Finance Company, Fosun Hani Securities and Hangzhou Financial Investment Leasing. The above-mentioned businesses will further increase our integrated financial capabilities to consolidate domestic and overseas financial resources.

Our global household wealth management platform includes not only risk management and wealth protection provided by various kinds of insurance products but also more diversified and comprehensive financial services such as management of growth in household wealth, allocation of household wealth as well as Internet finance. The household wealth management model adopted by the wealth segment helped us obtain stable earnings over the long term through the management and running of the light assets.

Our revenue from the wealth management segment increased by 12.8% from RMB448.1 million as of December 31, 2014 to RMB505.3 million as of December 31, 2015 and our profit attributable to owners of the parent from the investment segment increased by 92.7% from RMB306.1 million as of December 31, 2014 to RMB589.9 million as of December 31, 2015. The increases in both revenue and profit attributable to owners of the parent of the wealth management segment was mainly attributable to the business expansion of asset management.

Asset Management

In 2015, we 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 us mainly include various RMB funds and U.S. dollar-funds, covering various types of assets portfolio, such as growth funds and property development funds, i.e. Zhejiang Growth Fund, Weishi Fund, 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 Development Investment Fund Partnership (Limited Partnership), Pramerica-Fosun China Opportunity Fund, Carlye-Fosun, real estate series funds of Forte and others.

We also actively expanded the size of its managed assets through acquisitions. We had acquired IDERA, a Japanese real estate capital management company, in May 2014. We had acquired 60% equity interest in Resolution Property, a European real estate capital management company headquartered in London, in June 2015. In August 2015, we had established Fosun Eurasia Capital, a Russian asset management company. Our management business mainly targets domestic and international high-end large institutional clients and high net worth individual clients and will continue to actively seek institutional investors, large enterprises and family capital to become our limited partners for long term cooperation. As of December 31, 2015, the scale of our asset management business reached RMB63,387.0 million, of which RMB11,136.9 million was managed by IDERA, RMB7,958.4 million was managed by Resolution Property, RMB5.1 million was managed by Fosun Eurasia Capital. We contributed RMB791.9 million through its commitment as a general partner and RMB7,684.4 million through its commitment as a limited partner to the asset management business. The management fee derived from the asset management business amounted to RMB471.1 million. In addition, in 2015, our asset management business invested in 33 new projects, and increased investment in one existing project, with an accumulated investment of RMB7,907.0 million.

IDERA

In May 2014, we completed its 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 our pursuit of the “insurance + investment” strategy to build its global investment capability. IDERA is a leading Japanese independent real estate capital management and fund platform and as of December 31, 2015, its assets under management was over JPY206,717.4 million (approximately RMB11,136.9 million). IDERA will become our real estate investment platform 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 2015, IDERA recorded an unaudited operating revenue of JPY2,846.5 million, net profit of JPY815.3 million and net asset book value of JPY9,326.4 million according to the Japanese accounting standards.

Resolution Property

In June 2015, we 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 our pursuit of the “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 of December 31, 2015, total funds under its management were approximately RMB7,958.4 million.

Fosun Eurasia Capital

Established in Moscow in August 2015, Fosun Eurasia Capital is 75% held by us. Fosun Eurasia Capital serves as our major comprehensive financial platform, providing financial, asset management and investment advisory services throughout Russia and its neighboring 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 for underlying high-quality investment projects for local Russian and international investors. As of December 31, 2015, total assets under its management were approximately RMB5.1 million.

Banking and Other Financial Businesses

H&A

In July 2015, we made an offer to acquire at least 80% of the share capital and voting rights plus one H&A share and voting right at an offer price of Euro682.5 per no-par value ordinary share of H&A and the maximum amount of consideration payable is expected to be not more than Euro210 million. The acquisition is currently in the process of obtaining regulatory approvals. The acquisition will enhance our 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.

Fosun Finance Company

Fosun Finance Company officially commenced operations in September 2011. In 2015, Fosun Finance Company operated in a steady and sound manner and achieved operating revenue of RMB140.7 million, net assets of RMB1,772.3 million and net profit after tax of RMB88.1 million. In September 2015, Fosun Finance Company increased its registered capital to RMB1,500 million. As of December 31, 2015, Fosun Finance Company had 131 members in total, with deposits amounting to RMB3,481.4 million and loans amounting to RMB2,690.0 million. Fosun Finance Company has obtained the loan and entrusted loan business qualification and the interbank lending market business qualification.

Fosun Hani Securities

Fosun Hani Securities is an important investment of ours to acquire a financial platform in Hong Kong in July 2014. We indirectly hold 100% equity interest in Fosun Hani Securities. The acquisition of Fosun Hani Securities is of significant importance to the opening up of domestic and overseas funding channels and the enhancement of overseas assets management capability. 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. In 2015, with the issued capital of HK$385.0 million, 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). In 2015, Fosun Hani Securities managed the assets of customers amounting to HK$2,903.9 million and its total assets and net profit reached HK$408.7 million and HK$8.1 million, respectively. We have started to participate in the Shanghai-Hong Kong Stock Connect through Fosun Hani Securities and have provided windows for the capital operation in the capital market of Hong Kong for our investees.

Hangzhou Financial Investment Leasing

Hangzhou Financial Investment Leasing is a financing leasing platform jointly established by us and Hangzhou Financial Investment Group in June 2013 with an initial registered capital of US$99 million. It is mainly engaged in the business of providing finance optimization, financing and vendor marketing services to quality growth-based small and medium sized enterprises and public utility units. With strong financial and industrial background of its shareholders, the company pays close attention to the needs of its customers, implements its differentiation strategy and makes full use of the unique functions of financing leasing so as to serve real economy, small and medium sized enterprises and urban construction. As of December 31, 2015, the amount of assets leased by Hangzhou Financial Investment Leasing was approximately RMB917 million.

Internet Finance

We actively plan 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 Small Loan and Fosunling.

Mybank

We, as a founder, injected registered capital of RMB1,000 million into Mybank to acquire 25% of the total share capital of Mybank. Commencing 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. We believe that Mybank has an investment value as it 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 December 31, 2015, loans granted by Mybank were summed up to RMB9,130 million with cumulative 570 thousand borrowers. Average loan balance per borrower was nearly RMB16 thousand. Among the loans, one loan product, Wangnongdai (an Internet micro-loan product for agricultural borrowers) has been granted to 226 customers, with an average single loan balance of approximately RMB10 million. Overall Non Performing Loan ratio of Mybank was 0.18%. Meanwhile, Yulibao, a fund distributed by Mybank, had a balance of approximately RMB339 million.

Cainiao

In May 2013, we invested RMB500 million to subscribe for shares in Cainiao, representing 10% of Cainiao's equity interest. Cainiao's vision is to develop a China Smart Logistics Network that can help to deliver online shopping in all cities across China within 24 hours to enhance merchants' logistics service capabilities and service quality in order to reduce total logistics costs and eliminate the logistics bottleneck. As of December 31, 2015, Cainiao had commenced construction for nine projects with a total area of approximately 1,200,000 sq.m. and had completed seven projects in Wuqing of Tianjin, Konggang of Tianjin, Jinyi of Zhejiang, Haining of Zhejiang, Shangyu of Zhejiang, Zengcheng of Guangzhou and Jiangxia of Wuhan. In addition, 24 projects were signed in Guangdong, Chongqing, Hubei, Shaanxi, Sichuan, Zhejiang, Tianjin and Shenyang, etc.

Chuangfu Finance Leasing

Chuangfu Finance Leasing is mainly engaged in automobile finance leasing for corporate and individual consumers who need mid- to high profile automobile related financial services. As a market leader in its field, the company maintains strategic collaborations with a number of high-end automobile manufacturers and dealers such as BMW Automobile Finance, Audi and Mercedes Benz. As of December 31, 2015, we had a shareholding of 59.4% in Chuangfu Finance Leasing. As of December 31, 2015, the scale of leasing assets of Chuangfu Finance Leasing amounted to RMB617 million, representing an increase of 29.4% compared to the same period of 2014.

Yuntong Small Loan

We began our preparations for investing in Yuntong Small Loan in 2015. Yuntong Small Loan was approved to commence operations in December 2015. In 2015, only dozens of large Internet enterprises were granted this type of licenses in China and license resources were relatively scarce. Since the national online small loan license has outreached the regional restrictions, we can conduct business across the country through the Internet, so that we can have more opportunities to deal with customers which are much larger than traditional small loan companies, and it is easier for us to pick out loan customers of relatively high quality, which is conducive to large-scale development.

Yuntong Small Loan has a registered capital of RMB200 million. As of December 31, 2015, we held a total equity interest of 68%. Yuntong Small Loan intends to establish an open online loan system based on big data geared to the needs of the society. In the initial stage, it intends to mainly conduct the scenario-based loans business. In the advance stage, its plan is to conduct the business of individual consumer loans by relying on the credit weakening scene with Internet big data as the major risk management method and start with our dominant industries and proceed with deep excavation and concentrate its efforts on one to three industries (including loans relating to real estate/ cars/ commodities/ individual consumption).

Fosunling

We invested in Fosunling in 2015, as a critical part of the overall strategy of building up its own internet-based financial platform. We own 100% equity interest in Fosunling, with a registered capital of RMB100 million. Fosunling concentrates on building an integrated internet-based investment and financing platform characterized by industrial depth and multidimensional ecosystem, providing an entry point of customers for Fosun's own Internet-based financial platform and ecosystem. The online platform was launched in mid-September of 2015. As of December 31, 2015, it had completed the offline securitization of around RMB800 million value of assets, and total value of online transactions of financial products was approximately RMB48.8 million. More than 15,000 individuals became registered members, including around 5,200 individuals who linked their bank accounts to the platform. Fosunling intends to continue to build an innovative and low-cost financing channel through the Internet, and provide all-round services including financial, entertainment, healthcare and medical services etc. for its clients.

Industrial Operations

Our industrial operations business consists of five segments: (i) health, (ii) happiness, (iii) steel, (iv) property development and sales and (v) resources.

Health

We operate businesses of the health segment principally through a subsidiary, Fosun Pharma as well as joint ventures, Starcastle Senior Living, and Star Healthcare. Fosun Pharma is a leading healthcare company in China listed on the Shanghai Stock Exchange (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 us and Fortress Investment Group LLC for the purpose of developing properties for senior citizens in China. Star Healthcare our wholly-owned company, 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 profile customer members.

Our revenue from the health segment increased by 30.8% from RMB11,938.2 million as of December 31, 2014 to RMB15,614.9 million as of December 31, 2015 and our profit attributable to owners of the parent from the health segment increased by 60.1% from RMB1,096.0 million as of December 31, 2014 to RMB1,754.2 million as of December 31, 2015. 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 from manufacturing, distribution service of medical devices and healthcare service segments of Fosun Pharma.

Fosun Pharma

In 2015, amidst the severe situation of global economic downturn and deceleration of the domestic economic growth, continuous reform of the medical system in the PRC and slowdown of pharmaceutical manufacturing industry growth have brought policy opportunities to the development of medical services. In 2015, Fosun Pharma adhered to its business philosophy of "Innovation for Good Health", focused on its core pharmaceutical and healthcare businesses, continued to develop product innovation and improve management, actively promoted the strategies of organic growth, external expansion and integrated development, thereby maintaining the growth of its principal businesses.

During 2015, Fosun Pharma realized revenue of RMB12,502.2 million, representing an increase of 4.72% as compared to 2014. The increase in revenue of Fosun Pharma was mainly due to the growth in revenue from the business segments of manufacturing, healthcare services and distribution of medical devices. In 2015, Fosun Pharma recorded profit before tax of RMB3,371.8 million and profit attributable to owners of the parent of RMB2,460.1 million, representing an increase of 24.05% and 16.43% respectively, as compared with that in the retrospective adjusted consolidated financial statements of 2014.

In 2015, the pharmaceutical research and development (R&D) and manufacturing business of Fosun Pharma maintained steady growth. The development of its professional management team was further strengthened. In 2015, the sales of Fosun Pharma's key products in therapeutic areas such as cardiovascular system, metabolism and alimentary system, anti-infection and anti-tumor achieved rapid growth. Among the new products, the sales of alprostadil dried emulsion (You Di Er), a product in the cardiovascular system therapeutic area, and febuxostat tablets (You Li Tong), a product in the metabolism therapeutic area, had experienced prominent sales growth. As of December 31, 2015, Fosun Pharma continued to increase its investments in R&D with 161 R&D projects in the pipeline, including new drugs, generic drugs, bio-similar drugs and vaccines. In 2015, the R&D expenses in the pharmaceutical manufacturing and R&D segment were RMB537.6 million, representing an increase of 18.94% as compared to 2014, accounting for 6.02% of the revenue of the pharmaceutical R&D and manufacturing segment.

In 2015, Fosun Pharma continued to reinforce its substantially completed strategic deployment of healthcare services segment with high-end healthcare institutions in developed coastal cities and specialty and general hospitals in second-tier and third-tier cities in the PRC, accelerated the development of Internet healthcare strategy, actively explored industrial allocation for the healthcare industry, and continued to improve the business scale and profitability. In 2015, a new complex of the Chancheng Hospital (禪城醫院), "Excelsior Tower" (精進樓), commenced operations. The commencement of the construction of the rehabilitation and medical examination hospital initiated by Zhongwu Hospital (鐘吾醫院) has further diversified the healthcare service platform of Fosun Pharma. Fosun Pharma participated in the establishment of Wenzhou Geriatric Hospital Co., Ltd. (溫州老年病醫院有限公司) and Qingdao Shandong University Qilu Hospital Management Co., Ltd. (青島山大齊魯醫院投資管理有限公司) to search for new models for social capital to enter the healthcare industry. The construction of the "Taizhou Zanyang Medical Care Project" has been launched, and Shanghai Xingshuangjian Medical Investment was established, to consolidate medical and senior care resources for new healthcare models. Fosun Pharma commenced deployment in the hemodialysis area for further integration in the industrial chain and formed strategic cooperation with Guahao.com (掛號網) and led the investment in the A-round funding of Mingyizhudao to realize the connection of online and offline service and formed a closed O2O loop, striving for innovation on new formats and models of healthcare services. In addition, in 2015, Fosun Pharma actively supported and facilitated the development and deployment of hospital and clinic network under "United Family Hospital", a leading premium healthcare services brand under Chindex International, Inc.

While devoting itself to the domestic healthcare services industry, Fosun Pharma also paid close attention to exploring new operating models in healthcare services segment of the overseas mainstream market. In 2015, Fosun Pharma invested in approximately 30% equity interest of Sovereign Medical Services, Inc., a day surgery center in the United States, for further studies for exemplars and implementation of new healthcare services model in the PRC market in the future.

In 2015, Fosun Pharma kept pushing forward its business development in medical diagnosis and medical devices areas. In 2015, Fosun Pharma actively fostered the business development of Alma Lasers Ltd. and enhanced the expansion of the distribution business of Chindex Medical Limited. The volume of surgeries performed by Da Vinci surgical robotic system experienced a significant increase in 2015. Alma Lasers Ltd. recorded revenue of RMB688.5 million for 2015, representing an increase of 10.79% as compared to 2014. In 2015, the medical diagnosis and medical devices manufacturing segment realized revenue of RMB1,716 million, representing an increase of 14.71% as compared to 2014. The revenue of distribution business amounted to RMB528 million, representing an increase of 21.38% as compared to 2014; the increase in revenue of distribution business was mainly due to an increase in sales of consumables brought by the accelerated sales of Da Vinci surgical robotic system and the increased volume of surgeries.

At the beginning of 2015, Fosun Pharma and Sinopharm have completed the integration of drug distribution and retail business as well as the optimization of resource allocation among Fosun Pharmaceutical, For Me Pharmacy and Jin Xiang Pharmacy. In 2015, Sinopharm, an associate of Fosun Pharma, put continuous efforts in accelerating industry consolidation, expanding distribution network of pharmaceutical products and maintaining rapid growth in business.

Starcastle Senior Living

Starcastle Senior Living is a joint venture established by us and Fortress Investment Group LLC, each holding 50% of its equity interest, for the purpose of developing the property market for senior citizens in China. Starcastle Senior Living's first high-end healthcare project customized for Chinese senior citizens has commenced operations in May 2013. The first phase has a total number of 218 suite units with an occupancy rate of 92%.

Luz Saúde

Luz Saúde is one of the largest groups providing healthcare services in the Portuguese market, providing its services through 20 units (eight private hospitals, one national health service hospital under a public private partnership regime, two long term specialized care units, seven private clinics operating day-care regimes and two residences for the elderly) and is present in the north, middle and middle-south of Portugal. As of December 31, 2015, Fidelidade held 98.4% equity interest in Luz Saúde. In 2015, Luz Saúde provided 1,179 beds and recorded good operational and financial results due to the growth in the Portuguese private healthcare market and the achievement of some synergies with the insurance business of Fidelidade. Consolidated operational revenues of Luz Saúde reached Euro423.8 million, an increase of 5.5% year-on-year, driven both by 6.3% growth in the private health segment and 3.4% growth in the public health segment. EBITDA reached Euro60.7 million, with an EBITDA margin of 14.3%, a 0.1 percentage point increase compared with 2014. Net income attributable to shareholders also grew and totalled Euro21.7 million, representing a 20% growth versus 2014.

Star Healthcare

Star Healthcare is our wholly-owned investment company, combining our 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-profile customers. As of December 31, 2015, Star Healthcare has developed six major series of products, basically completed the construction of the business system and the deployment of professional health evaluation system and achieved health evaluation and final-period of intervention management for customer members. Star Healthcare has formed a professional service team comprised of various talents such as insurance claiming specialists, medical experts, health managers and nutritionists, through which multimedia health management service can be offered to customers through the company's website, WeChat platform and hotlines. It has also initiated the development of its APP at the end of 2015 in order to realize closed-loop management for services related to users' health.

In response to the service demand in the insurance market, Star Healthcare has built up the medical network resources in over 200 countries across the world. In mainland China, 200 cooperative medical institutions in 16 provinces and cities (including Beijing, Shanghai, Guangdong, Shenzhen, etc.) have been covered by the direct billing network resources, which can provide insurance companies with professional medical direct billing management and settlement services.

Sanyuan Foods

The private placing of Sanyuan Foods was completed in February 2015. As of December 31, 2015, we and Fosun Chuanghong, a fund managed by us, 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. We currently has a positive outlook with respect to 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, introducing merger and acquisition targets and transforming operation mechanisms for realizing integrated development in Sanyuan Foods and enhancing its leading position in the dairy industry of China.

In response to falling international milk prices and intensive competition in the domestic dairy product market, Sanyuan Foods actively launched new products, adjusted product structure and strengthened brand publicity. In 2015, it recorded operating revenue of RMB4,549.9 million, and net profit attributable to owners of the parent amounted to RMB78.7 million.

Zhongshan Public Utilities

As of December 31, 2015, we held 12.35% equity interest in Zhongshan Public Utilities. Zhongshan Public Utilities, being an industry-leading professional integrated environmental service operator, acquired 100% equity interest in Zhongshan Tianyi Energy Resources Co., Ltd. during 2015 and it formally entered the solid waste industry. In 2015, net profit of Zhongshan Public Utilities attributable to shareholders of the listed company amounted to RMB1,484.4 million, an increase of 98.46% over the same period of 2014.

Silver Cross

Silver Cross was our overseas investment and the transaction was completed in July 2015. We indirectly held 82% equity interest in Silver Cross through its wholly-owned subsidiary as of December 31, 2015. Silver Cross, which was established in 1877 by William Wilson, has established itself as a leading U.K. nursery brand. The company incorporates the latest 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 a multichannel distribution network covering UK, Europe, the Middle East, Asia and Asia Pacific regions. In UK, it has a significant retail presence with a strong national retail footprint and an extensive network of 170 independent retailers. Silver Cross has three major flagship stores in Shanghai, Hong Kong and Moscow and presence in a number of high-end maternal and infant chain stores. The key growth market like Southeast Asia region has also proven to be very successful for Silver Cross. Silver Cross has won numerous high profile awards such as Illustrious Junior Design Award and Which! Best Buy Award. From July 2015 to December 31, 2015, Silvercross recorded operating revenue amounting to GBP20.6 million, profit before tax was GBP2.7 million.

Happiness

We operate happiness industries adapting to the living style of families through acquiring shareholdings in Yuyuan, Club Med, Atlantis, Studio 8, BONA, Cirque du Soleil and Thomas Cook. In 2015, Fosun completed the acquisition of Club Med, a global high-end tourism chain brand and invested in Thomas Cook, a British leisure tourism group, Cirque du Soleil, the quintessence of Canada, and Silver Cross, a British high-end nursery brand. In addition, Studio 8, a Hollywood movie producer in which we invested, has invested in the shooting of four new movies, including two directed by famous director Ang Lee. Furthermore, Yuyuan successfully acquired Hokkaido Hoshino Tamamu Resort, one of the world's top ski resorts located in Hokkaido, Japan.

In 2015, revenue of the happiness segment was, in principle, contributed by the operating income from Club Med. By completing our public offer, Club Med was finally delisted from Euronext in March 2015. Excluding the gain on fair value adjustment of our investments in Club Med in 2014, profit attributable to owners of the parent of the happiness segment decreased by 33.5% as compared with the same period of 2014, mainly due to the loss suffered for in 2015 by Club Med, as a result of a troubled economic and geopolitical environment and additional delisting and restructuring costs.

Yuyuan

Yuyuan is mainly engaged in commercial retail, wholesale and retail of gold and jewellery, and holds certain equity interest in Zhaojin Mining. In 2015, Yuyuan recorded operating revenue of RMB17,551.48 million, a decrease of 8.36% year-on-year. Profit before tax was RMB966.48 million, a decrease of 17.23% year-on-year. The net profit attributable to shareholders of the listed company amounted to RMB807.20 million, a decrease of 19.52% year-on-year. Yuyuan recorded lower operating revenue when compared with the same period of 2014 mainly due to the decreased revenue from the gold and jewellery segment as compared to the same period in 2014. Yuyuan recorded lower net profit for two main reasons: (1) affected by the declining trend of international gold prices throughout 2015, Yuyuan's sales performance in the retail and wholesale business of gold and jewellery was below expectation; and (2) revenue from Yuyuan's investment in Zhaojin Mining and the project of Wuhan Zhongbei Property Development Co., Ltd. decreased as compared to the same period in 2014, as a result the investment income realized for 2015 was lower as compared to the same period in 2014.

In 2015, Yuyuan continued to develop its principal businesses and expansion of sales of gold and jewellery with particular emphasis on establishing sales channels for high value consumer products. Yuyuan established Shanghai Yuyuan Gold and Jewellery Group Co., Limited (上海豫園黃金珠寶集團有限公司) by operating its two major brands "Laomiao Gold" and "Yayi Gold" under the same management to promote the integration of its principal businesses and transformation into a new operating model. In 2015, the company changed the brand of "Yayi Gold" to "Yayi Jewellery". There were 1,816 chain stores in aggregate for both retailers as of December 31, 2015. We plan to assist Yuyuan to develop the potential value of vast tourist traffic flows, explore O2O business models and seek opportunities actively to consolidate high-quality assets in the industry to create value for the shareholders.

Club Med

Club Med was an important investment in the "Combining China's Growth Momentum with Global Resources" investment model implemented in 2010. In 2015, by completing the public offer of Euro24.6 per share in December 2014, Club Med was delisted from Euronext in March 2015. In a troubled economic and geopolitical environment that has affected its outbound markets and some of its destinations, Club Med has recorded a 4% year-on-year increase in revenue which amounted to Euro1,439.0 million in its financial year of 2015, confirming the pertinence of its strategy based on increasing its upscale offer and international reach.

In 2015, Club Med opened three new resorts, including a new flagship skiing resort Val Thorens Sensations in the Alps region of France, 52 exceptional villas on the island of Finolhu in the Maldives and the four Trident resort in Dong'Ao Island in China which comes to complete the Dong'Ao five Trident Luxury space opened in 2014. In addition, the fourth resort in China has commenced business in Sanya in January 2016. In line with Club Med's development plan, China has become the second largest market after France in 2015, with the number of Chinese tourists increased by 29% year-on-year to 123,000. The Greater China Region continues to accelerate its development under the support of its major brand Club Med and the new brand Joyview by Club Med.

Atlantis

The Atlantis project is located in Haitang Bay, Sanya, Hainan, China, and is a large-scale high-end theme resort hotel project with a water park and aquarium as its signature jointly developed by us and Kerzner Group. The scale of the project amounts to nearly RMB10 billion and it is designated as the key construction project of Hainan Province. The project commenced construction in 2013 and is expected to be completed by the end of 2016. As of December 31, 2015, RMB3,046.7 million was invested; this project has obtained the "Construction Project Planning Permit (Provisional)"; the first phase of this project and the water park have obtained the "Construction Works Commencement Permit". The second phase of this project has also obtained the "Construction Works Commencement Permit" in January 2016.

Studio 8

Studio 8 is an important investment in the film industry, a significant step for us to enter the film and television entertainment industry. As of December 31, 2015, we held 80% equity interest in the Class A investors of Studio 8. We exercise significant influence over the distribution arrangement of movies produced by Studio 8 in mainland China, Hong Kong, Macau and Taiwan, whereby we plan to 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 industry. In 2015, 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 is expected to be released in November 2016 in North America. The second film Soluirean began filming in February 2016. Moreover, several excellent films are under development and it is expected to announce the greenlight projects soon.

BONA

Investment in BONA is an important strategic move in the film and television entertainment industry. As of December 31, 2015, we held 6.2% equity interest in BONA. We believe that rapid and robust growth will continue in the film and entertainment market of China in the future. BONA has extensive experience in local film production, distribution and cinema operation in China. It has also achieved remarkable performance in recent years and takes the lead in the local film market. BONA distributed 15 movies through its cinemas in 2015 and box office of movies reached RMB3,128 million, ranking as one of the top three private companies, including movies such as The Man From Macau II, A Time for Consequences, Bride Wars and The Dead End. We will consistently integrate resources and complementary advantages to support the sustainable growth of BONA in the future. In June 2015, we, together with Mr. Yu Dong, the founder, chairman of the board and chief executive officer of BONA, and Sequoia Capital China Fund, issued a non-binding privatization offer to BONA.

Cirque du Soleil

Cirque du Soleil from Canada, was an overseas investment completed by us in July 2015. CMF and Zhejiang Growth Fund, two funds managed by us, together with Yuyuan jointly held 25% equity interest in Cirque du Soleil. Among this 25%, as of December 31, 2015, CMF held approximately 14.14% equity interest, while Zhejiang Growth Fund and Yuyuan held approximately 8.03% and 2.83% equity interest, respectively. Cirque du Soleil is primarily a creative content provider for a wide variety of unique projects. In addition to shows, the company, which has its international headquarters in Montréal, extends its creative talent to other spheres of activity. While maintaining stringent standards of artistic quality and originality, Cirque du Soleil brings to each innovative project the same energy and spirit that characterize each of its shows. Cirque du Soleil is a Quebec-based organisation providing high-quality artistic entertainment.

Since its beginning in 1984, almost 160 million spectators in over 330 cities and 48 countries have been thrilled by the performances of Cirque du Soleil. In 2015, 19 shows were simultaneously presented around the world. Cirque du Soleil has been the recipient of many prestigious awards, including the Emmy, Drama Desk, Bambi, ACE, Gémeaux, Félix and Rose d'Or de Montreux. The investment in Cirque du Soleil is a renewed plan for our happiness segment after privatization of Club Med by us. In future, we, together with TPG VII CDS Holdings and Cirque du Soleil will cooperate to drive the business development of Cirque du Soleil in the market of China.

Thomas Cook

In 2015, Fidelidade made strategic investment in the world renowned travel group Thomas Cook. As of December 31, 2015, Fidelidade held 5.76% equity interest in Thomas Cook. Thomas

Cook recorded sales revenue of GBP7,834 million in the financial year of 2015. We turned from loss to profit for the first time in five years and recorded a net profit of GBP19 million. As one of the first travel agents in the world and the pioneer of modern tourism industry, Thomas Cook began to bring European tourists into China as early as in 1909, and opened offices in Hong Kong, Shanghai and Beijing respectively. After strategically investing in Thomas Cook, we and Thomas Cook have established a joint venture travel agency in Shanghai, in which we held 51% equity interest. In addition, Thomas Cook and Club Med established a strategic partnership driven by our support. The strategic partnership will build on Club Med's current relationship in France with Thomas Cook, aiming to achieve Euro100 million of product revenue through Thomas Cook's sales channels by 2018, representing a 60% growth, to attract new customers in the UK, Germany, Finland, Sweden, Denmark, Norway, Russia, Belgium, the Netherlands, Poland, the Czech Republic and Hungary. We and Thomas Cook are seeking further cooperation opportunities in areas, including hotel management fund and airline business.

Steel

We operate the steel business principally through a joint venture, Nanjing Nangang, and an associate Tianjin Jianlong. Nanjing Iron & Steel, the main investee of Nanjing Nangang, is listed on the Shanghai Stock Exchange (Stock Code: 600282). Located in East China, Nanjing Iron & Steel is an integrated steel company with a complete production process, including mining, coking, sintering, iron smelting, steel smelting and steel rolling. Nanjing Iron & Steel is one of the few steel product producers in China with the ability to produce 9% Ni steel, and its principal products include medium and heavy steel plates, high strength ship plates, boilers and pressure vessel plates, pipeline steel plates (straight seam) and bearing steel. Tianjin Jianlong is a large enterprise group which integrates resources, steel, shipping, and mechanical and electrical equipment.

Our revenue from the steel segment decreased by 19.4% from RMB27,272.0 million as of December 31, 2014 to RMB21,986.0 million as of December 31, 2015 and our profit attributable to owners of the parent from the steel segment was RMB280.0 million as of December 31, 2014 and our loss attributable to owners of the parent from the steel segment RMB929.7 million as of December 31, 2015. The decrease in revenue of the steel segment was mainly due to the declining average selling prices of Nanjing Nangang's products, as affected by market influence. The decrease in profit attributable to owners of the parent of the steel segment was due to the losses suffered by Nanjing Nangang and Tianjin Jianlong, as a result of the weakening in steel industry.

Nanjing Nangang

As China's economy entered a new normal phase, domestic economic growth slowed down and the overcapacity problem in the manufacturing industry became more obvious. In 2015, Nanjing Nangang enhanced its competitiveness through a longitudinal process reengineering on the one hand, and on the other hand accelerated enterprise transformation and development. By incorporating national development plans and using steel manufacturing platform as foundation to develop non-steel industries such as energy efficiency and environmental protection industries, intelligent manufacturing and "Internet+" for building the company into an integrated service provider with global competitiveness and constituted by "advanced materials manufacturing platform of steel segment" and the "green, environmental friendly and intelligent industries" as organic overall structure. In 2015, the output of pig iron, crude steel and finished steel product of Nanjing Nangang amounted to 8,429.4 thousand tonnes, 8,590.4 thousand tonnes and 7,920.6 thousand tonnes respectively, a year-on-year increase of 3.12%, 6.83% and 8.09%, respectively. The sales of steel was 7,950 thousand tonnes during the same period in 2015 and achieved a balance in production and marketing.

Industrial Development, our indirect wholly-owned subsidiary, executed a proxy in December 2015 to appoint Nanjing Iron & Steel Group as its proxy in respect of all the shares held by Industrial Development in Nanjing Nangang. Upon execution, we were deemed to be indirectly interested in 50% of the voting rights of Nanjing Nangang, and Nanjing Nangang ceased to be accounted for as our subsidiary in accordance with the prevailing accounting standards under the Hong Kong Financial Reporting Standards. We will account for its interest in Nanjing Nangang as an interest in a joint venture. Meanwhile, Jin'an Mining, in which Nanjing Nangang owns a controlling stake, produced 1,020.9 thousand tonnes of iron concentrate, representing a year-on-year increase of 4.2%. Jin'an Mining produces iron ore as its key product and the key production data in 2015 were as follows:

	Iron concentrate output (thousand tonnes)	Reserves of iron ore[Note]
2015	1,020.9	67.1 million tonnes
2014	980.1	73.8 million tonnes
Change over the same period in 2014	4.2%	

Note: According to the standards under the "Solid Minerals Geological Prospecting Standards" of the PRC, the figures in 2015 were estimated figures.

Tianjin Jianlong

Tianjin Jianlong is the operating entity in the resources and steel industry of Beijing Jianlong Heavy Industry Group Co., Ltd. In 2015, by adhering to a low cost strategy, paying attention to product structure adjustment, strengthening the research and development of new product and upgrading the product, participating in the merger and acquisition and reorganization of domestic steel enterprises, Tianjin Jianlong strived to gain economies of scale and produced synergistic effect while it was also under greater financial pressure. In 2015, Tianjin Jianlong produced steel of 15.14 million tonnes, representing a year-on-year decrease of 0.76%; iron concentrate of 3.97 million tonnes, representing a year-on-year increase of 15.8%; phosphorous concentrate of 281.7 thousand tonnes; and sulfur concentrate of 130.1 thousand tonnes.

Property Development and Sales

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

Our revenue from the property development and sales segment increased by 39.1% from RMB12,149.2 million as of December 31, 2014 to RMB16,893.7 million as of December 31, 2015 and our profit attributable to owners of the parent from the property development and sales segment increased by 24.9% from RMB2,397.5 million as of December 31, 2014 to RMB2,993.5 million as of December 31, 2015. The increase in both revenue and profit attributable to owners of the parent of the property development and sales segment was mainly attributable to Forte's business growth, as well as the fair value adjustment of investment properties.

Forte

In 2015, China's real estate market continued the upward trend since the second half of 2014, and the successive introduction of a number of government policies to support the property market has played a significant role in promoting the China's real estate market, thereby further warming the property market in 2015, with the market trade volume increasing significantly. Against the backdrop of an overall improvement in the real estate market in 2015, Forte seized the opportunity to actively accelerate its pace in investment, financing, marketing and internal operation management, and built up the foundation for driving the future growth of the company. With the support of major shareholders, Forte actively accessed domestic and foreign insurance funds and low-cost fundings with high quality, and at the same time relied on major shareholders to integrate industrial resources, obtained land bank at reasonable cost with support from the government, and enhanced product value through industrial operation, achieved overall premium of projects and further improve overall profitability.

In 2015, Forte maintained a cautiously optimistic attitude, paid attention to market changes, strengthened marketing plans to capture market opportunities and adopted active and effective measures to accelerate the sales rate of products. Meanwhile, different property projects within the same regional market will adopt differentiated treatment methods. For property projects with scarce resources, a higher value was achieved through quality upgrading and improvement in marketing channels. Through financing facilities provided by our internal and external channels, including domestic and overseas insurance funds, Internet finance and equity funds, and by issuing corporate bonds with Forte's own credit rating, leveraging on Forte's own existing business to launch property cost asset backed schemes, more low-cost and stable sources of funds were used to further reduce our overall funding costs. In 2015, realization of Hive City was the core strategy of Forte. Forte is developing towards the same direction as us. By leveraging on our more global resources and diverse product lines, Forte has been actively transforming into a real estate enterprise with industrial characteristics, and seeking a breakthrough in the light-asset model in the financial context to enhance corporate profitability, endeavoring to achieve the corporate vision of becoming a real estate developer with integrated global resources.

Project Development

In 2015, Forte's GFA under development was approximately 6,811,540.2 sq.m., and attributable GFA amounted to approximately 4,242,113.6 sq.m., representing an increase of approximately 4.4% compared with the same period in 2014 (2014: attributable GFA of approximately 4,062,132 sq.m.). In 2016, the GFA of newly commenced projects was approximately 2,103,413.3 sq.m., and attributable GFA amounted to approximately 1,391,452.4 sq.m., representing an increase of approximately 44.2% compared with the same period in 2014 (2014: attributable GFA of approximately 964,788 sq.m.).

In 2015, the GFA of completed projects was approximately 1,979,224.5 sq.m., and attributable GFA amounted to approximately 1,438,964.9 sq.m., representing an increase of approximately 10.7% compared with the same period in 2014 (2014: attributable GFA was approximately 1,299,823 sq.m.).

Project Reserves

In 2015, Forte obtained four projects as additional project reserves with planned GFA of approximately 786,769 sq.m. and attributable GFA was approximately 646,109 sq.m., representing a decrease of approximately 27.3% compared with the same period in 2014 (2014: attributable GFA was approximately 889,212 sq.m.). As of December 31, 2015, Forte owned project reserves with planned GFA of approximately 13,140,114.9 sq.m. and attributable GFA was approximately 8,476,587.0 sq.m., representing a decrease of approximately 15.8% compared with the same period in 2014 (2014: attributable GFA was approximately 10,063,876 sq.m.).

Property Sales

In 2015, Forte realized property contract sales area and contract sales revenue of approximately 1,496,836.4 sq.m. and RMB21,141.4 million respectively, and attributable contract sales area and contract sales revenue were approximately 1,017,910.8 sq.m. and RMB14,595.1 million respectively, representing an increase of approximately 0.7% and 8.3% respectively, compared with the same period in 2014 (2014: attributable contract sales area and contract sales revenue were approximately 1,011,106 sq.m. and RMB13,474.4 million, respectively).

Property Booked

In 2015, the property area (booked area) and property amount (booked amount) by Forte were approximately 1,634,537.7 sq.m. and RMB26,753.0 million respectively, attributable booked area and booked amount were approximately 1,148,021.6 sq.m. and RMB18,911.4 million respectively, representing an increase of approximately 8.6% and an increase of approximately 66.3% respectively, compared with the same period in 2014 (2014: attributable booked area and booked amount were approximately 1,056,940 sq.m. and RMB11,375.1 million respectively). As of December 31, 2015, the area and amount sold but not booked were approximately 1,149,743.7 sq.m. and RMB16,077.1 million respectively, and the attributable area and amount sold but not booked were approximately 765,367.0 sq.m. and RMB10,544.4 million respectively, representing a decrease of approximately 2.3% and a decrease of approximately 2.9% respectively when compared with the same period in 2014 (2014: attributable area and amount sold but not booked were approximately 783,604 sq.m. and RMB10,854.4 million, respectively).

The Bund Finance Center

The Bund Finance Center is a high-end complex project located in the core district of the Bund in Shanghai and is expected to pass acceptance examination upon its completion in 2016. The Bund Finance Center is an experiential financial complex in the Bund financial zone and this project will comprise 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.

In 2015, the particulars of the project were as follows:

Name of project	Floor	Area (sq.m.)
GFA		425,391
Grade A offices	S1	79,039
	S2	76,642
	N1	10,898
	N2	12,848
	N4	5,263
Shopping center		93,861
Boutique hotel		36,331
Fosun arts center		3,959

Dalian Donggang

The project is located in the Donggang District, which is expected to be the Central Business District of Dalian in the future and is a district with the highest potential for development and appreciation in Dalian. It is the home to a number of world-class landmark buildings and functional buildings such as Dalian International Conference Center (the venue for Summer Davos), Dalian Art Gallery, Coastal Landscape Area, Israeli Kardan Shopping Center, International Cruise Terminal, etc.. After appreciation in its value, Dalian Donggang is expected to become the international window and hub of Dalian. The project is comprised of five parcels of land with a total site area of approximately 141,600 sq.m. and a total capacity building area of approximately 586,859 sq.m.

The project was launched for sale at the end of 2012 and had achieved contracted sales of approximately RMB2,096.2 million at the end of 2015. It is estimated that the completion of the overall project will take place in December 2016.

Resource Property

Resource Property is an integrated service provider in our property circulation sector, and was listed successfully on NEEQ in September 2015 (stock code: 833517). Pursuant to our global development strategy, Resource Property is dedicated to building an O2O (Online to Offline) service platform for overseas living and housing purchase for our property sector. It is expected to fully finance the overseas industrial resources of the Company and work together with the renowned global companies. Taking house purchase as a starting point, Resource Property is striving to provide Chinese customers with one-stop services covering the whole industry chain, including house purchase, immigration, education, health, finance and other aspects of living abroad. The services offered combine online convenient transaction and offline friendly experience, helping Chinese customers to realize their global living dreams.

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 Shanghai Stock Exchange (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.

Our revenue from the resources segment increased by 2.4% from RMB1,589.2 million as of December 31, 2014 to RMB1,627.6 million as of December 31, 2015 and our profit attributable to owners of the parent from the resources segment was RMB129.9 million as of December 31, 2014 and our loss attributable to owners of the parent was RMB463.5 million as of December 31, 2015. The increase in revenue of the resources segment was mainly related to the completion of ROC's delisting from the Australian Stock Exchange in January 2015 and the fact that we wholly-owned ROC. The decrease in profit attributable to owners of the parent of the resources segment was attributable to the decrease in Hainan Mining's profit and the loss suffered by ROC, as a result of industry decline.

Hainan Mining

We engage 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. In 2015, prices of iron ore fell sharply, affected by 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 finished iron ore reaching 3,319.6 thousand tonnes in 2015, basically the same as the sales in 2014. The finished ore production reached 3,009.3 thousand tonnes, representing a decrease of 24.3% when compared with the same period in 2014.

Hainan Mining produces iron ore as its key product and the key production data during 2015 is as follows:

	Finished iron ore output (thousand tonnes)	Reserves of iron ore Note
2015	3,009.3	265 million tonnes
2014	3,974.9	270 million tonnes
Change over the same period of last year	- 24.3%	

Note: According to the "Solid Minerals Geological Prospecting Standards" of the PRC, the figures in 2015 were estimated figures.

ROC

We launched an offer of acquisition to ROC in August 2014. In January 2015, ROC was wholly-owned by us and officially delisted from the Australian Stock Exchange. From January 2015, 100% of the financial results of ROC have been consolidated into our consolidated financial statements. In 2015, ROC realized sales income of US$130.5 million, net loss of US$31.3 million and net cash inflow from operating activities of US$34.9 million. We intended to utilize ROC as its strategic platform in the oil and gas sector in the future. Leveraging on its leading operational and management capabilities and business development potentials, we intend to 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 Developments

Phoenix Holdings

Since certain conditions precedent had not been fulfilled or waived, we and Phoenix Holdings agreed to terminate the share purchase agreement in relation to the acquisition of 130,623,262 ordinary shares of Phoenix Holdings in February 2016. Our Board is of the view that the termination of the share purchase agreement is fair and reasonable and in the interests of our Company and its shareholders as a whole, and will not have any material adverse effect on our business operation and financial position. We intend to continue to focus on strengthening our core competitiveness and look forward to future opportunities in working with the Delek Group Ltd. and Phoenix Holdings in Israel in addition to more opportunities of value investments in the country.

BHF KB

On January 26, 2016, we announced that we had accepted Oddo et Cie's offer on our indirect holding of 37,838,980 shares in BHF KB, representing approximately 28.61% of its total issued share capital, at the price of Euro5.75 per share of BHF KB with a total sales price of Euro217,574,135. This transaction was completed in February 2016, and we will no longer hold any share in BHF KB either directly or indirectly after the completion. We intend to continue to adhere to the "value-investing" philosophy in anticipation of more opportunities of value investments in Germany and wider European markets.

Gland Pharma Limited

On July 28, 2016, we entered into two share purchase agreements to acquire 10,841,954 shares and 1,553,500 shares, respectively, of Gland Pharma Limited, a company incorporated under the laws of India. On the same day, we also entered into a subscription agreement to subscribe 942,500 convertible preference shares of Gland Pharma Limited. Pursuant to the share purchase agreements and the subscription agreement, we propose to invest no more than US$1,261.37 million to acquire in aggregate approximately 79.997% of the equity interests in Gland Pharma Limited and to subscribe for the convertible preference shares to be issued by Gland Pharma Limited representing approximately 6.083% of its equity interests. Upon completion of these transactions, we will hold approximately 86.08% of the equity interests in Gland Pharma Limited.

Banco Comercial Português, S.A. ("BCP")

Fosun Industrial delivered to BCP a firm proposal dated July 29, 2016 to invest in BCP through a capital increase reserved solely to Fosun Industrial (or its affiliates). Fosun Industrial is also considering increasing its stake through secondary market acquisitions or future capital increases in BCP, with an aim of potentially increasing our shareholding of BCP to 20% to 30%. The subscription price of the capital increase reserved to Fosun Industrial (or its affiliates) shall not be higher than Euro0.02 per share (with the adjustment resulting from reverse stock split). The total maximum consideration for the capital increase of Euro236 million was determined based on the maximum subscription price. The proposed transaction is subject to various conditions precedent being fulfilled or waived, including receipt of certain regulatory approvals in Portugal and European Union.

DIRECTORS AND SENIOR MANAGEMENT

The Parent Guarantor has only one director, Mr. Guo Guangchang.

Guo Guangchang, aged 48, is a Director of Fosun Holdings. Mr. Guo also serves as an Executive Director and Chairman of the Company. Mr. Guo was one of our founders 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 Shanghai Stock Exchange) and Minsheng Bank (listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange), a director of Fosun International Holdings, a director of Club Med and the director of our various companies. 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, "2015 Most Influential Corporate Leader in China" issued by China Enterpreneur 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.

PRINCIPAL SHAREHOLDERS

The following table sets forth, to the best of our knowledge, certain share ownership information as of December 31, 2015 with respect to the holders of record of our share capital.

Name	Number of Shares directly or indirectly held	Percentage of Shares in issue
Fosun International Holdings[(1)]	1[(2)]	100%

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. Mr. Guo Guangchang is the sole director of Fosun Holdings and Fosun International Holdings.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

As of December 31, 2015, Fosun Holdings' total consolidated interest bearing bank and other borrowings amounted to RMB122,436.7 million and we had a total of RMB132,737.2 million unutilized banking facilities on consolidated basis. Set forth below is a summary of Fosun International's major interest bearing bank and other borrowings by Fosun International and each of its business segments to fund their investment in and the operations of Fosun International's business segments and to finance its working capital requirements.

MATERIAL INDEBTEDNESS OF FOSUN INTERNATIONAL

Banking Facilities

Our Company has from time to time entered into loan facility agreements with various offshore financial institutions, including, among others, China Development Bank Corporation, Hong Kong Branch, Bank of China, Macau Branch. These loans typically are used for project financing or working capital for general corporate purpose.

As of December 31, 2015, our Company had total available loan facilities of RMB54,053.6 million, of which our Company had drawn down RMB16,127.4 million.

The interest rates under these term loan facilities are typically specified as a fixed margin percentage plus LIBOR, HIBOR, EURIBOR or lender's cost of funds, as agreed with the relevant financial institutions. Our Company's payment obligations under these term loan facilities typically rank at least *pari passu* with other unsecured and unsubordinated claims. Except for the one-year term loan facilities, these term loan facilities are subject to various customary covenants, including without limitation, (i) minimum amount of the consolidated tangible net worth, (ii) ratio of consolidated net borrowings (deducting marketable securities) to consolidated tangible net worth (adding back minority interests).

If our Company fails to satisfy these financial ratios, it, among other things, cannot incur additional indebtedness and will trigger the event of default under these loan agreements.

Guarantees by Fosun International

Our Company has also given guarantees under various loan agreements with financial institutions. Consequently, our Company is subject to various customary covenants, including satisfying certain financial tests and notifying the relevant financial institutions under certain circumstances

MATERIAL INDEBTEDNESS OF OUR SUBSIDIARIES

Certain of our subsidiaries have entered into loan agreements, including PRC loan agreements and offshore loan agreements, with various banks and financial institutions, including, among others, China Development Bank Corporation, Agricultural Bank of China, China Construction Bank, Industrial and Commercial Bank of China, Bank of Communication, China Merchants Bank Co., Ltd., Wing Lung Bank Limited, Bank of China, The Hongkong and Shanghai Banking Corporation Limited, and Shanghai Pudong Development Bank. These loans typically are for financing the construction of our projects, working capital, property development or trading activities and have terms ranging from five months to fifteen years.

As of December 31, 2015, the outstanding loans and other borrowings for our consolidated subsidiaries were as follows:

Borrowers	Amount outstanding as of December 31, 2015		
	Total	Short-term	Long-Term
	(RMB in millions)		
Fosun High Technology	21,576.3	15,510.5	6,065.8
Fosun Pharma	10,894.9	7,323.4	3,571.5
Forte	25,275.6	9,614.2	15,661.4
Hainan Mining	663.8	663.8	0.0
Other consolidated subsidiaries	40,110.0	8,001.3	32,108.7
Total	98,520.6	41,113.2	57,407.4

Some of our borrowings are secured by our assets and properties, including, among other things, land and buildings, plant and machinery, investment properties, completed properties for sale and properties under development and shares of subsidiaries and associates. As of December 31, 2015, of the RMB98,520.6 million, RMB34,461.0 million was secured by properties or other assets and RMB64,059.6 million was guaranteed by the Company or its subsidiaries or other related parties.

Loans and Other Borrowings Incurred by Fosun High Technology

As of December 31, 2015, Fosun High Technology, on a non-consolidated basis, had total outstanding debt obligations of RMB21,576.3 million, all of which are PRC term loans. These loans mostly bear interest at floating rates, the resulting effective rates of which range generally from 3.915% to 5.35% per annum, and have a term between five months and three years.

Covenants

Some of the PRC term loans incurred by Fosun High Technology are under bank facilities with a term of typically one year. These bank facility agreements contain customary covenants, including the following:

- without the prior consent of the lenders, the borrower may not undertake any restructuring or reorganization, transfer any equity, sell, transfer, lend, lease out or otherwise dispose of a material part of its assets, substantially increase the indebtedness, provide guarantees in favor of any third party, grant a security interest in its material assets, or make offshore investments;

- a change of control may not occur in the borrower;

- the borrower must comply with certain financial covenants by observing certain financial ratios specified under the relevant loan facilities, including debt ratio, current ratio, and return on assets;

- without the written approval of the lenders, the borrower may not change its articles of association or scope of business in any material manner;

- the borrower must disclose to the lenders any transaction between Fosun High Technology and any of its affiliates with transaction value equal to or more than 10% of its net assets; and

- lenders may ask for additional collateral or guarantees if they reasonably believe that the borrower's security and guarantees for the PRC term loan in question may be adversely affected.

Most of the above bank facilities are generally renewable upon expiration. Fosun High Technology may be subject to prepayment penalties under some of these facilities if it elects to terminate a facility before its expiration date.

Loans and Other Borrowings Incurred by Fosun Pharma and its Subsidiaries

As of December 31, 2015, Fosun Pharma together with its subsidiaries, on a consolidated basis, had total outstanding debt obligations of RMB10,894.9 million under its term loans, including PRC term loans and offshore term loans. These loans mostly bear interest at floating rates, the resulting effective rates of which range from 1.54% to 7.59% per annum, and mature between six months and 8 years.

Covenants for PRC Term Loans

Some of the PRC term loans incurred by Fosun Pharma and its subsidiaries contain customary covenants, including but not limited to the following:

- without the prior consent of the lenders, the borrower may not undertake any restructuring or reorganization, transfer any equity, sell, transfer, lend, lease out or otherwise dispose of a material part of its assets, substantially increase its indebtedness, provide guarantees in respect of indebtedness of any third party, grant security interests over its material assets, or make investments to third parties;

- lenders may require early repayment of the borrower's PRC term loans upon the occurrence of any event that materially and adversely affects the lenders' rights; and

- lenders may demand additional collateral or guarantees if they reasonably believe that the security and guarantees for the PRC term loans in question may be adversely affected.

Covenants for Offshore Term Loans

Some of the offshore term loans incurred by Fosun Pharma's subsidiaries contain customary covenants, including but not limited to the following:

- the borrower shall meet certain financial tests before it incurs additional debt;

- the borrower shall not create or permit to exist any security interest over certain assets; and

- the borrower shall ensure that obligations under the loans will rank at least *pari passu* with other present and future similar obligations.

Loans and Other Borrowings Incurred by Forte and its Subsidiaries

As of December 31, 2015, Forte together with its subsidiaries, on a consolidated basis, had total outstanding debt obligations of RMB25,275.6 million under its term loans, including PRC term loans and offshore term loans. A majority of these loans are project loans to finance the construction of our projects. These loans generally bear interest at floating rates, the resulting effective rates of which range from 1.8% to 8.7% per annum, and mature between twelve months and 10 years.

Guarantees and Security

Term loans incurred by Forte and its subsidiaries in the amount of RMB14,361.5 million were secured by, among other things, their land use rights, investment properties, buildings and properties under development, with an aggregate net book value of RMB27,993.4 million as of December 31, 2015.

Customer Guarantees

Forte acts as the guarantor for mortgages secured by properties that it sells. Its obligation as a guarantor generally expires upon the delivery of the relevant certificates on the underlying property to the bank. The maximum guarantee period normally does not exceed eighteen months. As of December 31, 2015, Forte had approximately RMB2,726.7 million of customer guarantees outstanding.

Covenants for PRC Term Loans

Some of the PRC term loans incurred by Forte and its subsidiaries contain customary covenants. Among others, Forte and its subsidiaries may not, without the prior consent of the lenders, undertake any restructuring or reorganization, transfer any equity, sell, transfer, lend, lease out or otherwise dispose of a material part of its assets, substantially increase their indebtedness, provide guarantees in favor of any third party, grant security interests in their material assets, or make investments to third parties.

Covenants for Offshore Term Loans

Some of the offshore term loans incurred by Forte's subsidiaries contain customary covenants, including but not limited to the following:

- the borrower or guarantor has to meet certain financial tests before it incurs additional debt or provide guarantees;
- the borrower or guarantor shall not create or permit to subsist any security over any of its assets, and not sell, transfer or otherwise dispose of any of its assets unless certain conditions are met;
- the obligations under the loan agreements will rank at least *pari passu* with other unsecured and unsubordinated claims; and
- the borrower shall not pay dividends unless certain conditions are met.

ENTERPRISE/CORPORATE BONDS

Fosun High Technology Corporate Bonds

On December 24, 2010, Fosun High Technology completed an offering of RMB1,100.0 million seven-year domestic corporate bonds, with an annual interest rate of 6.17%. On February 15, 2011, Fosun High Technology's enterprise bonds were listed on the Shanghai Stock Exchange.

Fosun High Technology's obligations under the enterprise bonds are guaranteed by Nanjing Steel Group, under which Nanjing Steel Group guarantees the payment of principal of, and interest on, the enterprise bonds. As of December 31, 2015, RMB1,092.2 million in principal amount of the enterprise bonds was outstanding.

Fosun Pharma Corporate Bonds

On April 25, 2012, Fosun Pharma completed an offering of RMB1,500.0 million five-year domestic corporate bonds, with an annual interest rate of 5.74%. The bonds are not guaranteed.

As of December 31, 2015, RMB1,500.0 million in principal amount of the enterprise bonds was outstanding.

Forte Corporate Bonds

On November 20, 2015, Forte completed an offering of RMB4,000.0 million five-year domestic corporate bonds, with an annual interest rate of 4.39%. The bonds are not guaranteed.

As of December 31, 2015, RMB4,000.0 million in principal amount of the enterprise bonds was outstanding.

Eynsford Tokutei Mokuteki Kaisha Corporate Bonds

On December 17, 2015, Eynsford Tokutei Mokuteki Kaisha, an indirect subsidiary of Fosun Property Holdings Limited, completed an offering of JPY1 billion five-year corporate bonds, with an annual interest rate of three-month Tokyo Interbank Offered Rate plus 5.30%.

As of December 31, 2015, JPY1 billion in principal amount of the enterprise bonds was outstanding.

MEDIUM-TERM NOTES

Fosun Pharma Second Phase of Medium-Term Notes

On March 31, 2011, Fosun Pharma completed an offering of RMB1,600.0 million principal amount of five-year medium-term notes with floating interest rate. As of December 31, 2015, RMB1,600.0 million in principal amount of the five-year medium-term notes was outstanding. The notes are not guaranteed.

The interest on the medium-term notes comprises a benchmark interest rate and an interest margin. The benchmark interest rate is a floating rate determined by reference to the interest rate for one-year deposit in the PRC. The interest margin is a fixed margin of 2.9%.

Fosun High Technology First Phase of Medium-Term Notes

On October 24, 2014, Fosun High Technology completed an offering of RMB2,000.0 million principal amount of three-year medium-term notes with an annual interest rate of 5.26%.

Fosun High Technology First Phase of Medium-Term Notes

On March 5, 2015, Fosun High Technology completed an offering of RMB2,000.0 million principal amount of three-year medium-term notes with an annual interest rate of 5.21%.

Fosun Pharma Third Phase of Medium-Term Notes

On September 10, 2015, Fosun Pharma completed an offering of RMB400.0 million principal amount of three-year medium-term notes with an annual interest rate of 4.05%.

PRIVATE PLACEMENT NOTE

On June 19, 2013, Fosun High Technology issued three-year private placement notes with the par value of RMB2.0 billion and an effective interest rate of 6.02% per annum. The interest will be paid annually in arrear and the maturity date is June 19, 2016. As of December 31, 2015, RMB2.0 billion in principal amount of the notes was outstanding.

On April 3, 2015, Fosun High Technology issued three-year private placement notes with the par value of RMB1.0 billion and an effective interest rate of 5.82% per annum. The interest will be paid annually in arrear and the maturity date is April 3, 2018. As of December 31, 2015, RMB1.0 billion in principal amount of the notes was outstanding.

On July 31, 2015, Fosun High Technology issued one-year private placement notes with the par value of RMB2.5 billion and an effective interest rate of 5.07% per annum. The interest will be paid at the maturity date which is July 31, 2016. As of December 31, 2015, RMB2.5 billion in principal amount of the notes was outstanding.

On August 11, 2015, Fosun High Technology issued one-year private placement notes with the par value of RMB1.0 billion and an effective interest rate of 4.96% per annum. The interest will be paid at the maturity date which is August 11, 2016.

On October 26, 2015, Fosun High Technology issued one-year private placement notes with the par value of RMB1.0 billion and an effective interest rate of 3.99% per annum. The interest will be paid at the maturity date which is October 26, 2016.

SENIOR NOTES

2013 Notes

On January 23, 2013, we entered into an indenture (as amended and supplemented from time to time, the “2013 Indenture”) pursuant to which we issued US$400 million principal amount of the 6.875% Senior Notes due 2020. As of December 31, 2015, we had a total of US$400 million principal amount of the 2013 Notes outstanding.

Guarantee

The obligations pursuant to the 2013 Notes are guaranteed by the Company, Financial Holdings, Gold Holdings, Industrial Holdings, Property Holdings, Laxton Investments, Topper Link, FF Investment and Financial Vantage and certain of our future subsidiaries (the "2013 Notes Subsidiary Guarantors"), other than those organized under the laws of the PRC and certain other subsidiaries specified in the 2013 Indenture. Under certain circumstances and subject to certain conditions, a guarantee by a 2013 Notes Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV Subsidiary Guarantee in the 2013 Indenture.

The Company and each of the 2013 Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium, and interest on, and all other amounts payable under, the 2013 Notes.

Collateral

In order to secure the obligations under the 2013 Notes, the Company and the 2013 Notes Subsidiary Guarantors under the 2013 Indenture pledged the capital stock of all such 2013 Notes Subsidiary Guarantors for the benefit of the holders of the 2013 Notes (the "2013 Collateral"), shared on a *pari passu* basis by the holders of the 2013 Convertible Bonds, the holders of the 2013 Notes and the holders of the 2014 Notes.

The 2013 Collateral may be released or reduced in the event of certain asset sales and certain other circumstances. In addition, the Company and each subsidiary guarantor pledgor under the 2013 Indenture may, subject to certain conditions, incur additional indebtedness provided that such indebtedness would be on a *pari passu* basis with the 2013 and other *pari passu* secured indebtedness permitted.

Interest

The 2013 Notes bear an interest rate of 6.875% per annum. Interest is payable semi-annually in arrear.

Covenants

Subject to certain conditions and exceptions, the 2013 Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2013 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2013 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2013 Indenture. If an event of default occurs and is continuing, the trustee under the 2013 Indenture or the holders of at least 25% of the outstanding 2013 Notes may declare the principal of the 2013 Notes plus any accrued and unpaid interest and premium to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2013 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the 2013 Notes is January 30, 2020.

At any time on or after January 30, 2017, we may redeem the 2013 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth in the table below plus any accrued and unpaid interest, if any, to, but not including, the redemption date if redeemed during the twelve month period beginning on January 30 of each of the years indicated below:

Period	Redemption Price
2017	103.43750%
2018	101.71875%
2019 and thereafter..	100.00000%

At any time prior to January 30, 2017, we may at our option redeem the 2013 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2013 Notes, plus a premium and any accrued and unpaid interest to the redemption date.

At any time and from time to time prior to January 30, 2017, we may redeem up to 35% of the aggregate principal amount of the 2013 Notes at a redemption price of 106.875% of the principal amount of the 2013 Notes plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

We may acquire the 2013 Notes by means other than a redemption, whether by tender offers, open market purchases, negotiated transactions or otherwise, in accordance with applicable laws, so long as such acquisition does not otherwise violate the terms of the 2013 Indenture.

2014 Notes

On October 9 and December 10, 2014, Xingtao Assets Limited issued €1,000,000,000 principal amount of 3.3% Senior Notes due 2022. As of December 31, 2015, we had a total of €1,000 million principal amount of the 2014 Notes outstanding.

Guarantee

The obligations pursuant to the 2014 Notes were issued by Xingtao Assets Limited and are guaranteed by the Company. The Company guarantees the due and punctual payment of the principal of, any premium, and interest on, and all other amounts payable under, the 2014 Notes.

Collateral

In order to secure the obligations under the 2014 Notes, the Company and certain subsidiary pledgers pledged certain offshore subsidiaries. The collateral is shared on a Pari passu basis pursuant to the Intercreditor Agreement by the holders of the 2011 Notes, the 2013 Notes and the 2013 Convertible Bonds and the holders of other permitted Pari Passu secured indebtedness. The

2014 Collateral may be released or reduced in the event of certain asset sales and certain other circumstances.

Interest

The 2014 Notes bear an interest rate of 3.3% per annum. Interest is payable semi-annually in arrear.

Covenants

Subject to certain conditions and exceptions, the 2014 Indenture contains certain covenants, restricting the Company from, among other things:

- Permitting its subsidiaries to guarantee certain indebtedness of the Company and the issuer of the 2014 Notes;
- creating liens; and
- effecting a consolidation or merger.

Events of Default

The 2014 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2014 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2014 Indenture. If an event of default occurs and is continuing, the trustee under the 2014 Indenture or the holders of at least 25% of the outstanding 2014 Notes may declare the principal of the 2013 Notes plus any accrued and unpaid interest and premium to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2014 Notes at a purchase price equal to 100% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the 2014 Notes is October 9, 2022.

At any time prior to October 9, 2016, we may at our option redeem the 2014 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2014 Notes, plus a premium and any accrued and unpaid interest to the redemption date. On October 9 of each year beginning on October 9, 2016, we may redeem the 2014 Notes, in whole or in part, at a redemption price equal to 100% of principal amount of the Notes redeemed plus any accrued and unpaid interest to the redemption date.

At any time and from time to time prior to October 9, 2016, we may redeem up to 35% of the aggregate principal amount of the 2014 Notes at a redemption price of 100% of the principal amount of the 2014 Notes plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions, provided that at least 65% of the aggregate principal amount of the 2014 Notes issued on October 9, 2014 remains outstanding after each such redemption which is consummated within 60 days after the closing of the related capital stock transaction.

We may acquire the 2014 Notes by means other than a redemption, whether by tender offers, open market purchases, negotiated transactions or otherwise, in accordance with applicable laws, so long as such acquisition does not otherwise violate the terms of the 2014 Indenture.

CONVERTIBLE BONDS

2013 Convertible Bonds

On November 22, 2013 we issued the 2013 Convertible Bonds in an aggregate principal amount of HK$3,875.0 million. As of December 31, 2015, we had a total of HK$369.0 million principal amount of the 2013 Convertible Bonds outstanding.

Guarantee

The obligations pursuant to the 2013 Convertible Bonds are guaranteed by the Company, and Financial Holdings, Gold Holdings, Industrial Holdings, Property Holdings, Laxton Investments, Topper Link, FF Investment and Financial Vantage, and certain of our future subsidiaries (the "2013 Convertible Bonds Subsidiary Guarantors").

The Company and each of the 2013 Convertible Bonds Subsidiary Guarantors, jointly and severally, guarantees the due payment of all sums expressed to be payable under the 2013 Convertible Bonds and the trust deed such bonds (the "2013 Trust Deed").

Collateral

In order to secure the obligations under the 2013 Convertible Bonds, the Company and the 2013 Convertible Bonds Subsidiary Guarantors under the 2013 Trust Deed pledged the capital stock of all such 2013 Convertible Bonds Subsidiary Guarantors for the benefit of the holders of the 2013 Convertible Bonds, shared on a *pari passu* basis by the holders of the 2013 Convertible Bonds, the holders of the 2013 Notes and the holders of the 2014 Notes.

Interest

The 2013 Convertible Bonds bear interest from and including November 22, 2013 at the rate of 1.50% per annum, payable semi-annually in arrear on May 22 and November 22 in each year.

Maturity Date

The maturity date for the 2013 Convertible Bonds is November 22, 2018. We will redeem each of the 2013 Convertible Bonds not previously redeemed, converted or purchased and cancelled at 106.65% of the principal amount together with unpaid accrued interest thereon on the maturity date.

Early Redemption at the Option of the Company

Under the terms of the 2013 Convertible Bonds, we have the right to redeem, by giving the requisite notice, all but not some of the Bonds at the early redemption amount set out in the 2013 Trust Deed plus interest accrued and unpaid to such date if the closing price of our shares for 20 out of the 30 consecutive trading days immediately prior to the date upon which the requisite notice is given was at least 130% of the early redemption amount divided by the conversion ratio then in effect. We may also redeem all, but not part, of the 2013 Convertible Bonds, in the event of certain changes in taxation or if 10% or less of the aggregate principal amount of the 2013 Convertible Bonds are outstanding.

Early Redemption at the Option of Bondholders

Under the terms of the 2013 Convertible Bonds, we will, at the option of the holder of any of the 2013 Convertible Bonds, to redeem all or part of that holder's 2013 Convertible Bonds on November 22, 2016 at the early redemption amount set out in the 2013 Trust Deed plus accrued but unpaid interest. This option may be exercised by a bondholder at any time at least 30 days but not more than 60 days prior to November 22, 2016.

The 2013 Convertible Bonds also contain terms providing for the early redemption of the bonds, at the option of the holders, in the event of a change of control of Fosun International Limited or a delisting of Fosun International Limited shares from trading on the Hong Kong Stock Exchange or an alternative stock exchange.

Conversion Price

The initial conversion price for the 2013 Convertible Bonds is HK$10.00 per Fosun International Limited share. The 2013 Convertible Bonds include provisions for the adjustment of the conversion price in the event of capitalization of profits and reserves, capital distributions, rights issues, sub-division, consolidation and re-classification of shares, issuance of options, rights, warrants, further convertible or exchangeable bonds or shares at beyond a certain discount to current market price, and certain other dilutive events. The conversion price is also adjustable if a change of control of Fosun International Limited has occurred.

Conversion Period

The conversion period of the 2013 Convertible Bonds began on the 41st day after the closing date of the 2013 Convertible Bonds and will end at the close of business on the date falling 7 days prior to the maturity date of the 2013 Convertible Bonds or, if the 2013 Convertible Bonds are called for redemption before their maturity date, then up to the close of business on a date no later than 7 days prior to the date fixed for redemption.

Negative Pledge

The terms of the 2013 Convertible Bonds include a negative pledge clause which restricts us from creating or subsisting any security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure certain debt securities, or to secure any guarantee or indemnity in respect of certain debt securities, without according to the 2013 Convertible Bonds (i) the same security as is created or subsisting to secure any such debt securities, guarantee or indemnity or (ii) such other security as either (a) the 2013 Convertible Bonds trustee may, but shall not be obliged to, in its absolute discretion deem not materially less beneficial to the interests of the bondholders or (b) shall be approved by an resolution pursuant to the 2013 Trust Deed of the bondholders.

Cross Acceleration

The 2013 Convertible Bonds may be accelerated if there occurs, *inter alia*, with respect to indebtedness of the Issuer, the Guarantor or any 2013 Convertible Bonds Subsidiary Guarantor having an outstanding principal amount which equals or exceeds HK$155 million or its equivalent in any other currency (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (b) the failure to make a principal payment when due. Certain other events will also permit acceleration of repayment of principal and premium of the 2013 Convertible Bonds.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes”, the term “Issuer” refers only to Lucky Assets Limited and any successor obligor to the Notes, and the term “Parent Guarantor” refers only to Fosun Holdings Limited and not to any of its subsidiaries. The Parent Guarantor’s guarantee of the Notes is referred to as the “Parent Guarantee”.

The Notes will be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, among the Issuer, the Parent Guarantor as guarantor, and The Bank of New York Mellon, London Branch, as trustee (the “Trustee”). As of the Original Issue Date, the Notes will be guaranteed by the Parent Guarantor. From time to time, the Parent Guarantor may elect to cause any of its Subsidiaries to Guarantee the Notes.

The following is a summary of certain provisions of the Indenture, the Notes and the Parent Guarantee. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes and the Parent Guarantee. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available at the corporate trust office of the Trustee at The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom.

Brief Description of the Issuer

The Issuer:

- is a wholly-owned subsidiary incorporated solely for purposes of issuing the Notes; and
- has no revenue or operating activities other than acting as issuer of the Notes.

See “Risk Factors — Risks Relating to the Notes and the Parent Guarantee — The Issuer and the Parent Guarantor are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Parent Guarantee, respectively”.

Brief Description of the Notes

The Notes will be:

- general obligations of the Issuer;
- senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);
- guaranteed by the Parent Guarantor on a senior basis, subject to the limitations described below under the caption “— The Parent Guarantee” and in “Risk Factors — Risks Relating to the Notes and the Parent Guarantee”; and
- effectively subordinated to all secured obligations of the Issuer, to the extent of the assets serving as security therefor.

The Notes will mature on August 8, 2019, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Notes will bear interest at 5.5% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrear on February 8 and August 8 of each year (each an “Interest Payment Date”), commencing February 8, 2017. Interest on the Notes will be paid to Holders at the close of business on January 24 or July 24 immediately preceding an Interest Payment Date (each a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. If interest shall be calculated for a period of less than a full semi-annual period, interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as described under "— Optional Redemption", "— Redemption for Taxation Reasons" and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Issuer).

In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no interest on the Notes shall accrue for the period after such date.

The Indenture will allow additional Notes to be issued from time to time (the "Additional Notes") having the same terms and conditions as the Notes (including the benefit of the Parent Guarantee) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions), subject to certain limitations described under "— Further Issues". Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued.

The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by the Issuer at the office or agency of the Issuer maintained for that purpose in London, United Kingdom (which is the specified office of the Paying Agent currently located at The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom, and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, at the option of the Issuer, payment of interest may be made by check mailed (at the expense of the Issuer) to the address of the Holders as such address appears in the Note register maintained by the Registrar. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Parent Guarantee

The Parent Guarantee will be:

- a general obligation of the Parent Guarantor;
- senior in right of payment to all future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee;
- effectively subordinated to the secured obligations of the Parent Guarantor and the liabilities (including trade payables) of all of the Parent's Guarantor's subsidiaries (including Fosun International Limited) that do not guarantee the Notes or the Parent Guarantee); and
- at least *pari passu* with all unsecured, unsubordinated indebtedness of the Parent Guarantor (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law).

The Parent Guarantor is a holding company that does not have significant operations. Under the Indenture, the Parent Guarantor will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The Parent Guarantor will (1) agree that its obligations under the Parent Guarantee will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive its right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Parent Guarantee. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Parent Guarantee will be reinstated with respect to such payments as though such payment had not been made. All payments under the Parent Guarantee are required to be made in U.S. dollars.

If the Parent Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Parent Guarantor, and, depending on the amount of such indebtedness, the Parent Guarantor's ability on its Parent Guarantee could be reduced to zero.

As of December 31, 2015, the Parent Guarantor had aggregate borrowings of RMB7,788.7 million.

Release of the Parent Guarantee

The Parent Guarantee may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "— Defeasance — Defeasance and Discharge"; and
- upon a satisfaction and discharge as described under "— Satisfaction and Discharge".

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Parent Guarantee) in all respects (or in all respects except for the issue date, issue price and the first payment of interest (or the date thereof, as the case may be) on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "Further Issue") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes.

Except as described below with respect to a Change of Control Triggering Event, the Indenture will not contain provisions that permit the Holders to require that the Issuer or the Parent Guarantor purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Optional Redemption

At any time prior to the maturity of the Notes, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor the Paying Agent shall be responsible for calculating or verifying the Applicable Premium.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Issuer or the Parent Guarantor will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Issuer and the Parent Guarantor will agree in the Indenture that they will timely repay all indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer and the Parent Guarantor, it is important to note that if the Issuer or the Parent Guarantor is unable to repay (or cause to be repaid) all of the indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it will continue to be prohibited from purchasing the Notes. In that case, the failure of either the Issuer or the Parent Guarantor to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain debt instruments of the Parent Guarantor and its Subsidiaries. Future debt of the Parent Guarantor or its Subsidiaries may also (1) prohibit the Issuer or the Parent Guarantor from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require the repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Issuer or the Parent Guarantor to purchase the Notes could cause a default under other indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Issuer or the Parent Guarantor. The ability of the Issuer or the Parent Guarantor to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Issuer's and the Parent Guarantor's then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Relating to the Notes and the Parent Guarantee — The Issuer may not be able to repurchase the Notes upon a Change of Control Triggering Event."

The phrase "all or substantially all", as used with respect to the assets of the Parent Guarantor in the definition of "Change of Control", will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Parent Guarantor has occurred.

Except as described above with respect to a Put Option Offer and a Change of Control Triggering Event, the Indenture will not contain provisions that permit the Holders to require that the Issuer or the Parent Guarantor purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred and shall not be liable to any person for any failure to do so.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) and interest on the Notes or under the Parent Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer, the Parent Guarantor or a Surviving Person is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, if applicable, the PRC (each, as applicable, a "Relevant Jurisdiction"), or the jurisdiction through which payments are made, unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, will pay such additional amounts ("Additional Amounts") as will result in receipt by each Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction or the jurisdiction through which payments are made, other than merely holding such Note or the receipt of payments thereunder or under the Parent Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(iii) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, the Parent Guarantor or a Surviving Person, addressed to the Holder, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction or the jurisdiction through which payments are made, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction or the jurisdiction through which payments are made, unless such Note could not have been presented for payment elsewhere;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, duty, assessment or governmental charge;

(c) any withholding or deduction that is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive amending, supplementing or replacing such Directive or any law implementing or complying with, or introduced in order to conform to, such Directives;

(d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(e) any combination of taxes, duties, assessments or governmental charges referred to in the preceding clauses (a), (b), (c) and (d); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction or the jurisdiction through which payments are made, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under the Parent Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, the Parent Guarantor or a Surviving Person, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer, the Parent Guarantor or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is proposed and becomes effective (i) with respect to the Issuer or the Parent Guarantor, on or after the Original Issue Date, or (ii) with respect to any Surviving Person, on or after the date such Surviving Person becomes a Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Issuer, the Parent Guarantor or a Surviving Person, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Notwithstanding anything to the contrary herein, the Issuer, the Parent Guarantor or a Surviving Person may not redeem the Notes in the case that Additional Amounts are payable in respect of PRC withholding tax at a rate of 10% or less solely as a result of the Issuer, the Parent Guarantor or a Surviving Person being considered a PRC tax resident under the PRC Enterprise Income Tax Law.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

(1) an Officers' Certificate stating that such change or amendment referred to in this section under the caption "Redemption for Taxation Reasons" has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, the Parent Guarantor or such Surviving Person, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in this section under the caption "Redemption for Taxation Reasons."

The Trustee is entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants to be contained in the Indenture.

Limitation on Incurrence of Indebtedness

The Parent Guarantor will not create, incur, issue or assume (collectively, "***incur***") any interest-bearing Indebtedness, if such Indebtedness would cause the total interest-bearing Indebtedness of the Parent Guarantor, on an unconsolidated basis and determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), to exceed US$1,300,000,000.

The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles will not be deemed to be an incurrence of Indebtedness. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent Guarantor may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness.

Limitation on Issuances of Guarantees by Subsidiaries

The Parent Guarantor will not permit any Subsidiary, directly or indirectly, to Guarantee any Relevant Indebtedness of the Issuer or the Parent Guarantor, unless (A) such Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated subsidiary guarantee of payment of the Notes by such Subsidiary and (B) such Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Parent Guarantor or any other Subsidiary as a result of any payment by such Subsidiary under its subsidiary guarantee until the Notes have been paid in full. To the extent that the Guarantee of the Relevant Indebtedness to be provided by a Subsidiary is for a specified limited amount (the "specified amount"), the subsidiary guarantee that such Subsidiary is required to provide under this covenant may be limited to such specified amount.

If the Relevant Indebtedness (1) ranks *pari passu* in right of payment with the Notes or any subsidiary guarantee (if any), then the Guarantee of such Relevant Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the subsidiary guarantee (if any), or (2) is subordinated in right of payment to the Notes or any subsidiary guarantee (if any), then the Guarantee of such Relevant Indebtedness shall be subordinated in right of payment to the subsidiary guarantee (if any), at least to the extent that the Relevant Indebtedness is subordinated to the Notes or the subsidiary guarantee (if any).

Limitation on Liens

The Parent Guarantor will not, and will not permit any of its Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien (other than the Permitted Liens) of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, to secure any Relevant Indebtedness of the Issuer, the Parent Guarantor, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness of the Issuer or the Parent Guarantor, unless the Notes or the Parent Guarantee are equally and ratably secured by such Lien.

The Parent Guarantor will not incur or assume any Lien (other than Permitted Share Liens) over its shares in Fosun International Limited if, at the time of such incurrence or assumption, the Fair Market Value of shares in Fosun International Limited held by the Parent Guarantor that are not subject to Liens (other than Permitted Share Liens) would be less than the amount equal to 200% of the principal amount of the Notes then outstanding.

Provision of Financial Statements and Reports

(1) So long as any of the Notes remain outstanding, the Parent Guarantor will file with the Trustee and furnish to the Holders upon request:

(a) as soon as they are available, but in any event within 180 calendar days after the end of the fiscal year of the Parent Guarantor, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants; and

(b) as soon as they are available, but in any event within 145 calendar days after the end of the second financial quarter of the Parent Guarantor, copies of its unaudited and unreviewed management accounts (on an unconsolidated basis and in the English language without footnotes) in respect of such half-year period.

(2) In addition, so long as any of the Notes remain outstanding, the Parent Guarantor will provide to the Trustee as soon as possible and in any event within 30 days after the Parent Guarantor becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Parent Guarantor proposes to take with respect thereto.

In case of clause (2) above, the Trustee shall be entitled to rely on the Officers' Certificate without further investigation.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon any required repurchase, acceleration, redemption or otherwise;

(2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 days;

(3) default in the performance or breach of the provisions of the covenants described under "— Consolidation, Merger and Sale of Assets" or the failure by the Issuer or the Parent Guarantor, as applicable, to make or consummate an Offer to Purchase in the manner described under the caption "— Repurchase of Notes upon a Change of Control Triggering Event";

(4) the Parent Guarantor or any Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding;

(5) there occurs with respect to any indebtedness for or in respect of moneys borrowed of the Parent Guarantor or any Subsidiary (other than Entrusted Loans) having an outstanding principal amount of US$20.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such indebtedness of all such Persons, whether such indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;

(6) one or more final judgments or orders for the payment of money are rendered against the Parent Guarantor or any of its Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$20.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Parent Guarantor's or such Subsidiary's

insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Parent Guarantor or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any Significant Subsidiary or for any substantial part of the property and assets of the Parent Guarantor or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Parent Guarantor or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Parent Guarantor or any Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any Significant Subsidiary or for all or substantially all of the property and assets of the Parent Guarantor or any Significant Subsidiary or (c) effects any general assignment for the benefit of creditors; or

(9) the Parent Guarantor denies or disaffirms its obligations under the Parent Guarantee or, except as permitted by the Indenture, the Parent Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the request of such Holders shall (subject to being indemnified and/or secured to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Parent Guarantor or any Significant Subsidiary (or a group of Subsidiaries that constitutes a Significant Subsidiary), the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee may on behalf of the Holders of Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the

Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper and that is not inconsistent with any such direction received from Holders.

A Holder of Notes may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity and/or security satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;

(4) the Trustee does not comply with the written request within 60 days after receipt of the written request and the offer of indemnity and/or security; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the written request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Parent Guarantor must certify in an Officers' Certificate in a form satisfactory to the Trustee, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Parent Guarantor and its Subsidiaries and the Parent Guarantor's and its Subsidiaries' performance under the Indenture and that the Parent Guarantor has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Parent Guarantor will also be obligated to notify the Trustee of any default or defaults in the performance of any covenants or agreements under the Indenture. See "— Provision of Financial Statements and Reports".

Neither the Trustee nor any Agent is obligated to do anything to ascertain whether any Event of Default or Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so, and each of the Trustee and the Agents may assume that no such event has occurred and that the Issuer and the Parent Guarantor are performing all of their obligations under the Indenture and the Notes unless the Trustee or the Agent, as the case may be, has received written notice of the occurrence of such event or facts establishing that an Event of Default has occurred or that the Issuer and the Parent Guarantor are not performing all of their obligations under the Indenture and the Notes.

Consolidation, Merger and Sale of Assets

(a) The Parent Guarantor will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Parent Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of the Cayman Islands, Hong Kong or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Parent Guarantor under the Indenture and the

Parent Guarantee, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Parent Guarantee, as the case may be, shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) the Parent Guarantor delivers to the Trustee (x) an Officers' Certificate and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

(4) the Issuer shall execute and deliver a supplemental indenture to the Indenture confirming that the Parent Guarantee shall apply to the obligations of the Issuer or the Surviving Person in accordance with the Notes and the Indenture; and

(5) no Rating Decline shall have occurred.

(b) The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Parent Guarantor that may adversely affect Holders.

No Payments for Consents

The Parent Guarantor will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or the Parent Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, any payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or the Parent Guarantee in connection with an exchange offer, the Parent Guarantor and any of its Subsidiaries may exclude (i) Holders or beneficial owners of the Notes that are not "qualified institutional buyers" as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), or "non-U.S. Persons" as defined in Regulation S under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Parent Guarantor or any such Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of any jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Parent Guarantor in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

(1) the Issuer (a) has deposited with the Trustee, in trust, cash in U.S. dollars and/or cash equivalents consisting of non-callable U.S. dollar-denominated government securities that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with

the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

(2) the Issuer has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and

(3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Parent Guarantor or any of its Subsidiaries is a party or by which the Parent Guarantor or any of its Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes and the Parent Guarantee will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3)(x) and (5) under the first paragraph, and clauses (3)(x) and (4) under the second paragraph under "— Consolidation, Merger and Sale of Assets" and all the covenants described herein under "— Certain Covenants", clause (3) under "Events of Default" with respect to clause (3)(x) and (5) under the first paragraph, and clauses (3)(x) and (4) under the second paragraph under "Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, clause (4) under "Events of Default" with respect to such other covenants and clauses (5) and (6) under "Events of Default" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee, in trust, of cash in U.S. dollars, cash equivalents consisting of non-callable U.S. dollar-denominated government securities or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of cash in U.S. dollars and/or cash equivalents consisting of non-callable U.S. dollar-denominated government securities on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all outstanding Notes, when:

(1) either:

(a) all Notes that have been authenticated and issued (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust by the Issuer and thereafter repaid to the Issuer) have been delivered to the Paying Agent for cancellation; or

(b) all Notes that have not been delivered to the Paying Agent for cancellation have become due and payable pursuant to a notice of redemption or otherwise or will become due and payable within one year, and the Issuer or the Parent Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable U.S. dollar-denominated government securities, or a combination thereof, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Paying Agent for cancellation, for principal of, premium, if any, and interest, if any, on, the Notes to the date of maturity or redemption, as the case may be;

(2) in respect of clause 1(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or the Parent Guarantor is a party or by which the Issuer or the Parent Guarantor is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other indebtedness, and in each case the granting of Liens to secure such borrowings);

(3) the Issuer or the Parent Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes or the Parent Guarantee may be amended, without the consent of any Holder, to:

(1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes or the Parent Guarantee;

(2) comply with the provisions described under "— Consolidation, Merger and Sale of Assets";

(3) evidence and provide for the acceptance of appointment by a successor Trustee;

(4) release the Parent Guarantor from the Parent Guarantee as provided or permitted by the terms of the Indenture;

(5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(6) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(7) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;

(8) to conform the text of the Indenture, the Notes or the Parent Guarantee to any provision of this Description of the Notes to the extent that such provision in this Description of the

Notes was intended to be a *verbatim* recitation of a provision of Indenture, the Notes or the Parent Guarantee, which intent may be evidenced by an Officers' Certificate to that effect; or

(9) make any other change that does not materially and adversely affect the rights of any Holder.

Amendments With Consent of Holders

The Indenture, the Notes or the Parent Guarantee may be amended, and the future compliance by the Issuer and the Parent Guarantor with any provision thereof may be waived, with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes; *provided*, however, that no such modification, amendment or waiver may, without the consent of Holders of not less than 90% in aggregate principal amount of the outstanding Notes:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;

(5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(7) release the Parent Guarantor from the Parent Guarantee, except as provided in the Indenture;

(8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(9) amend, change or modify the Parent Guarantee in a manner that adversely affects the Holders;

(10) reduce the amount payable upon an Offer to Purchase in the manner described under the captions "—Repurchase of Notes upon a Change of Control Triggering Event";

(11) change the redemption date or the redemption price of the Notes from that stated under the captions "—Optional Redemption" or "— Redemption for Taxation Reasons";

(12) amend, change or modify the obligation of the Issuer or the Parent Guarantor to pay Additional Amounts; or

(13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or the Parent Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Issuer or the Parent Guarantor for the payment of principal, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer or the Parent Guarantor in the Indenture, or in any of the Notes or the Parent Guarantee, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Issuer or the Parent Guarantor, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes or the Parent Guarantee. Such waiver may not be effective to waive liabilities under the federal securities laws.

Judgment Currency

Any payment on account of an amount that is payable in U.S. dollars (the "Required Currency"), which is made to or for the account of any Holder of the Notes or the Trustee in lawful currency of any other jurisdiction (the "Judgment Currency"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or the Parent Guarantor, shall constitute a discharge of the Issuer's or the Parent Guarantor's obligation, if any, under the Indenture and the Notes or the Parent Guarantee, as the case may be, only to the extent of the amount of the Required Currency with such Holder or the Trustee, as the case may be, could purchase in London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such Holder or the Trustee, as the case may be, the Issuer and the Parent Guarantor shall indemnify and hold harmless the Holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee and the Agents

The Bank of New York Mellon, London Branch will be appointed as Trustee under the Indenture and as paying agent (the "Paying Agent"), The Bank of New York Mellon (Luxembourg) S.A. will be appointed as note registrar (the "Registrar") and transfer agent (the "Transfer Agent"), and together with the Paying Agent, the Registrar and the Transfer Agent, the "Agents") with regard to the Notes. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder shall have offered to the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense.

The Indenture will contain provisions setting out the rights of the Trustee, the Agents and other persons such as delegates and co-trustees for the benefit and protection of such parties.

The Indenture will contain limitations on the rights of the Trustee, should it become a creditor of the Issuer or the Parent Guarantor, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Parent Guarantor and its Affiliates; *provided*, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

If the Issuer maintains a paying agent with respect to the Notes in a member state of the European Union, such paying agent will be located in a member state of the European Union that is not obligated to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive amending, supplementing or replacing such Directive, or any law implementing or complying with, or introduced in order to conform to, such Directives.

Neither the Trustee nor the Agents shall be responsible for the performance by any other person appointed by the Issuer in relation to the Notes and, unless notified in writing to the contrary, shall assume that the same are being duly performed. Neither the Trustee nor the Agents shall be liable to any Holder or any other person for any action taken by the Trustee or the Agents in accordance with the written instructions of the Holders. Each of the Trustee and the Agents shall be entitled to rely on any written direction of the Holders which has been duly given by the Holders of the requisite principal amount of the Notes outstanding.

Neither the Trustee nor the Agents shall be deemed to have knowledge of any event unless it has been notified in writing of such event.

Book-Entry; Delivery and Form

The Notes will be represented by one or more global notes in registered form without interest coupons attached. On the Original Issue Date, an initial global note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream. Any Additional Notes will be represented by additional global notes in registered form without interest coupons attached (the "Additional Global Notes" and, together with the initial global note, the "Global Notes").

Global Note

Ownership of beneficial interests in the Global Note (the "book-entry interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "—Individual Definitive Notes", the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "Holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Issuer, the Trustee or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and Additional Amounts) will be made to the paying agent in U.S. dollars. The paying agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "—Additional Amounts".

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Parent Guarantor, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note representing such series of Notes is exchanged for definitive certificates. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive certificates or, as the case may be, certificates including details of the paying agent in Singapore.

Redemption of Global Note

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, however, that no book-entry interest of US$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Note for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book— entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the Parent Guarantor, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Issuer within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with "—Events of Default" and the Issuer has received a written request from a Holder, the Issuer will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in mails (if intended for the Issuer or the Parent Guarantor) addressed to the Issuer or the Parent Guarantor at its registered office, (if intended for the Trustee) addressed to the Trustee at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

Each of the Issuer and the Parent Guarantor have irrevocably (1) submitted to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, the Parent Guarantee, the Indenture or any transaction contemplated thereby; and (2) designated and appointed Fosun Management (US) Inc. at 28 Liberty Street, New York, NY 10005, USA as agent for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Parent Guarantee and the Indenture will provide that such instrument is governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"*Affiliate*" means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"*Applicable Premium*" means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) the principal amount of such Note on such redemption date, plus (y) all required remaining scheduled interest payments due on such Note through August 8, 2019 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

"*Authorized Officer*" means, with respect to the Issuer or the Parent Guarantor, as applicable, any one person, officer or director, who, in each case, is authorized to represent the Issuer or the Parent Guarantor, as the case may be.

"*Business Day*" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in London, Hong Kong or New York City (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"*Capital Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) the merger, amalgamation or consolidation of the Parent Guarantor with or into another Person (other than one or more of the Permitted Holders) or the merger or amalgamation of another Person with or into the Parent Guarantor, or the sale of all or substantially all the assets of the Parent Guarantor to another Person;

(2) either the Permitted Holders or the Parent Guarantor beneficially owns less than 50.1% of the total voting power of the Voting Stock of Fosun International Limited;

(3) individuals who on the Original Issue Date constituted the board of directors of the Parent Guarantor, together with any new directors whose nomination for election or whose election to the board of directors was approved by the Permitted Holders or a vote of at least a majority of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Parent Guarantor then in office; or

(4) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor.

"*Change of Control Triggering Event*" means the occurrence of both a Change of Control and, provided that Fosun International Limited is rated by at least one Rating Agency, a Rating Decline.

"*Clearstream*" means Clearstream Banking S.A.

"*Common Stock*" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Default*" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"*Dollar Equivalent*" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"*Entrusted Loans*" means borrowings by a PRC Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Subsidiary to the lending bank as security for such borrowings, *provided* that, such borrowings are not reflected on the consolidated balance sheet of the Parent Guarantor.

"*Euroclear*" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"*Fair Market Value*" means (i) in relation to shares in Fosun International Limited, to the extent such shares are listed on a recognized stock exchange, the value based on the closing price of such shares on the stock exchange on the trading day immediately prior to the relevant date of determination; and (ii) in any other case, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Parent Guarantor (unless otherwise provided in the Indenture).

"*Fitch*" means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.

"*GAAP*" means Hong Kong Financial Reporting Standards as in effect from time to time. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with GAAP applied on a consistent basis.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided* that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Holder*" means the Person in whose name a Note is registered in the Note register.

"*Indebtedness*" means, with respect to the Parent Guarantor, any indebtedness of the Parent Guarantor (excluding accrued expenses and trade payables):

(1) in respect of borrowed money; or

(2) evidenced by or issued in exchange for bonds, notes, debentures or similar instruments;

if and to the extent any of the preceding items would appear as a liability upon an unconsolidated balance sheet of the Parent Guarantor prepared in accordance with GAAP. Indebtedness shall be calculated without giving effect to the effects of accounting standards and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

"*Investment Grade*" means (1) a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, (2) a rating of "Aaa", or "Aa", "A" or "Baa", as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's, or any of its successors or assigns, (3) a rating of "AAA", "AA", "A", "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or any of its successors or assigns, or (4) the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Parent Guarantor as having been substituted for S&P, Moody's or Fitch or any of them, as the case may be.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"*Moody's*" means Moody's Investors Service, Inc. and its successors.

"*Offer to Purchase*" means an offer to purchase Notes by the Issuer or the Parent Guarantor from the Holders commenced by the Issuer or the Parent Guarantor mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

(1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Issuer or the Parent Guarantor defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or integral multiples of US$1,000.

No later than 9.00 a.m. (London time) on the date which is one Business Day prior to the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor shall pay or cause to be paid to the account of the Paying Agent money sufficient to pay the purchase price of the Notes or portions thereof so accepted. On the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor, as the case may be, shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Issuer or the Parent Guarantor, as the case may be. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee or an authenticating agent shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or integral multiples of US$1,000. The Issuer or the Parent Guarantor will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer or the Parent Guarantor will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer or the Parent Guarantor is required to repurchase Notes pursuant to an Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Parent Guarantor and its Subsidiaries which the Issuer or the Parent Guarantor in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer or the Parent Guarantor to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"*Officers' Certificate*" means a certificate signed by two Authorized Officers; provided that, Officers' Certificate means a certificate signed by one Authorized Officer if there is only one Authorized Officer in the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, at the time such certificate is required to be delivered.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably acceptable to the Trustee.

"*Original Issue Date*" means the date on which the Notes are issued under the Indenture.

"*Permitted Holders*" means any or all of the following:

(1) Messrs. Guo Guangchang, Liang Xinjun and Wang Qunbin;

(2) any estate and spouse or immediate family member of any Person specified in clause (1) or any legal representative of any of the foregoing;

(3) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Person specified in clause (1); and

(4) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% by Persons specified in clauses (1) and (2).

"*Permitted Liens*" means Liens (including extensions and renewals thereof) arising from Relevant Indebtedness (or any refinancing thereof) incurred for the purpose of financing (or refinancing) all or any part of the acquisition or cost of design, development, construction, installation or improvement of any real or personal property, plant or equipment.

"*Permitted Share Liens*" means:

(1) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(2) Liens created for the benefit of (or to secure) the Notes or the Parent Guarantee; and

(3) bankers' Liens, rights of setoff, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made.

"*Person*" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Preferred Stock*" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*PRC*" means the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan.

"*PRC Subsidiary*" means a Subsidiary organized under the laws of the PRC.

"*Rating Agencies*" means (1) S&P, (2) Moody's, (3) Fitch and (4) if S&P, Moody's, Fitch or any of them shall not make a rating of the Notes publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Parent Guarantor, which shall be substituted for S&P, Moody's, Fitch or any of them, as the case may be.

"*Rating Category*" means (1) with respect to S&P, any of the following categories: "BB", "B", "CCC", "CC", "C" and "D" (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: "Ba", "B", "Caa", "Ca", "C" and "D" (or equivalent successor categories); (3) with respect to Fitch, any of the following categories: "BB", "B", "CCC", "CC", "C" and "D" (or equivalent successor categories); and (4) the equivalent of any such category of S&P, Moody's or Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P; "1", "2" and "3" for Moody's and "+" and "-" for Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB", as well as from "B+" to "B", will constitute a decrease of one gradation).

"*Rating Date*" means (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Parent Guarantor or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under the caption "— Consolidation, Merger and Sale of Assets", that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"*Rating Decline*" means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Parent Guarantor or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the issuer rating of Fosun International Limited is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below, or (2) in connection with actions contemplated under the caption "— Consolidation, Merger and Sale of Assets", the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(a) in the event Fosun International Limited is rated by each of Moody's, S&P and Fitch on the Rating Date as Investment Grade, the issuer rating of Fosun International Limited by any Rating Agency shall be below Investment Grade;

(b) in the event Fosun International Limited is rated by any, but not all, of the Rating Agencies on the Rating Date as Investment Grade, the issuer rating of Fosun International Limited by any such Rating Agency shall be below Investment Grade; or

(c) in the event Fosun International Limited is rated below Investment Grade by all Rating Agencies on the Rating Date, the issuer rating of Fosun International Limited by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"*Relevant Indebtedness*" means, on or after the first date after the Original Issue Date that a subsidiary guarantee is provided by a Subsidiary of any present or future indebtedness issued outside of the PRC that is in the form of, or represented or evidenced by any bonds, notes, debentures, debenture stocks, loan stock certificates or other securities, which are, or intended to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market and has a final maturity of one year or more from its date of incurrence or issuance.

"*S&P*" means Standard & Poor's Ratings Services and its affiliates.

"*Significant Subsidiary*" means any Subsidiary, or group of Subsidiaries, that would, taken together, be a "significant subsidiary" as defined in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the Indenture.

"*Stated Maturity*" means, (1) with respect to any indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such indebtedness is due and payable as set forth in the documentation governing such indebtedness and (2) with respect to any scheduled installment of principal of or interest on any indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such indebtedness.

"*subsidiary*" means, with respect to any Person, any corporation, association or other business entity (1) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person, (2) which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards; or (3) which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards.

"*Subsidiary*" means any subsidiary of the Parent Guarantor.

"*Treasury Rate*" means, as of any redemption date, the yield to maturity as of the earlier of (a) such redemption date or (b) the date on which such Notes are defeased or satisfied and discharged, of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to such date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to August 8, 2019; provided, however, that if the period from the redemption date to August 8, 2019 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such Treasury Rate shall be obtained by the Issuer.

"*Voting Stock*" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes offered and sold in reliance on Regulation S.

The Notes and the Parent Guarantee have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Notes have been and will be offered and sold only to non-U.S. persons outside of the United States in reliance on Regulation S.

Each purchaser of the Notes will be required to represent and agree as follows:

(i) it is not a "U.S. Person" and is purchasing the Notes in an "offshore transaction," as both terms are defined in Regulation S and it is purchasing the Notes as the principal and not as a nominee for any other person.

(ii) its purchase of the Notes is lawful under the securities laws of the jurisdiction in which it accepts the offer to purchase the Notes.

(iii) it understands and acknowledges that (a) the Notes have not been registered under the U.S. Securities Act, or any other applicable securities laws, and are "restricted securities" as defined under the U.S. Securities Act and (b) the Notes are being offered for sale in transactions not requiring registration under the U.S. Securities Act.

(iv) it will not offer, sell, pledge or otherwise transfer the Notes except in compliance with the registration requirements of the U.S. Securities Act, and any other applicable securities laws, pursuant to an exemption therefrom or in a transaction not subject thereto.

TAXATION

The following summary of certain BVI and Hong Kong tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes.

British Virgin Islands

The Issuer and all dividends, interest, rents, royalties, compensation and other amounts paid by the Issuer to persons who are not resident in the BVI and any capital gains realized with respect to any shares, debt obligations, or other securities of the Issuer by persons who are not resident in the BVI are exempt from all provisions of the Income Tax Act in the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the BVI with respect to any shares, debt obligation or other securities of the Issuer.

All instruments relating to transfers of property to or by the Issuer and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Issuer and all instruments relating to other transactions relating to the business of the Issuer are exempt from payment of stamp duty in the BVI. This assumes that the Issuer does not hold an interest in real estate in the BVI.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Issuer or its members.

Hong Kong

Withholding tax

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) or interest in respect of the Notes.

Profits tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "Inland Revenue Ordinance"), Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

- a corporation carrying on a trade, profession or business in Hong Kong; or

- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue, transfer or conversion of a Note.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty with effect from February 11, 2006. No estate duty affidavits and accounts need to be filed and no estate duty clearance papers are needed for the application for a grant of representation in respect of deaths occurring on or after that date.

RATINGS

The Notes are not expected to be rated.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Grandall Law Firm (Shanghai) as to matters of PRC law, by Latham & Watkins as to matters of United States federal and New York law and Hong Kong law, and by Harney Westwood & Riegels as to matters of BVI law.

INDEPENDENT AUDITORS

The consolidated statements of financial position of Fosun Holdings Limited and its subsidiaries as of December 31, 2014 and 2015, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of Fosun Holdings Limited and its subsidiaries for each of the years ended December 31, 2014 and 2015 included in this Offering Circular have been audited by Ernst & Young, independent auditors, as stated in their reports appearing herein and in our annual reports for the years ended December 31, 2014 and 2015.

GLOSSARY OF TERMS

This glossary contains certain conventions and technical terms we use when referring to our business. The English names of PRC companies are directly translated from their Chinese names and are furnished for ease of reference only, and should any inconsistencies between the Chinese names and the English names exist, the Chinese names shall prevail. The technical terms may not correspond to standard industry definitions.

Companies

Holding Companies

Our Company	復星國際有限公司 (Fosun International Limited)
Industrial Holdings	復星產業控股有限公司 (Fosun Industrial Holdings Limited)
Gold Holdings	復星黃金控股有限公司 (Fosun Gold Holdings Limited)
Financial Holdings	復星金融控股有限公司 (Fosun Financial Holdings Limited)
Property Holdings	復星地產控股有限公司 (Fosun Property Holdings Limited)

Principal Portfolio Companies

Fosun Pharma	上海復星醫藥(集團)股份有限公司 (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)
Forte	復地(集團)股份有限公司 (Shanghai Forte Land Co., Ltd.)
Nanjing Nangang	南京南鋼鋼鐵聯合有限公司 (Nanjing Nangang Iron & Steel United Co., Ltd.)
Hainan Mining	海南礦業股份有限公司 (Hainan Mining Co., Ltd.)
Fosun High Technology	上海復星高科技(集團)有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.)

Other Portfolio Companies in the Integrated Finance Business

Insurance Business

Fosun Insurance Portugal	A group of companies which comprise Fidelidade-Campanhia de Seguros, S.A.
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.)
Multicare	Multicare-Seguros de Saúde, S.A.
Yong'an P&C Insurance	永安財產保險股份有限公司 (Yong'an Property Insurance Company Limited)

Pramerica Fosun Life Insurance	復星保德信人壽保險有限公司 (Pramerica Fosun Life Insurance Co., Ltd.)
Peak Reinsurance	鼎睿再保險有限公司 (Peak Reinsurance Company Limited)
Ironshore	Ironshore Inc.
MIG	Meadowbrook Insurance Group, Inc.

Investment Business

Focus Media	分眾傳媒控股有限公司 (Focus Media Holding Limited)
Zhaojin Mining	招金礦業股份有限公司 (Zhaojin Mining Industry Co., Ltd.)
Folli Follie	Folli Follie Group
Thomas Cook	Thomas Cook Group plc
Minsheng Bank	中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.)
New China Life Insurance	新華人壽保險股份有限公司 (New China Life Insurance Company Ltd.)
Industrial Development	上海復星工業技術發展有限公司 (Shanghai Fosun Industrial Technology Development Co., Ltd.)
Industrial Investment	上海復星產業投資有限公司 (Shanghai Fosun Industrial Investment Co., Ltd.)
FF Investment	FF Investment Luxembourg 1 S.à r.l.
Financial Vantage	Financial Vantage Limited
Topper Link	Topper Link Limited
Laxton Investments	Laxton Investments Limited
SINA	SINA Corporation
BHF KB	BHF Kleinwort Benson Group SA (formerly known as RHJ International SA)
Youku	Youku Tudou Inc.
YY	YY Inc.
SFUN	Soufun Holdings Limited
ICBC	中國工商銀行股份有限公司 (Industrial and Commercial Bank of China Limited)

Wealth Management Business

IDERA.	IDERA Capital Management Ltd.
Resolution Property	Resolution Property Investment Management LLP
Fosun Eurasia Capital	Fosun Eurasia Capital Limited Liability Company
H&A	Hauck & Aufhäuser Privatbankiers KGaA
Fosun Finance Company	上海復星高科技集團財務有限公司 (Shanghai Fosun High Technology Group Finance Co., Ltd.)
Fosun Hani Securities	復星恆利證券有限公司（前稱恆利證券（香港）有限公司） (Fosun Hani Securities Limited (formerly known as Hani Securities (H.K.) Limited))
Hangzhou Financial Investment Leasing	杭州金投融資租賃有限公司 (Hangzhou Financial Investment Leasing Co., Ltd.)

Internet Finance Business

Mybank	浙江網商銀行股份有限公司 (Zhejiang E-Commerce Bank Co., Ltd.)
Cainiao	菜鳥網絡科技有限公司 (Cainiao Network Technology Co., Ltd.)
Chuangfu Finance Leasing	創富融資租賃（上海）有限公司 (Chuangfu Finance Leasing (Shanghai) Co., Ltd.)
Yuntong Small Loan	廣州復星雲通小額貸款有限公司 (Guangzhou Yun Tong Micro Credit Co., Ltd.)
Fosunling	上海星靈資產管理有限公司 (Shanghai Fosunling Asset Management Ltd.)

Other Portfolio Companies in Our Industrial Operations

Health Business

Starcastle Senior Living	上海星堡老年服務有限公司 (Shanghai Starcastle Senior Living Co., Ltd.)
Luz Saúde	Luz Saúde, S.A. (formerly known as ESPÍRITO SANTO SAÚDE - SGPS, SA)
Star Healthcare	上海星益健康管理有限公司 (Shanghai Star Healthcare Co., Ltd.)
Sanyuan Foods	北京三元食品股份有限公司 (Beijing Sanyuan Foods Co., Ltd.)

Zhongshan Public Utilities..	中山公用事業集團股份有限公司 (Zhongshan Public Utilities Group Co., Ltd.)
Silver Cross...	Silver Cross Nurseries Limited
Chongqing Yaoyou..	重慶藥友製藥有限責任公司 (Chongqing Yao Pharmaceutical Company Limited)
For Me Pharmacy...	上海復美益星大藥房連鎖有限公司 (Shanghai For Me Yixing Pharmacy Chain-Store Company Limited)
Guilin Pharma	桂林南藥股份有限公司 (Guilin South Pharma Company Limited)
Sinopharm..	國藥控股股份有限公司 (Sinopharm Group Co. Ltd.)
Sinopharm Investment	國藥產業投資有限公司(Sinopharm Industrial Investment Co., Ltd.)
Chindex	Chindex International, Inc.
Zhongwu Hospital	宿遷市鐘吾醫院有限責任公司 (Suqian Zhongwu Hospital Co., Ltd.)

Happiness Business

Yuyuan	上海豫園旅遊商城股份有限公司 (Shanghai Yuyuan Tourist Mart Co., Ltd.)
Club Med..	Club Méditerranée SA
Studio 8	Studio 8, LLC
BONA	博納影業集團有限公司 (Bona Film Group Limited)

Steel Business

Tianjin Jianlong	天津建龍鋼鐵實業有限公司 (Tianjing Jianlong Iron & Steel Industrial Co., Ltd.)
Nanjing Steel United	南京鋼鐵聯合有限公司 (Nanjing Iron & Steel United Co., Ltd.)
Nanjing Iron & Steel	南京鋼鐵股份有限公司 (Nanjing Iron & Steel Co., Ltd.)
Nanjing Iron & Steel Development............................	南京南鋼產業發展有限公司 (Nanjing Nangang Iron & Steel Industry Development Co., Ltd.)
Jin'an Mining	安徽金安礦業有限公司 (Anhui Jin'an Mining Co., Ltd.)

Property Development and Sales Business

Resource Property	上海策源置業顧問股份有限公司 (Shanghai Resource Property Consultancy Co., Ltd.)
Wuhan Zhongbei	武漢中北房地產開發有限公司 (Wuhan Zhongbei Property Development Co., Ltd.)
Wuxi Forte	無錫復地房地產開發有限公司 (Wuxi Forte Real Estate Development Co., Ltd.)
Forte Entities	A group of companies which comprise Forte, its subsidiaries, joint ventures and associates

Portfolio Companies and Funds in the Asset Management Business

Fosun Capital Management	上海復星創富投資管理股份有限公司 (Shanghai Fosun Capital Investment Management Co., Ltd.)
Star Capital Management	上海星浩股權投資管理有限公司 (Shanghai Star Capital Investment Management Co., Ltd.)
Carlye-Fosun	凱雷復星(上海)股權投資基金企業(有限合伙) (Fosun-Carlyle (Shanghai) Equity Investment Fund L.P.)
Fosun Capital Fund	上海復星創富股權投資基金合伙企業(有限合伙) (Shanghai Fosun Capital Equity Investment Fund Partnership (L.P.))
Pramerica-Fosun China Opportunity Fund	復星—保德信中國機會基金(有限合伙) (Pramerica — Fosun China Opportunity Fund, (L.P.))
Star Capital Fund	上海星浩股權投資中心(有限合伙) (Shanghai Star Equity Investment (L.P.))
Weishi Fund	上海復星惟實一期股權投資基金合伙企業 (Shanghai Fosun Weishi Phase I Equity Investment Fund Partnership (L.P.))
Xinghong Fund	上海星泓一期股權投資基金合伙企業（有限合伙） (Shanghai Xinghong Phase I Equity Investment Fund Partnership (L.P.))
Zhejiang Growth Fund	杭州浙商成長股權投資基金合伙企業（有限合伙） (Hangzhou Zhejiang Momentum Fund LLP)
CMF..	China Momentum Fund, L.P.

Parent Companies and Other Related Parties

Fosun Holdings	復星控股有限公司 (Fosun Holdings Limited)
Fosun International Holdings	復星國際控股有限公司 (Fosun International

	Holdings Ltd.)
Nanjing Steel Group..	南京鋼鐵集團有限公司 (Nanjing Iron & Steel Group Co., Ltd.)

Technical Terms

Insurance Business

reinsurance...	the practice of sharing or spreading of an insured risk of an insurer, or the reinsured, by ceding part of the risk to another insurer, or the reinsurer. The reinsurer, in consideration of a premium paid to it, agrees to indemnify the reinsured for part or all of the liability assumed by the insured under a contact or contracts of insurance which the reinsured has issued

Industrial Operations

Health Business

cardiovascular system..	the network of anatomic structures, including the heart and blood vessels, that circulate blood throughout the body. The system includes thousands of kilometers of vessels that deliver nutrients and other essential materials to the fluids surrounding the cells and that remove waste products and convey them to excretory organs
clinical trial...	systematic research conducted with patients or healthy volunteers to prove or reveal the effects and undesirable reactions of a test drug and/or the pattern of absorption, distribution, metabolism and excretion in relation to a test drug for the purpose of confirming the therapeutic value and safety of the test drug
first-to-market generic drug	the first generic drug that receives approval to be launched, following the expiry of the patent of an innovative drug
generic drugs	drugs which use the same active ingredients as the original products and are generally available in the same strengths and dosage forms as the original
GMP or Good Manufacturing Practices	guidelines and regulations issued from time to time pursuant to the Law of the People's Republic of China on the Administration of Pharmaceuticals (中華人民共和國藥品管理法) and to provide quality assurance and ensure that pharmaceutical products subject to the guidelines and regulations are consistently produced and controlled to the quality and standards appropriate for their intended uses
GSP or Good Supply Practices................................	guidelines and regulations issued from time to time pursuant to the Law of the People's

	Republic of China on the Administration of Pharmaceuticals (中華人民共和國藥品管理法) to provide quality assurance and ensure that pharmaceutical distribution enterprises distribute pharmaceutical products in compliance with the guidelines and regulations
influenza	highly infectious respiratory disease. The disease is caused by certain strains of the influenza virus. When the virus is inhaled, it attacks cells in the upper respiratory tract, causing typical flu symptoms such as fatigue, fever and chills, a hacking cough, and body aches
innovative drugs	new chemical or biochemical drugs that are different from existing drugs or therapies to treat diseases
National Medical Insurance Drugs Catalogue	a catalogue of the list of pharmaceutical products under the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Drugs Catalogue (國家基本醫療保險、工傷保險和生育保險藥品目錄(2009年版)) issued by the Ministry of Labor and Social Security of the PRC in 2009, as amended, supplemented or otherwise modified from time to time
non-prescription	a drug that may be bought by consumers over the counter without prescription
prescription medicine	medicines which may only be prescribed by qualified medical practitioners
Provincial Medical Insurance Drugs Catalogue	the basic medical insurance, work injury insurance and maternity insurance drugs catalogue, issued by the local agency of human resources and social security of a province, municipality or autonomous region
tablets	a formulation in which medicines may be delivered for oral ingestion, produced by mixing extracted active medicinal ingredients with supplemental materials or powdered medicines
vaccines	a biological preparation that improves immunity to a particular disease. A vaccine typically contains an agent that resembles a disease-causing microorganism, and is often made from weakened or killed forms of the microbe or its toxins. The agent stimulates the body's immune system to recognize the agent as foreign, destroy it, and "remember" it, so that the immune system can more easily recognize and destroy any of these microorganisms that it later encounters

Property Development and Sales Business

BOC	building ownership certificate
GFA	gross floor area
LURC	land usage rights certificate
REC	real estate title certificate
sq.m	square meter(s)

Steel Business

coke	solid fuel made in an oven from coking coal with complex physical and chemical processes, including high temperature dissolution, crystallization and compression
coking coal	a type of coal with qualities that allow the production of coke suitable to support a blast furnace charge
iron ore	mineral containing enough iron to be a commercially viable source of iron for use in iron making
medium and heavy steel plates	a category of plate-shape steel with a thickness of more than 3mm but less than 50mm, which is mainly applied in boilers, shipbuilding, aviation, military products, construction, bridge and containers etc., generally supplied in wound coils of super imposed layers
JORC Code	the Code for Reporting of Mineral Resources and Ore Reserves, an internationally accepted mineral resource/ore reserve classification system established in Australia. It is commonly used in independent technical reports for mineral resource and ore reserve statements

Asset Management Business

AUM	Asset under management refers to the asset we manage or with respect to which we have control, including capital we have the right to call from our investors pursuant to their capital commitments to various funds

Other

Articles of Association	the current articles of association of the Company with the latest amendments made on June 17, 2008
Board	the board of Directors
CIRC	China Insurance Regulatory Commission

Director(s)	the director(s) of the Company
Euro	Euro, the official currency of the Eurozone
GBP	Pound Sterling, the official currency of United Kingdom
Hong Kong	the Hong Kong Special Administrative Region of PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
JPY	Japanese yen, the official currency of Japan
NEEQ	National Equities Exchange and Quotations
Phoenix Holdings	Phoenix Holdings Ltd.
PRC or China	the People's Republic of China
Rights Issue	the issuance of the rights shares at the subscription price on the basis of 56 rights shares for every 500 Shares held on the record date, payable in full on acceptance
ROC	Roc Oil Company Limited, the shares of which were delisted from the Australian Securities Exchange in January 2015
RMB	Renminbi, the official currency of the PRC
Share(s)	the share(s) of the Company

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Page reference included in the consolidated financial statements for each of the years ended December 31, 2014 and 2015 set forth above refer to pages in such consolidated financial statements as appeared in our annual reports for the years ended December 31, 2014 and 2015, respectively.

EY 安永

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Independent auditors' report
To the member of Fosun Holdings Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Fosun Holdings Limited (the "Company") and its subsidiaries set out on pages 5 to 181, which comprise the consolidated statement of financial position as at 31 December 2015, 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 a summary of significant accounting policies and other explanatory information.

Director's responsibility for the consolidated financial statements

The director of the Company is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY安永

Independent auditors' report (continued)
To the member of Fosun Holdings Limited
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
31 May 2016

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	5	78,796,889	61,738,449
Cost of sales		(61,135,274)	(47,122,683)
Gross profit		17,661,615	14,615,766
Other income and gains	5	25,870,505	13,779,704
Selling and distribution expenses		(5,187,210)	(3,271,268)
Administrative expenses		(11,278,022)	(8,098,755)
Other expenses		(9,305,453)	(3,264,172)
Finance costs	6	(4,870,231)	(3,919,811)
Share of profits and losses of:			
Joint ventures		1,066,950	1,127,179
Associates		2,074,079	1,671,110
PROFIT BEFORE TAX	7	16,032,233	12,639,753
Tax	9	(5,229,342)	(3,117,606)
PROFIT FOR THE YEAR		10,802,891	9,522,147
Attributable to:			
Owners of the parent		5,586,513	5,392,633
Non-controlling interests		5,216,378	4,129,514
		10,802,891	9,522,147

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
PROFIT FOR THE YEAR		10,802,891	9,522,147
OTHER COMPREHENSIVE INCOME			
Available-for-sale investments:			
Changes in fair value		3,005,509	2,235,085
Reclassification adjustments for gains included in the consolidated statement of profit or loss			
- gain on disposal		(4,868,248)	(1,883,168)
- impairment loss		(99,412)	-
Income tax effect	24	754,531	10,592
		(1,207,620)	362,509
Change in other life insurance contract liabilities due to potential gains on financial assets		472,029	292,530
- Income tax effect		44,087	12,091
		516,116	304,621
Share of other comprehensive (loss)/income of associates		(164,525)	158,954
Exchange differences on translation of foreign operations		(217,929)	(1,080,355)
Net other comprehensive loss to be reclassified to profit or loss in subsequent years		(1,073,958)	(254,271)
Net other comprehensive income not being reclassified to profit or loss in subsequent years		-	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(1,073,958)	(254,271)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,728,933	9,267,876
Attributable to:			
Owners of the parent		5,187,888	5,382,257
Non-controlling interests		4,541,045	3,885,619
		9,728,933	9,267,876

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	17,442,203	36,303,161
Investment properties	11	40,898,689	16,883,890
Prepaid land lease payments	12	2,143,888	2,921,393
Exploration and evaluation assets	13	197,500	156,846
Mining rights	14	564,507	784,882
Oil and gas assets	15	970,236	1,512,206
Intangible assets	16	9,189,950	2,226,693
Goodwill	17	10,713,380	6,842,031
Investments in joint ventures	18	11,809,125	7,589,150
Investments in associates	19	31,209,652	26,976,404
Available-for-sale investments	20	97,134,211	60,849,499
Properties under development	21	17,035,471	13,671,828
Loans receivable	22	553,789	1,296,977
Prepayments, deposits and other receivables	23	3,912,426	3,862,611
Deferred tax assets	24	5,002,517	4,372,033
Inventories	25	323,708	87,722
Policyholder account assets in respect of unit-linked contracts	26	3,594,381	3,769,975
Insurance and reinsurance debtors	27	128,787	68,099
Reinsurers' share of insurance contract provisions	28	9,620,463	481,360
Term deposits	29	465,135	147,815
Total non-current assets		262,910,018	190,804,575

	Notes	2015 RMB'000	2014 RMB'000
CURRENT ASSETS			
Cash and bank	29	46,621,684	40,475,693
Investments at fair value through profit or loss	30	10,817,449	14,952,412
Trade and notes receivables	31	4,368,550	6,371,003
Prepayments, deposits and other receivables	23	10,341,857	7,636,100
Inventories	25	2,347,989	6,252,883
Completed properties for sale		10,898,015	7,626,912
Properties under development	21	18,846,968	23,429,966
Loans receivable	22	1,735,066	843,086
Due from the holding company	32	27,361	34,072
Due from related companies	32	4,024,104	5,528,502
Available-for-sale investments	20	20,998,463	16,388,314
Policyholder account assets in respect of unit-linked contracts	26	471,535	1,535,931
Insurance and reinsurance debtors	27	8,146,186	2,063,919
Reinsurers' share of insurance contract provisions	28	3,452,133	624,909
Derivative financial instruments		15,921	-
		143,113,281	133,763,702
Non-current assets/assets of a disposal group classified as held for sale	33	103,245	1,229,570
Total current assets		143,216,526	134,993,272

	Notes	2015 RMB'000	2014 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	34	55,577,706	46,786,932
Loans from related companies	36	193,000	193,000
Trade and notes payables	37	10,436,233	19,590,569
Accrued liabilities and other payables	38	24,235,516	23,294,526
Tax payable		3,787,469	3,210,555
Finance lease payables	39	78,629	150,508
Deposit from customers	40	1,300,688	1,696,120
Due to related companies	32	2,944,700	3,118,401
Derivative financial instruments		204,015	65,670
Unearned premium provisions	41	12,881,979	2,860,227
Provision for outstanding claims	42	14,461,347	6,534,777
Provision for unexpired risks		432,410	438,465
Financial liabilities for unit-linked contracts	43	251,577	1,104,752
Investment contract liabilities	43	4,940,511	8,929,945
Other life insurance contract liabilities	44	1,359,147	1,561,511
Insurance and reinsurance creditors	45	3,740,375	1,453,267
		136,825,302	120,989,225
Liabilities directly associated with the assets classified as held for sale	33	-	589,118
Total current liabilities		136,825,302	121,578,343
NET CURRENT ASSETS		6,391,224	13,414,929
TOTAL ASSETS LESS CURRENT LIABILITIES		269,301,242	204,219,504
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	34	66,859,008	47,399,962
Convertible bonds	35	268,983	2,485,546
Finance lease payables	39	193,621	247,772
Deferred income	46	1,019,108	311,683
Other long term payables	47	4,086,385	3,944,791
Deferred tax liabilities	24	8,799,057	6,574,740
Provision for outstanding claims	42	32,548,001	7,622,616
Financial liabilities for unit-linked contracts	43	3,814,339	4,201,132
Investment contract liabilities	43	48,204,699	43,042,687
Insurance and reinsurance creditors	45	117,333	-
Other life insurance contract liabilities	44	11,374,815	12,229,753
Total non-current liabilities		177,285,349	128,060,682
Net assets		92,015,893	76,158,822

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2015

	Note	2015 RMB'000	2014 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	48	-	-
Reserves		37,794,762	31,455,218
		37,794,762	31,455,218
Non-controlling interests		54,221,131	44,703,604
Total equity		92,015,893	76,158,822

Guo Guangchang
Director

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 48)	Other Reserve RMB'000	Other deficits RMB'000 (note 49(a))	Statutory surplus reserve RMB'000 (note 49(b))	Available -for-sale investments revaluation reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Convertible bonds RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015	-	994,025	(443,540)	2,854,773	896,086	27,959,268	(1,375,698)	570,304	31,455,218	44,703,604	76,158,822
Profit for the year	-	-	-	-	-	5,586,513	-	-	5,586,513	5,216,378	10,802,891
Changes in fair value of available-for-sale investments, net of tax	-	-	-	-	1,554,029	-	-	-	1,554,029	1,171,840	2,725,869
Reclassification adjustments for gains included in the consolidated statement of profit or loss											
- gain on disposal, net of tax	-	-	-	-	(2,057,792)	-	-	-	(2,057,792)	(1,806,090)	(3,863,882)
- impairment loss, net of tax	-	-	-	-	(42,229)	-	-	-	(42,229)	(27,378)	(69,607)
Share of other comprehensive income of associates	-	-	-	-	(42,461)	-	(2,779)	-	(45,240)	(119,285)	(164,525)
Change in other life insurance contract liabilities due to potential gains on financial assets, net of tax	-	311,544	-	-	-	-	-	-	311,544	204,572	516,116
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(118,937)	-	(118,937)	(98,992)	(217,929)
Total comprehensive income/(loss) for the year	-	311,544	-	-	(588,453)	5,586,513	(121,716)	-	5,187,888	4,541,045	9,728,933

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 December 2015

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 48)	Other Reserve RMB'000	Other deficits RMB'000 (note 49(a))	Statutory surplus reserve RMB'000 (note 49(b))	Available -for-sale investments revaluation reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Convertible bonds RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries (note 51(a))	-	-	-	-	-	-	-	-	-	318,627	318,627
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	13,914,967	13,914,967
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(1,039,139)	(1,039,139)
Transfer from retained profits	-	-	-	1,007,809	-	(1,007,809)	-	-	-	-	-
Share of other reserve of an associate	-	8,847	-	-	-	-	-	-	8,847	(29,790)	(20,943)
Acquisition of additional interests in subsidiaries	-	(103,418)	-	-	-	125,928	-	-	22,510	(814,818)	(792,308)
Disposal of subsidiaries (note 51(b))	-	-	-	-	-	-	-	-	-	(5,620,224)	(5,620,224)
Disposal of partial interests in a subsi	-	13,365	-	-	-	-	-	-	13,365	76,453	89,818
Deemed disposal of partial interests in subsidiaries without losing control	-	1,713,088	-	-	-	-	-	-	1,713,088	(1,713,088)	-
Deemed acquisition of additional interests in subsidiaries	-	(5,256)	-	-	-	-	-	-	(5,256)	5,256	-
Fair value adjustment on the stock redemption option granted to non-controlling shareholders of a subsidiary	-	(693)	-	-	-	-	-	-	(693)	(3,713)	(4,406)
Equity component of Convertible Bonds	-	-	-	-	-	-	-	(521,289)	(521,289)	(131,208)	(652,497)
Final 2014 dividend declared	-	-	-	-	-	(97,242)*	-	-	(97,242)	-	(97,242)
Equity-settled share base payment (note 52)	-	18,326	-	-	-	-	-	-	18,326	13,159	31,485
At 31 December 2015	-	2,949,828**	(443,540)**	3,862,582**	307,633**	32,566,658**	(1,497,414)**	49,015**	37,794,762	54,221,131	92,015,893

* The proposed final 2014 dividend in specie of 10,000,000 shares in Fosun International Limited was declared and approved by the shareholder by resolutions in writing of the Company on 4 September 2015.
** These reserves accounts comprise the consolidated reserve of RMB37,794,762 (2014: RMB31,455,218,000) in the consolidated statement of financial position.

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 48)	Other Reserve RMB'000	Other deficits RMB'000 (note 49(a))	Statutory surplus reserve RMB'000 (note 49(b))	Available -for-sale investments revaluation reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Convertible bonds RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	-	922,804	(443,540)	2,735,309	461,280	22,686,099	(736,508)	570,304	26,195,748	38,336,757	64,532,505
Profit for the year	-	-	-	-	-	5,392,633	-	-	5,392,633	4,129,514	9,522,147
Changes in fair value of available-for-sale investments, net of tax	-	-	-	-	985,287	-	-	-	985,287	714,153	1,699,440
Reclassification adjustments for gains included in the consolidated statement of profit or loss - gain on disposal, net of tax	-	-	-	-	(677,298)	-	-	-	(677,298)	(659,633)	(1,336,931)
Share of other comprehensive income of associates	-	-	-	-	126,817	-	3,979	-	130,796	28,158	158,954
Change in other life insurance contract liabilities due to potential gains on financial assets, net of tax	-	194,008	-	-	-	-	-	-	194,008	110,613	304,621
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(643,169)	-	(643,169)	(437,186)	(1,080,355)
Total comprehensive income/(loss) for the year	-	194,008	-	-	434,806	5,392,633	(639,190)	-	5,382,257	3,885,619	9,267,876

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 December 2015

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 48)	Other Reserve RMB'000	Other deficits RMB'000 (note 49(a))	Statutory surplus reserve RMB'000 (note 49(b))	Available -for-sale investments revaluation reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Convertible bonds RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	2,529,920	2,529,920
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	4,869,580	4,869,580
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(1,389,836)	(1,389,836)
Transfer from retained profits	-	-	-	119,464	-	(119,464)	-	-	-	-	-
Share of other reserve of an associate	-	(113,560)	-	-	-	-	-	-	(113,560)	(232,157)	(345,717)
Acquisition of additional interests in subsidiaries	-	(838,858)	-	-	-	-	-	-	(838,858)	(2,176,413)	(3,015,271)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(311,038)	(311,038)
Deemed disposal of partial interests in subsidiaries without losing control	-	887,436	-	-	-	-	-	-	887,436	(887,436)	-
Deemed acquisition of additional interests in subsidiaries	-	(65,533)	-	-	-	-	-	-	(65,533)	65,533	-
Fair value adjustment on the loan from a non-controlling shareholder of a subsidiary	-	(588)	-	-	-	-	-	-	(588)	588	-
Fair value adjustment on the stock redemption option granted to non-controlling shareholders of a subsidiary	-	(2,276)	-	-	-	-	-	-	(2,276)	(15,281)	(17,557)
Equity-settled share base payment	-	10,592	-	-	-	-	-	-	10,592	27,768	38,360
At 31 December 2014	-	994,025	(443,540)	2,854,773	896,086	27,959,268	(1,375,698)	570,304	31,455,218	44,703,604	76,158,822

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		16,032,233	12,639,753
Adjustments for:			
Depreciation of items of property,plant and equipment	7	2,761,304	2,102,929
Amortisation of prepaid land lease payments	7	76,107	46,296
Amortisation of intangible assets	7	414,535	131,814
Amortisation of mining rights	7	26,945	43,298
Amortisation of oil and gas assets	7	483,401	-
Exploration expensed and written off		86,411	-
Provision for impairment of goodwill	7	-	202,500
Provision for impairment of items of property, plant and equipment	7	125,975	5,853
Provision for impairment of intangible assets	7	-	83,995
Provision for impairment of oil and gas assets	7	338,224	158,340
Provision for impairment of mining rights	7	101,523	-
Provision for impairment of available-for-sale investments	7	1,823,695	99,783
Provision for impairment of an investment in an associate	7	49,153	38,134
Provision for impairment of receivables	7	142,892	241,811
Reversal for impairment of insurance and reinsurance debtors	7	(204,104)	-
Provision for inventories	7	381,595	92,292
Provision for impairment of completed properties for sale	7	401,926	-
Provision for impairment of properties under development	7	377,631	-
(Gain)/loss on disposal of subsidiaries	5/7	(7,180,957)	15,873
Gain on bargain purchase	5	(847,409)	(61,148)
Gain on disposal of available-for-sale investments	5	(6,671,444)	(3,609,945)
Gain on disposal of investments at fair value through profit or loss	5	(434,394)	(209,183)
Gain on disposal of associates	5	(361,587)	(59,081)
Loss on disposal of joint ventures	7	73,946	-
Gain on disposal of partial interests in associates	5	(2,534,538)	(243,302)
Gain on deemed disposal of interests in associates	5	-	(728,288)
Net gain on disposal of items of property, plant and equipment	5	(1,714)	(13,984)
Gain on disposal of non-current assets held for sale	5	(130,600)	(51,253)
Loss/(gain) on fair value adjustment on investments at fair value through profit or loss	7/5	1,901,738	(2,897,849)
Gain on fair value gains on investment properties	5	(1,838,511)	(916,662)
Interest expenses		4,572,920	3,701,855
Interest income	5	(912,724)	(606,421)
Dividends from investments at fair value through profit or loss	5	(469,194)	(325,103)
Dividends from available-for-sale investments	5	(2,683,723)	(1,858,347)
Share of profits and losses of associates		(2,074,079)	(1,671,110)
Share of profits and losses of joint ventures		(1,066,950)	(1,127,179)
Subtotal carried forward		2,760,226	5,225,671

	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued**)**		
Subtotal brought forward	2,760,226	5,225,671
CASH INFLOW BEFORE WORKING CAPITAL CHANGES	2,760,226	5,225,671
Increase in properties under development	(11,392,141)	(14,437,602)
Decrease in completed properties held for sale	12,533,841	8,852,251
Increase in trade and notes receivables	(1,133,356)	(1,112,574)
Increase in prepayments, deposits and other receivables	(3,095,347)	(1,098,823)
Decrease in inventories	895,080	61,739
Increase in insurance and reinsurance debtors	(1,553,931)	(400,136)
(Increase)/decrease in reinsurers' share of insurance contract provisions	(948,323)	593,063
Decrease/(increase) in amounts due from related companies	1,447,778	(2,122,636)
Decrease/(increase) in amounts due from the holding company	6,711	(25,141)
(Decrease)/increase in trade and notes payables	(332,511)	4,743,676
Decrease in accrued liabilities and other payables	(3,049,305)	(2,017,391)
Increase in deferred income	561,934	77,819
Increase in other long term payables	237,275	1,209,805
(Decrease)/increase in amounts due to related companies	(835,757)	581,149
(Decrease)/increase in deposit from customers	(395,432)	59,381
(Increase)/decrease in restricted presale proceeds of properties	(367,010)	8,010
Decrease/(increase) in required reserve deposits	188,383	(53,374)
Increase in unearned premium provisions	282,159	193,137
Increase in provision for outstanding claims	949,793	187,178
Increase/(decrease) in insurance and reinsurance creditors	533,398	(449)
(Decrease)/increase in provision for unexpired risks	(6,055)	85,813
Increase/(decrease) in other life insurance contract liabilities	93,823	(84,727)
Increase in investment contract liabilities	3,588,333	6,490,818
CASH GENERATED FROM OPERATIONS	969,566	7,016,657
Income tax paid	(4,421,837)	(1,964,365)
NET CASH FLOWS (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(3,452,271)	5,052,292

	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(2,965,959)	(4,645,610)
Increase of prepaid land lease payments	(412,939)	(83,454)
Increase of investment properties	(4,034,045)	(245,991)
Purchase of intangible assets	(518,358)	(134,036)
Purchase of mining rights	-	(33,544)
Purchase of exploration and evaluation assets	(135,325)	(22,272)
Purchase of oil and gas assets	(342,417)	-
Purchase of available-for-sale investments	(41,570,491)	(22,945,480)
Purchase of investments at fair value through profit or loss	(5,709,420)	(3,489,535)
Proceeds from disposal of investments at fair value through profit or loss	6,171,394	5,349,477
Proceeds from disposal of available-for-sale investments	39,726,532	30,196,924
Proceeds from disposal of items of property, plant and equipment	183,137	214,232
Proceeds from disposal of prepaid land lease payments	108,254	-
Proceeds from disposal of intangible assets	175,182	28,518
Proceeds from disposal of subsidiaries	6,114,148	(1,717,729)
Proceeds from disposal of associates and disposal of partial interests in associates	5,625,147	550,038
Proceeds from disposal of joint ventures	11,272	-
Proceeds from disposal of non-current assets held for sale	338,495	-
Acquisition of subsidiaries	(24,984,835)	(17,165,586)
Acquisition of associates	(7,115,114)	(4,219,889)
Acquisition of joint ventures	(918,579)	(251,772)
Dividends received from available-for-sale investments	2,779,969	1,858,347
Dividends received from investments at fair value through profit or loss	462,791	286,979
Dividends received from associates	863,159	573,757
Dividends received from joint ventures	-	10,000
Shareholder loans repaid from joint ventures and an associate	2,686,208	1,153,856
Decrease in pledged bank balances and time deposits with original maturity of more than three months	2,525,351	1,113,224
Decrease in restricted cash in escrow account for an investment	-	425,961
Prepayments for proposed acquisitions	(1,751,643)	(2,743,264)
Collection of the prepayment for proposed acquisition of investments or other long term assets	1,331,370	-
Proceeds received from consideration adjustments of a subsidiary acquisition	-	67,785
Interest received	844,626	508,443
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(20,512,090)	(15,360,621)

	Note	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of finance lease rental payments		(126,030)	(99,287)
Capital contribution from non-controlling shareholders of subsidiaries		10,658,840	4,869,580
New bank and other borrowings		104,907,523	71,636,760
Repayment of bank and other borrowings		(71,390,492)	(43,979,220)
Dividends paid to non-controlling shareholders of subsidiaries		(1,039,139)	(1,389,836)
Acquisition of additional interests in subsidiaries		(883,201)	(2,601,632)
Interest paid		(5,898,531)	(4,554,198)
NET CASH FLOWS FROM FINANCING ACTIVITIES		36,228,970	23,882,167
NET INCREASE IN CASH AND CASH EQUIVALENTS		12,264,609	13,573,838
Cash and cash equivalents at beginning of year		26,175,240	12,601,402
CASH AND CASH EQUIVALENTS AT END OF YEAR		38,439,849	26,175,240
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	29	38,439,849	25,952,027
Cash and bank attributable to assets of a disposal group classified as held for sale		-	223,213
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS		**38,439,849**	**26,175,240**

1. CORPORATE INFORMATION

Fosun Holdings Limited was incorporated as a company with limited liability in Hong Kong on 18 February 2005.

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

The principal activity of the Company is investment holding. The principal activities of the Group include integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes the four major segments: insurance, investment, wealth management and internet finance while the industrial operations include five key segments: health, happiness, steel, property development and sales, and resources.

The holding company and ultimate holding company of the Company is Fosun International Holdings Ltd., which is incorporated in the British Virgin Islands.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain investments which have been measured at fair value. Non-current assets/ assets of a disposal group classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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

2.1 BASIS OF PRESENTATION (continued)

Basis of consolidation (continued)
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 in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no significant impact on the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 Intangible Assets: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group, as the Group continued to use HKFRS 3 to determine if the transaction is a business combination or a purchase of an asset.

In addition, the requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

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.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date yet determined but is available for adoption

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

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

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.

The 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 Group is currently assessing the impact of the amendments and the adoption date has not been determined.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any significant impact on the financial position or performance of the Group upon adoption on 1 January 2016.

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

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 September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

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 statement of profit or loss and the 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 statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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 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 to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Interests in joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. (Include the definition of joint control if not defined elsewhere in other accounting policy notes) Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Buildings	5 to 50 years
Plant and machinery	4 to 16 years
Office equipment	2 to 15 years
Motor vehicles	4 to 12 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 buildings, plant and machinery under construction or installation and testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction or installation and testing and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings 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.

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 properties under development, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. For a transfer from properties under development 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)
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 lives of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Research and development costs (continued)

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.

Exploration and evaluation assets

For mining rights

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

For oil and gas assets

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mining rights

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

Oil and gas assets

Development expenditure is stated at cost less accumulated depletion and any impairment in value. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the field, on a unit-of-production basis. Costs are amortised only once production begins. Changes in factors such as estimates of proved and probable reserves that affect unit-of-production 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Financial assets at fair value through profit or loss (continued)
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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Available-for-sale financial investments (continued)
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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the consolidated statement of profit or loss.

Assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, 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 investment 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Available-for-sale financial investments (continued)
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 statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued 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 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 statement of profit or loss.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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, due to the holding company, 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:

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

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 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the 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 statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and commodity derivative contracts, to hedge its foreign currency 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.

None of the Group's derivative financial instruments is qualified for hedge accounting.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(d) *Insurance income*
Non-life insurance contract premiums, life insurance and investment contracts with a discretionay profit sharing component are recognised as income when written in "Net premiums written" in the statement of profit or loss.

Premiums written on non-life insurance contracts recognised as income over the corresponding risk periods, through the use of the unearned premiums provision.

(e) *Rental income*
Revenue is recognised on a time proportion basis over the lease terms.

(f) *Interest income*
Revenue is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(g) *Dividend income*
Revenue is recognised when the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model, further details of which are given in note 52 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(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; and

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(ii) Other employee benefits to Qualified SOE Employees and Qualified Retirees (continued)

Qualified SOE Employees(continued)

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

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

Qualified Retirees

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

The Group recognises the liability taken over as a non-current liability at initial recognition, and subsequent payments of the retirement benefits to Qualified SOE Employees and Qualified Retirees are debited against the non-current liability. Payments are made by the Group to Qualified SOE Employees and Qualified Retirees, but the use of the fund is monitored and supervised jointly by the former parent company of the Former SOEs and the union. Except for the payment of the retirement benefits of the Qualified SOE Employees and the Qualified Retirees, the fund cannot be used for any other purpose including the transfer to the Group's 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(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 administrated by government agency are charged to the consolidated statement of profit or loss as and when they are incurred.

(v) Employee benefits to all eligible employees of the subsidiaries in Portugal

As per the collective labour agreement in force at the time for the insurance activity, the companies in Portugal undertook the commitment to make cash payments to complement the retirement pensions paid by the social security services to the employees hired prior to 22 June 1995, the date when the labour agreement became effective. These payments corresponded to a percentage, which grew with the number of years of employment, applied to the table of salaries in force at the date of retirement.

Following the new labour agreement for the insurance activity, signed at 23 December 2011, the previous defined benefit pension plan was replaced, regarding workers actively employed, effective 1 January 2012, with a plan of defined contributions, with the current value of liabilities for services rendered at 31 December 2011 being transferred to the individual account of each participant. This change has not been applied to pensions due to workers who were retired or pre-retired at 31 December 2011, or to employees who did not sign up to the current collective employment agreement.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(v) Employee benefits to all eligible employees of the subsidiaries in Portugal (continued)

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, unemployment insurance in France, etc.

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 legal or constructive obligation of the subsidiary in France under these plans is limited to the amount that it agrees to contribute to the fund. The main defined contribution plans consist of government-sponsored basic and supplementary pension plans in Europe and defined-contribution pension plans in North America.

Contributions to all of these plans are recognised as an expense for the period in which they are due.

(b) Defined benefit plans

Under defined benefit plans, the subsidiary in France has an obligation to pay benefits to employees either at the end of their employment or during their retirement. The defined benefit plans of the subsidiary in France are unfunded and are covered by provisions recorded in the financial statements.

The main defined benefit plans of the subsidiary in France concern indemnities payable to employees on retirement (France, Greece and Turkey) or when they leave the subsidiary in France (Italy and Japan).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The functional currencies of the Company and PRC subsidiaries are Hong Kong dollars (“HKD”) and RMB, respectively. The financial statements are presented in RMB. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)
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 weighted 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.

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 weighted 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and investment contracts (continued)

(a) Classification of contracts(continued)

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 provisions).

(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 .

(c) Claims provision

This provision recognises the estimated amount of indemnities payable on accidents which have already occurred, including claims incurred but not reported (IBNR) and administrative costs on future claims settlements whose management procedure is currently being processed together with IBNR claims. Except for mathematical provisions and whole-life assistance for workman's compensation, the claims provisions set up by the Group are not discounted.

(d) *Mathematical provision for life insurance*

This corresponds to the estimated actuarial value of the insurance company's commitments, including profit sharing payments already distributed and following the deduction of the actuarial value of future premiums, calculated for each policy in accordance with actuarial methods and their respective technical bases.

In the case of life insurance contracts in which the investment risk is borne by the policyholder, this account heading only includes any additional technical provisions which may be set up to cover mortality risks, administrative or other expenditure (e.g., guaranteed payments on maturity or guaranteed redemption values).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and investment contracts (continued)

(e) Profit sharing provision

The profit sharing provision in the other life insurance contract liabilities includes amounts payable to policyholders or contract beneficiaries, in the form of a profit sharing scheme, to be or already attributed, provided that such amounts have not been distributed.

Profit sharing provision to be attributed

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 allocated 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 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 allocated to life insurance with a profit sharing component, depending on the assets' classification.

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 cases in which the said deduction is contractually provided for.

(f) Provision for interest rate commitments

The provision for interest rate commitments is set up for all life insurance and life insurance operations with a guaranteed interest rate, whenever the effective yield on investments representing mathematical provisions on certain insurance contracts, is less than the average weighted technical interest rate used to assess the mathematical provisions for such contracts.

(g) Portfolio stabilisation provision

The portfolio stabilisation provision is set up for annually renewable group insurance contracts, guaranteeing death risk as their principal cover, and it is designed to provide for the heightened risk inherent to the progression of the average age of the insured group, whenever the tariff is based on a single rate, which, owing to contractual commitments is to be maintained over a certain period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and investment contracts (continued)

(h) Provision for unexpired risks
This provision is calculated for all non-life insurance and is intended to respond to situations in which premiums to be allocated to subsequent years regarding contracts in force at the date of the financial statements are not sufficient to pay for the indemnities and the expenses to be allocated to the respective technical lines of business. This provision is calculated on the basis of the ratios for claims, operating costs, ceding and income, in accordance with that 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, 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 statement of profit or loss for the year.

(k) Liabilities to subscribers of other investment contracts
Liabilities to subscribers of other regulated products, classified as investment contracts under HKFRS 4, which do not include a discretionary profit sharing component, are valued in accordance with the requirements of HKAS 39 and recognised in “Investment contract liabilities”.

(l) Impairment of debtor balances related with insurance and reinsurance contracts
At each financial statement 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 statement of profit or loss for the year.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and investment contracts (continued)

(m) Liability adequacy test

In accordance with HKFRS 4, at the financial statements date, the Group performs liability adequacy tests relating to contracts in force. These tests include estimates of the present value of future cash flows under its insurance contracts, including claims handling costs and cash flows resulting from embedded options and guarantees.

If that assessment shows that the carrying amount of the insurance liabilities recognised in the financial statements, net of related intangible assets, is inadequate in light of the estimated future cash flows, the entire insufficiency shall be recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

(ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. 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 39.78% equity interest as at 31 December 2015. The remaining 60.22% 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 2015 was RMB178,779,000 (31 December 2014: RMB112,749,000). Further details are contained in note 24 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was RMB10,713,380,000 (31 December 2014: RMB6,842,031,000). Further details are given in note 17 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 2015, impairment losses in the amount of RMB614,875,000 (2014: RMB286,322,000) have been recognised as set out in note 7 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 2015, impairment losses in the amount of RMB1,823,695,000 (2014: RMB99,783,000) have been recognised for available-for-sale investments as set out in note 7 to the financial statements. As at 31 December 2015, the carrying amount of available-for-sale investments was RMB118,132,674,000 (31 December 2014: RMB77,237,813,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(iv) Estimation of fair value of investment properties

As described in note 11 to the financial statements, investment properties were revalued on 31 December 2015 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 2015 was RMB40,898,689,000 (31 December 2014: RMB16,883,890,000). Further details, including the key assumptions used for fair value measurement are given in note 11 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, etc., associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 59 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(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.

(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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(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.

(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 2015 was RMB872,975,000 (31 December 2014: RMB1,562,209,000). The amount of unrecognised tax losses and deductible temporary differences as at 31 December 2015 was RMB11,305,062,000 (31 December 2014: RMB8,978,885,000). Further details are contained in note 24 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(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 and reinsurance contracts liabilities

The Group's insurance and reinsurance contracts liabilities are assessed on the basis of the methodologies and assumptions described in note 2.4. These liabilities reflect a quantified estimate of the impact of future events on the accounts of the Group's insurance companies, based on actuarial assumptions, claims history and other methods accepted in the sector. Owing to the nature of insurance activity, the assessment of claims provisions and other insurance and reinsurance 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.

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 2015 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						
复星国际有限公司 Fosun International Limited	Hong Kong	HKD 42,298,775,203	71.4%	-	71.4%	Investment holding
复星传媒控股有限公司 Fosun Media Holdings Limited	Hong Kong	HKD10	70.0%	-	70.0%	Investment holding
Fosun Investment Holdings Limited	BVI	USD50,000	100.0%	-	100.0%	Investment holding
上海复星高科技(集团)有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.)	PRC/ Mainland China	4,800,000	-	100.0%	71.4%	Investment holding
上海复星产业投资有限公司 (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC/ Mainland China	600,000	-	100.0%	71.4%	Investment holding
复星金融控股有限公司 (Fosun Financial Holdings Limited)	Hong Kong	HKD 18,598,275,000	-	100.0%	71.4%	Investment holding
复星地产控股有限公司 (Fosun Property Holdings Limited)	Hong Kong	HKD1	-	100.0%	71.4%	Investment holding
Health segment						
上海复星医药(集团)股份有限公司* (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)	PRC/ Mainland China	2,314,075	-	39.8%	28.4%	Investment holding
上海复星医药产业发展有限公司 (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)	PRC/ Mainland China	2,253,308	-	100.0%	28.4%	Investment holding
锦州奥鸿药业有限责任公司 (Jinzhou Aohong Pharmaceutical Co., Ltd.)	PRC/ Mainland China	107,875	-	93.0%	26.4%	Manufacture and sale of pharmaceutical products
江苏万邦生化医药股份有限公司 (Jiangsu Wanbang Biopharmaceutical Co., Ltd.)	PRC/ Mainland China	440,455	-	95.2%	27.1%	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%	14.5%	Manufacture and sale of pharmaceutical products
重庆药友制药有限责任公司 (Chongqing Yao Pharmaceutical Co., Ltd.)	PRC/ Mainland China	196,540	-	51.0%	14.5%	Manufacture and sale of pharmaceutical products
桂林南药股份有限公司 (Guilin South Pharma Co., Ltd.)	PRC/ Mainland China	285,030	-	95.4%	27.1%	Manufacture and sale of pharmaceutical products
复星实业(香港)有限公司 (Fosun Industrial (HK) Co., Ltd.)	Hong Kong	USD 173,820,000	-	100.0%	28.4%	Investment holding
湖南洞庭药业股份有限公司 (Hunan Dongting Pharmaceutical Co., Ltd.）	PRC/ Mainland China	110,064	-	77.8%	22.1%	Manufacture and sale of pharmaceutical products

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES (continued)

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2015 are set out below: (continued)

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Health segment (continued)						
上海复星平耀投资管理有限公司 (Shanghai Fosun Pingyao Investment Management Co., Ltd.）	PRC/ Mainland China	10,000	-	100.0%	28.4%	Manufacture and sale of pharmaceutical products
佛山市禅城区中心医院有限公司 (Foshan City Chancheng District Central Hospital Co., Ltd.）	PRC/ Mainland China	50,000	-	60.0%	17.1%	Provision of medical services
Property development and sales segment						
复地(集团)股份有限公司 (Shanghai Forte Land Co., Ltd.)	PRC/ Mainland China	505,861	-	99.2%	70.8%	Property development
上海复地投资管理有限公司 (Shanghai Forte Investment Management Co., Ltd.)	PRC/ Mainland China	80,000	-	100.0%	70.8%	Investment holding
武汉中北房地产开发有限公司 (Wuhan Zhongbei Property Development Co., Ltd.)	PRC/ Mainland China	933,000	-	70.0%	49.6%	Property development
长春兆基房地产开发有限公司 (Changchun Zhaoji Real Estate Development Co., Ltd.)	PRC/ Mainland China	50,000	-	100.0%	70.8%	Property development
上海樱花置业有限公司 (Shanghai Yinghua Real Estate Co., Ltd.)	PRC/ Mainland China	USD 111,500,000	-	100.0%	70.8%	Property development
山西复地得一房地产开发有限公司 (Shanxi Forte Deyi Real Estate Co., Ltd.)	PRC/ Mainland China	100,000	-	80.0%	56.7%	Property development
长沙复地房地产开发有限公司 (Changsha Forte Real Estate Co., Ltd.)	PRC/ Mainland China	500,000	-	100.0%	70.8%	Property development
上海精盛房地产开发有限公司 (Shanghai Jingsheng Real Estate Co., Ltd.)	PRC/ Mainland China	10,000	-	80.0%	56.7%	Property development
天津申港置业发展有限公司 (Tianjin Shengang Real Estate Co., Ltd.)	PRC/ Mainland China	30,000	-	70.0%	49.6%	Property development
南京复地东郡置业有限公司 (Nanjin Forte Dongjun Real Estate Co., Ltd.)	PRC/ Mainland China	650,000	-	100.0%	70.8%	Property development
无锡地久置业有限公司 (Wuxi Dijiu Real Estate Co., Ltd.)	PRC/ Mainland China	USD 149,600,000	-	80.0%	56.7%	Property development

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES (continued)

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2015 are set out below: (continued)

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company Direct	Indirect	Effective	Principal activities
Subsidiaries (continued)						
Property development and sales segment (continued)						
杭州金成品屋置业有限公司 (Hangzhou Jincheng Pinwu Real Estate Co., Ltd.)	PRC/ Mainland China	100,000	-	60.0%	42.5%	Property development
上海证大外滩国际金融服务中心置业有限公司 (Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited)	PRC/ Mainland China	7,000,000		100.0%	71.4%	Property development
Resources segment						
海南矿业股份有限公司 (Hainan Mining Co., Ltd.)	PRC/ Mainland China	1,886,670	-	54.0%	38.6%	Mining and ore processing
Roc Oil Company Limited	Australia	USD 734,150,000	-	100.0%	71.4%	Oil and gas Exploration
Happiness segment						
Club Méditerranée S.A.	France	Euro 149,000,000	-	100%	61.1%	Tourism
Asset management segment						
上海创富投资管理有限公司 (Fosun Capital Investment & Management Co., Ltd.)	PRC/ Mainland China	110,000	-	100.0%	71.4%	Capital investment and management
IDERA Capital Management Ltd.	Japan	JPY 100,000,000	-	98.0%	70.0%	Capital investment and management
Insurance segment						
鼎睿再保险有限公司 (Peak Reinsurance Company Limited)	Hong Kong	USD 550,000,000	-	85.1%	60.8%	Reinsurance
Fidelidade – Companhia de Seguros, S.A.	Portugal	Euro 381,150,000	-	85.0%	60.7%	Underwriting of life and non-life insurance
Meadowbrook Insurance Group, Inc.	United States of America	USD 343,353,000	-	100.0%	71.4%	Underwriting of non-life insurance
Ironshore Inc.	Cayman Islands United States of America	USD 1,433,201,000	-	100.0%	71.4%	Underwriting of non-life insurance

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES (continued)

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2015 are set out below: (continued)

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Associates						
国药产业投资有限公司 (Sinopharm Industrial Investment Co., Ltd.)	PRC/ Mainland China	100,000	-	49.0%	13.9%	Distribution of pharmaceutical products
上海豫园旅游商城股份有限公司 (Shanghai Yuyuan Tourist Mart Co., Ltd.)	PRC/ Mainland China	1,437,322	-	26.45%	18.9%	Retail
天津建龙钢铁实业有限公司 (Tianjin Jianlong Iron & Steel Industrial Co., Ltd.)	PRC/ Mainland China	2,000,000	-	25.7%	18.3%	Manufacture and sale of iron and steel products
上海证大房地产有限公司@ (Shanghai Zendai Property Limited)	Bermuda/ Mainland China	HKD 297,587,000	-	14.1%	10.0%	Property investment and management
上海地杰置业有限公司 (Shanghai Dijie Real Estate Limited)	PRC/ Mainland China	20,000	-	40.0%	28.6%	Property investment and management
永安财产保险股份有限公司@ (Yong'an Insurance Co., Ltd.)	PRC/ Mainland China	2,663,200	-	19.9%	14.2%	Property insurance
七喜控股股份有限公司@ (Hedy Holding Co., Ltd)	PRC/ Mainland China	4,116,000	-	8.09%	5.78%	Development and operation in digital media business
Joint ventures						
南京南钢钢铁联合有限公司# (Nanjing Nangang Iron & Steel United Co., Ltd.)	PRC/ Mainland China	3,000,000	-	60.0%	42.8%	Manufacture and sale of iron and steel products
无锡复地房地产开发有限公司 (Wuxi Forte Real Estate Development Co., Ltd.)	PRC/ Mainland China	195,000	-	50.0%	35.7%	Property development
陕西省建秦房地产开发有限公司 (Shaanxi Jianqin Real Estate Development Co., Ltd.)	PRC/ Mainland China	130,000	-	50.0%	35.7%	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 2015 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 39.78% as at 31 December 2015.

@ 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 2015.

Due to the delegation of 10% voting rights in Nanjing Nangang Iron & Steel United Co., Ltd. ("Nanjing Nangang") by the Group to Nanjing Iron & Steel (Group) Co., Ltd. as at 31 December 2015, the Group lost control of Nanjing Nangang and Nanjing Nangang was accounted for as a joint venture of the Group. Details are set out in note 51(b) to the consolidated financial statements.

5. 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:

	2015 RMB'000	2014 RMB'000
Revenue		
Insurance revenue:		
Gross premiums written	17,846,826	8,832,514
Less: Premiums ceded to reinsurers and retrocessionaires	(2,612,559)	(710,430)
Net premiums written	15,234,267	8,122,084
Change in unearned premium provisions, net of reinsurance	(566,859)	(254,444)
Net earned premiums	14,667,408	7,867,640
Sale of goods:		
Pharmaceuticals and medical products	11,016,596	10,558,871
Properties	16,854,217	12,075,864
Iron and steel products	22,067,060	27,376,542
Ore products	873,403	1,602,138
Oil and gas	814,074	-
Others	196,496	-
	51,821,846	51,613,415
Rendering of services:		
Tourism	7,441,623	-
Healthcare	4,309,700	1,425,073
Property agency	353,768	382,249
Property management	320,916	174,044
Leasing from investment properties	611,477	837,862
Asset management	403,401	360,199
Others	154,204	101,952
	13,595,089	3,281,379
Subtotal	80,084,343	62,762,434
Less: Government surcharges	(1,287,454)	(1,023,985)
	78,796,889	61,738,449

5. REVENUE, OTHER INCOME AND GAINS (continued)

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

	2015 RMB'000	2014 RMB'000
Other income		
Interest income	912,724	606,421
Dividends and interests from available-for-sale investments	2,683,723	1,858,347
Dividends and interests from investments at fair value through profit or loss	469,194	325,103
Rental income	361,015	47,585
Sale of scrap materials	84,369	2,603
Government grants	314,163	269,181
Consultancy and other service income	237,471	37,366
Exchange gains, net	-	412,194
Insurance commissions	432,569	1,053,461
Others	170,019	376,748
	5,665,247	4,989,009
Gains		
Gain on disposal of subsidiaries (note 51(b))	7,180,957	-
Gain on bargain purchase (note 51(a))	847,409	61,148
Gain on disposal of associates	361,587	59,081
Gain on disposal of partial interests in associates	2,534,538	243,302
Gain on deemed disposal of partial investments in associates	-	728,288
Gain on disposal of items of property, plant and equipment	1,714	13,984
Gain on disposal of available-for-sale investments	6,671,444	3,609,945
Gain on disposal of investments at fair value through profit or loss*	434,394	209,183
Gain on disposal of non-current assets held for sale	130,600	51,253
Gain on fair value adjustment of investment properties (note 11)	1,838,511	916,662
Gain on fair value adjustment of equity investments at fair value through profit or loss	-	2,897,849
Gain on reversal of impairment of insurance and reinsurance debtors (note 27)	204,104	-
	20,205,258	8,790,695
Other income and gains	25,870,505	13,779,704
Total revenue, other income and gains	104,667,394	75,518,153

*During the year ended 31 December 2015, gain on disposal of investments at fair value through profit or loss did not included the gain on fair value adjustment of above investments recognised in consolidated profit and loss statement in prior years amounted to RMB1,027,752,000 (2014: RMB719,952,000).

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 RMB'000	2014 RMB'000
Interest on bank and other borrowings (including convertible bonds)	5,743,061	4,895,938
Incremental interest on other long term payables (note 47)	10,219	12,681
	5,753,280	4,908,619
Less: Interest capitalised, in respect of bank and other borrowings (notes 10 and 21)	(1,313,812)	(1,424,737)
Interest expenses, net	4,439,468	3,483,882
Interest on discounted bills	122,074	167,152
Interest on finance leases	11,378	50,821
Bank charges and other financial costs	297,311	217,956
Total finance costs	4,870,231	3,919,811

7. PROFIT BEFORE TAX

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

	2015 RMB'000	2014 RMB'000
Cost of sales	61,135,274	47,122,683
Staff costs:		
Wages and salaries	8,780,491	4,944,963
Accommodation benefits:		
Defined contribution fund	205,740	189,401
Retirement costs:		
Defined contribution fund	671,761	453,649
Equity-settled share-based payments (note 52)	98,185	38,360
Total staff costs	9,756,177	5,626,373

7. PROFIT BEFORE TAX (continued)

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

	2015 RMB'000	2014 RMB'000
Research and development costs	759,756	667,275
Auditors' remuneration	10,700	9,800
Depreciation of items of property, plant and equipment (note 10)	2,761,304	2,102,929
Amortisation of prepaid land lease payments (note 12)	76,107	46,296
Amortisation of mining rights (note 14)	26,945	43,298
Amortisation of intangible assets (note 16)	414,535	131,814
Amortisation of oil and gas assets (note 15)	483,401	-
Provision for impairment of receivables	142,892	241,811
Reversal of impairment of insurance and reinsurance debtors	(204,104)	-
Provision for inventories	381,595	92,292
Provision for impairment of goodwill (note 17)	-	202,500
Provision for impairment of items of property, plant and equipment (note 10)	125,975	5,853
Provision for impairment of an investment in an associate	49,153	38,134
Provision for impairment of available-for-sale investments	1,823,695	99,783
Provision for impairment of intangible assets (note 16)	-	83,995
Provision for impairment of mining rights (note 14)	101,523	-
Provision for impairment of oil and gas assets (note 15)	338,224	158,340
Provision for impairment of properties under development (note 21)	377,631	-
Provision for impairment of completed properties for sale	401,926	-
Operating lease rentals	1,076,669	211,109
Exchange loss/(gain), net	81,316	(412,200)
Loss on fair value adjustment of investments at fair value through profit or loss	1,901,738	-
Loss on the settlement of derivative financial instruments	121,678	53,438
Loss on disposal of subsidiaries	-	15,873
Loss on disposal of joint ventures	73,946	-

* At 31 December 2015, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2014: Nil).

8. DIRECTOR'S REMUNERATION

No director received any fees or emoluments in respect of his services rendered to the Company during the year (2014: Nil).

9. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 jurisdictions in which the Group operates.

The provision for current income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Fosun Pharma incorporated in Israel, is based on a preferential rate of 16% (2014: 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% (2014:31.5%).

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%.

The provision for income tax of Meadowbrook Insurance Group ("MIG"), Inc. and its subsidiaries incorporated in the United States acquired by the Group in 2015, is based on a rate of 35%.

The provision for income tax of Holding Gaillon II and its subsidiaries incorporated in France acquired by Fosun International Limited in 2015, is based on a rate of 38%.

9. TAX (continued)

The provision for Mainland China current income tax was based on a statutory rate of 25% (2014: 25%) of the assessable profit of the Group 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 2015 and 2014 are as follows:

	2015 RMB'000	2014 RMB'000
Group:		
Current – Portugal, Hong Kong and others	1,816,545	468,179
Current – Mainland China		
- Income tax in Mainland China for the year	2,776,949	1,182,341
- LAT in Mainland China for the year	771,557	631,757
Deferred	(135,709)	835,329
Tax expenses for the year	5,229,342	3,117,606

9. TAX (continued)

A reconciliation between the tax expenses and the product of profit or loss before tax excluding share of profits and losses of associates and joint ventures multiplied by 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
2015 Group			
Profit before tax excluding share of profits and losses of associates and joint ventures	2,578,665	10,312,539	12,891,204
Tax at the applicable tax rate	960,050	2,578,135	3,538,185
Different tax rates for specific entities	82,536	(246,237)	(163,701)
Tax effect of:			
Income not subject to tax	(630,104)	(273,405)	(903,509)
Expenses not deductible for tax	537,051	88,371	625,422
Tax impact on the outside basis difference recognised in current year	466,707	233,825	700,532
Tax losses not recognised	303,182	723,662	1,026,844
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 24)	-	178,779	178,779
Over provision in prior years	(14,453)	(10,524)	(24,977)
Tax incentives on eligible expenditures	(13,117)	(21,310)	(34,427)
Subtotal	1,661,293	3,020,703	4,681,996
Provision for LAT for the year	-	299,483	299,483
Deferred tax effect of provision for LAT (note 24)	-	(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 24)	-	(31,321)	(31,321)
Tax expenses	1,661,293	3,568,049	5,229,342

9. TAX (continued)

	Portugal, Hong Kong and others RMB'000	Mainland China RMB'000	Total RMB'000
2014 Group			
Profit before tax excluding share of profits and losses of associates and joint ventures	3,797,953	6,043,511	9,841,464
Tax at the applicable tax rate	1,023,464	1,510,878	2,534,342
Lower tax rate for specific entities	(16,808)	(130,481)	(147,289)
Tax effect of:			
Income not subject to tax	(398,702)	(56,159)	(454,861)
Expenses not deductible for tax	187,964	50,907	238,871
Temporary differences utilised	-	(103,303)	(103,303)
Tax losses not recognised	102,089	460,144	562,233
Tax losses utilised	(5,858)	(4,454)	(10,312)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 24)	-	112,749	112,749
Over provision in prior years	(9,381)	(24,445)	(33,826)
Tax incentives on eligible expenditures	(779)	(32,292)	(33,071)
Subtotal	881,989	1,783,544	2,665,533
Provision of LAT for the year	-	114,460	114,460
Deferred tax effect of provision of LAT (note 24)	-	(28,615)	(28,615)
Prepaid LAT for the year	-	517,297	517,297
Tax effect of prepaid LAT	-	(129,324)	(129,324)
Deferred LAT in deferred tax liability (note 24)	-	(21,815)	(21,815)
Deferred tax effect of deferred LAT in deferred tax liability (note 24)	-	70	70
Tax expenses	881,989	2,235,617	3,117,606

9. 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 RMB472,074,000 (2014: RMB517,297,000).

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 RMB521,780,000 (2014: RMB209,643,000) 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 RMB222,297,000 (2014: RMB95,183,000) 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 is RMB299,483,000 (2014: net reversal of RMB114,460,000).

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Transportation equipments RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
At 1 January 2014	11,572,046	19,183,186	659,934	742,604	36,095	653,360	10,878,638	43,725,863
Additions	544,275	171,205	178,530	56,687	33,786	3,157	4,041,011	5,028,651
Transferred from construction in progress	3,198,167	7,281,654	153,102	69,330	-	637	(10,702,890)	-
Acquisition of subsidiaries	2,858,718	132,074	388,467	981	-	-	15,466	3,395,706
Disposal of subsidiaries	(122,866)	(25,218)	(5,504)	(2,859)	(4,307)	-	-	(160,754)
Disposals	(54,019)	(74,234)	(52,738)	(21,691)	(4,393)	-	(73,822)	(280,897)
Included in assets of a disposal group classified as held for sale	(11,670)	(10,713)	(32,678)	(6,915)	(10,479)	-	(994)	(73,449)
Exchange realignment	(125,406)	-	(13,828)	1,041	-	-	-	(138,193)
At 31 December 2014 and 1 January 2015	17,859,245	26,657,954	1,275,285	839,178	50,702	657,154	4,157,409	51,496,927
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 (note 11)	(90,095)	-	(14)	-	-	-	-	(90,109)
Acquisition of subsidiaries (note 51(a))	4,301,460	331,894	418,981	2,219	48,842	-	187,869	5,291,265
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	(141,374)	9,801	(14,305)	17,674	675	-	(103,391)	(230,920)
At 31 December 2015	11,796,533	4,430,194	1,183,700	578,549	94,148	-	2,995,236	21,078,360

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Transportation equipments RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:								
At 1 January 2014	3,206,826	8,908,604	360,708	296,789	21,472	188,294	-	12,982,693
Charge for the year	454,462	1,425,286	145,962	48,288	6,303	22,628	-	2,102,929
Disposal of subsidiaries	(13,004)	(14,180)	(2,508)	(1,573)	(2,213)	-	-	(33,478)
Disposals	(15,535)	(32,898)	(8,366)	(16,593)	(4,301)	-	-	(77,693)
Included in assets of a disposal group classified as held for sale	(2,734)	(7,293)	(13,176)	(3,442)	-	-	-	(26,645)
Exchange realignment	-	-	598	(2)	-	-	-	596
At 31 December 2014 and 1 January 2015	3,630,015	10,279,519	483,218	323,467	21,261	210,922	-	14,948,402
Charge for the year (note 7)	755,469	1,596,417	313,285	62,616	11,973	21,544	-	2,761,304
Transfer to investment properties (note 11)	(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)	(37,081)	2,512	178	-	-	(131,841)
At 31 December 2015	1,219,149	1,659,204	202,633	211,297	28,733	-	-	3,321,016

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Transportation equipments RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Impairment loss:								
At 1 January 2014	67,287	180,115	289	568	-	-	75	248,334
Charge for the year	2,967	2,614	272	-	-	-	-	5,853
Disposal of subsidiaries	-	(5,867)		-	-	-	-	(5,867)
Disposals	(1,508)	(1,441)	-	(7)	-	-	-	(2,956)
At 31 December 2014 and 1 January 2015	68,746	175,421	561	561	-	-	75	245,364
Charge for the year (note 7)	45,475	9,065	53	156	1,175	-	70,051	125,975
Transfer to investment properties (note 11)	(6,082)	-	-	-	-	-	-	(6,082)
Disposals	(11,201)	(39,083)	-	(214)	-	-	-	(50,498)
Exchange realignment	977	(364)	-	-	-	-	(231)	382
At 31 December 2015	97,915	145,039	614	503	1,175	-	69,895	315,141
Net book value:								
At 31 December 2015	10,479,469	2,625,951	980,453	366,749	64,240	-	2,925,341	17,442,203
At 31 December 2014	14,160,484	16,203,014	791,506	515,150	29,441	446,232	4,157,334	36,303,161

10. 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 34):

	2015 RMB'000	2014 RMB'000
Buildings	368,023	166,764
Plant and machinery	-	786,843
Mining infrastructure	-	491,490
	368,023	1,445,097

(2) Capitalised interest expenses included in construction in progress of the Group are as follows (note 6):

	2015 RMB'000	2014 RMB'000
Interest expenses capitalised	82,665	142,027

(3) As at 31 December 2015, the Group was in the process of applying for property certificates for plant and office buildings with a net book value of approximately RMB512,293,000 (2014: RMB2,773,743,000).

(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 2015 was RMB41,265,000 (2014: RMB371,565,000).

11. INVESTMENT PROPERTIES

	2015 RMB'000	2014 RMB'000
Cost:		
Carrying amount at 1 January	16,883,890	9,896,252
Additions	4,034,045	245,991
Acquisition of subsidiaries (note 51(a))	17,684,506	5,830,453
Transfer from properties under development	-	974,734
Transfer from properties held for sale	-	355,782
Transfer from property, plant and equipment (note 10)	79,743	-
Gain on fair value adjustments (note 5)	1,838,511	916,662
Disposal of subsidiaries	-	(776,000)
Disposal	(35,920)	-
Exchange realignment	413,914	(559,984)
Carrying amount at 31 December	40,898,689	16,883,890

The Group's investment properties consist of commercial properties, which are located in Beijing, Shanghai, Hangzhou, Chengdu, Tianjin 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's investment properties were valued on 31 December 2015 by several independent professionally qualified valuers. Selection criteria of the valuer 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 twice a year when the valuation is performed for interim and annual financial reporting.

11. INVESTMENT PROPERTIES (continued)

The Group's investment properties, Triton Square, Shibuya World East Building and FLEG Harajuku, in Tokyo, Japan were acquired by an indirectly owned subsidiary of the Company, at considerations of JPY10,288,000,000 (equivalent to RMB554,266,000) in December 2015, JPY2,721,490,000 (equivalent to RMB140,217,000) in April 2015 and JPY545,918,000 (equivalent to RMB28,127,000) in April 2015, respectively, from independent third parties. The directors of the Company are of the opinion that the fair value of the Triton Square, Shibuya World East Building and FLEG Harajuku equalled to the purchase considerations as Triton Square, Shibuya World East Building and FLEG Harajuku were acquired from independent third parties in an open market and there was no significant change in the commercial property market in Tokyo, Japan between the acquisition date and 31 December 2015.

The Group's investment properties, Broggi Palace, Piazza Cordusio in Milan, Italy and 73 Miller Street properties in Sydney, Australia, were acquired by an indirectly owned subsidiary of the Company, at considerations of EUR321,564,000 (equivalent to RMB2,156,987,000) in July 2015 and EUR74,579,000 (equivalent to RMB497,054,000) in March 2015, respectively, from independent third parties. The directors of the Company are of the opinion that the fair value equalled to the purchase consideration as Broggi Palace and 73 Miller Street properties were acquired from independent third parties in an open market and there was no significant change in the commercial property market in Milan, Italy and in Sydney, Australia between the acquisition date and 31 December 2015.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 53 to the financial statements.

At 31 December 2015, the Group's certain investment properties with a net carrying amount of approximately RMB19,227,824,000 (2014: RMB5,433,000,000) were pledged to secure bank loans, as set out in note 34 to the financial statements.

11. INVESTMENT PROPERTIES (continued)

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 2015 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:	RMB'000	RMB'000	RMB'000	RMB'000
Commercial properties	-	-	40,898,689	40,898,689

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:	RMB'000	RMB'000	RMB'000	RMB'000
Commercial properties	-	-	16,883,890	16,883,890

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 (2014:Nil).

11. 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	2015 Range/ weighted average	2014 Range/ weighted average
28 Liberty	Direct comparison approach and discounted cash flow approach	Terminal capitalisation rate (Year 10)	5.0%	5.3%
		Discount rate	7.5%	7.8%
		Market rent:		
		- modified gross (Year 1) (Square foot/year)	USD39.67 to USD 65.92	USD45 to USD70
		General vacancy/ credit loss rate	6.0% (stabilised-Year 4)	6.0% (stabilized-Year 6)
Tokyo Front Terrace	Direct comparison approach and discounted cash flow approach	Terminal capitalisation rate	4.4%	-
		Discount rate	4.0%	-
		Market rent (per tsubo)	JPY18,000	-
		Occupancy rate	96.0%	-
Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (“BFC”)	Direct comparison approach and discounted cash flow approach	Discount rate	6.4%	-
		Market rent:		-
		- office (Rmb/sq.m./day)	11.78	-
		Retail-1F (Rmb/sq.m./day)	21.72	-
		CPS (Rmb/unit/month)	1,500	-
		Level adjustments	30% to 100%	-
Fosun International Center in Beijing	Direct comparison approach and direct capitalisation approach	Term yield	5.5% to 6.5%	5.5% to 6.5%
		Market rent:		
		- per sq.m. and per month	RMB240 to RMB300	RMB238 to RMB277
		- per slot of parking space/month	RMB1,100	RMB1,100
		Level adjustments	40% to 50%	30% to 60%
		Market yield	6.0% to 7.0%	6.0% to 7.0%
		Reversionary period	From 1 January 2016 to 30 August 2054	From 1 January 2015 to 30 August 2054
Chengdu Forte International	Direct comparison approach and direct capitalisation approach	Term yield	5.5%	5.5%
		Market rent:		
		- per s.q.m. and per month	RMB50 to RMB238	RMB53 to RMB231
		Level adjustments	40% to 70%	30% to 60%
		Market yield	6.0%	6.0%
		Reversionary period	From 1 January 2016 to 2 July 2048	From 1 January 2015 to 2 July 2048
Other commercial properties	Direct comparison approach and direct capitalisation approach	Term yield	4.0% to 7.0%	3.0% to 6.5%
		Market rent:		
		- per s.q.m. and per month	RMB48 to RMB400	RMB45 to RMB225
		- per slot of parking space/month	RMB300 to RMB400	RMB301 to RMB395
		Level adjustments	20% to 70%	30% to 70%
		Market yield	3.0% to 7.5%	3.5% to 7.5%
		Reversionary period	From 1 January 2016 to 13 May 2073	From 1 January 2015 to 13 May 2073

11. 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.

12. PREPAID LAND LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
Cost:		
At 1 January	3,174,186	2,200,794
Additions	412,939	83,454
Acquisition of subsidiaries (note 51(a))	11,594	51,258
Transfer from properties under development	-	839,262
Included in assets of a disposal group classified as held for sale	-	(582)
Disposal of subsidiaries	(1,143,359)	-
Disposals	(119,124)	-
At 31 December	2,336,236	3,174,186
Accumulated amortisation:		
At 1 January	252,793	206,819
Amortisation for the year (note 7)	76,107	46,296
Included in assets of a disposal group classified as held for sale	-	(322)
Disposal of subsidiaries	(125,682)	-
Disposals	(10,870)	-
At 31 December	192,348	252,793
Net book value:		
At 31 December	2,143,888	2,921,393
At 1 January	2,921,393	1,993,975
Net book value pledged as security for bank loans (note 34)	1,022,849	587,199

As at 31 December 2015, the Group has no leasehold land in the process of applying for the land use certificates (2014: RMB49,066,000).

13. EXPLORATION AND EVALUATION ASSETS

	2015 RMB'000	2014 RMB'000
At 1 January	156,846	5,189
Additions	135,325	22,272
Acquisition of subsidiaries	-	129,385
Transfer to oil and gas assets (note 15)	(15,885)	-
Exploration assets expensed and written off	(86,411)	-
Exchange realignment	7,625	-
At 31 December	197,500	156,846

14. MINING RIGHTS

	2015 RMB'000	2014 RMB'000
Cost:		
At 1 January	1,541,829	1,508,285
Additions	-	33,544
Disposal of subsidiaries (note 51(b))	(165,117)	-
At 31 December	1,376,712	1,541,829
Accumulated amortisation:		
At 1 January	570,385	527,087
Amortisation for the year (note 7)	26,945	43,298
Disposal of subsidiaries (note 51(b))	(73,210)	-
At 31 December	524,120	570,385
Impairment loss:		
At 1 January	186,562	186,562
Charge for the year (note 7)	101,523	-
At 31 December	288,085	186,562
Net book value:		
At 31 December	564,507	784,882
At 1 January	784,882	794,636

15. OIL AND GAS ASSETS

	2015 RMB'000	2014 RMB'000
Cost:		
At 1 January	1,670,546	-
Additions	342,417	-
Acquisition of subsidiaries	-	1,670,546
Transferred from exploration and evaluation assets (note 13)	15,885	-
Disposal of subsidiaries (note 51(b))	(169,976)	-
Exchange realignment	102,253	-
At 31 December	1,961,125	1,670,546
Accumulated amortisation:		
At 1 January	-	-
Amortisation for the year (note 7)	483,401	-
Disposal of subsidiaries (note 51(b))	(11,187)	-
Exchange realignment	8,368	-
At 31 December	480,582	-
Impairment loss:		
At 1 January	158,340	-
Charge for the year (note 7)	338,224	158,340
Exchange realignment	13,743	-
At 31 December	510,307	158,340
Net book value:		
At 31 December	970,236	1,512,206
At 1 January	1,512,206	-

16. 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 2014	321,000	266,894	520,598	817,503	98,081	2,024,076
Additions	-	1,188	-	82,025	50,823	134,036
Acquisition of subsidiaries	174,000	39,000	36,000	126,518	189,951	565,469
Included in assets of a disposal group classified as held for sale	-	(75,000)	-	-	(870)	(75,870)
Exchange realignment	-	(795)	-	-	(22,614)	(23,409)
Disposals	-	-	-	(15,947)	(19,558)	(35,505)
At 31 December 2014 and 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 (note 51(a))	-	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	583,283	2,788,803	2,502,662	1,137,923	2,953,274	9,965,945

16. INTANGIBLE ASSETS (continued)

	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
Accumulated amortisation:						
At 1 January 2014	-	564	36,578	101,608	13,176	151,926
Provided during the year	-	-	18,267	58,090	55,457	131,814
Exchange realignment	-	-	-	-	262	262
Disposals	-	-	-	(338)	(6,649)	(6,987)
At 31 December 2014 and 1 January 2015	-	564	54,845	159,360	62,246	277,015
Reclassification	-	-	26,730	(26,730)	-	-
Provided during the year (note 7)	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	1,962	13,163	146,383	199,502	329,896	690,906
Impairment loss:						
At 1 January 2014	-	-	-	622	472	1,094
Charge for the year	64,000	-	-	19,520	475	83,995
At 31 December 2014, 1 January 2015 and 31 December 2015	64,000	-	-	20,142	947	85,089
Net book value:						
At 31 December 2015	517,321	2,775,640	2,356,279	918,279	2,622,431	9,189,950
At 31 December 2014	431,000	230,723	501,753	830,597	232,620	2,226,693

17. GOODWILL

	2015 RMB'000	2014 RMB'000
Cost:		
At 1 January	7,287,339	3,293,136
Acquisition of subsidiaries (note 51(a))	3,890,794	4,255,243
Disposal of subsidiaries	(6,259)	-
Included in assets of a disposal group classified as held for sale	-	(13,893)
Adjustment during the measurement period	-	(67,581)
Others	(13,186)	(179,566)
At 31 December	11,158,688	7,287,339
Accumulated impairment:		
At 1 January	(445,308)	(242,808)
Charge for the year (note 7)	-	(202,500)
At 31 December	(445,308)	(445,308)
Net book value:		
At 31 December	10,713,380	6,842,031

Impairment testing of goodwill

Goodwill acquired through business combinations has been primarily allocated to the following reportable cash-generating units ("CGUs") for impairment testing:

- Happiness
- Health
- Property development and sales
- Investment
- Insurance
- Resources

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	Total RMB'000
2015	1,918,053	3,471,856	70,526	33,909	5,049,599	169,437	10,713,380
2014	-	3,255,042	70,526	33,801	3,322,999	159,663	6,842,031

17. 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 five-year period. The discount rates applied to the cash flow projections range from 7.2% to 15% (2014: 9.5% to 17%). Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2% to 3%.

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2015 and 2014. 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.

18. INVESTMENTS IN JOINT VENTURES

	2015 RMB'000	2014 RMB'000
Share of net assets	11,550,962	4,430,550
Loans to joint ventures	258,163	3,158,600
	11,809,125	7,589,150

Loans to joint ventures of RMB258,613,000 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 32 to the financial statements.

As at 31 December 2014, the Group held a 50% equity interest in Shanghai Haizhimen Property Investment and Management Co., Ltd. ("Haizhimen"). The major assets of Haizhimen is the 100% interests in BFC. Haizhimen was considered a material joint venture of the Group as at 31 December 2014. In September 2015, the Group acquired the 100% equity interests in BFC from Haizhimen and BFC was accounted for as a subsidiary of the Group. As at 31 December 2015, there was no material joint venture within the Group.

18. INVESTMENTS IN JOINT VENTURES (continued)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2015 RMB'000	2014 RMB'000
Share of the joint ventures' profit for the year	1,066,950	66,739
Share of the joint ventures' total comprehensive income	1,066,950	66,739
Aggregate carrying amount of the Group's investments in the joint ventures	11,809,125	3,136,461

19. INVESTMENTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Share of net assets	28,050,676	24,640,468
Goodwill on acquisition	3,358,107	2,511,914
	31,408,783	27,152,382
Provision for impairment	(199,131)	(175,978)
	31,209,652	26,976,404
Net book value pledged as security for bank loans (note 34)	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 32 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.

19. 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:

	2015 RMB'000	2014 RMB'000
Current assets	116,694,552	110,497,256
Non-current assets	21,625,639	18,405,163
Current liabilities	(94,773,697)	(86,112,925)
Non-current liabilities	(2,414,391)	(5,874,166)
Net assets	41,132,103	36,915,328
Net assets attributable to the Group	17,552,385	16,033,447

	2015 RMB'000	2014 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	8,600,668	7,856,389
Goodwill on acquisition (less accumulative impairment)	-	-
Carrying amount of the investment	8,600,668	7,856,389
Revenues	227,069,433	200,313,355
Profit for the year	5,701,556	4,554,592
Other comprehensive income	34,565	10,980
Total comprehensive income for the year	5,736,121	4,565,572
Dividend received	245,000	147,000

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2015 RMB'000	2014 RMB'000
Share of the associates' profit for the year	1,027,448	815,172
Share of the associates' other comprehensive (loss)/income	(170,710)	158,109
Share of the associates' total comprehensive income	856,738	973,281
Aggregate carrying amount of the Group's investments in the associates	22,608,984	19,120,015

20. AVAILABLE-FOR-SALE INVESTMENTS

	2015 RMB'000	2014 RMB'000
Listed equity investments, at fair value	22,406,786	13,230,302
Listed debt investments, at fair value	79,396,944	51,473,616
Listed investments, at fair value	101,803,730	64,703,918
Unlisted equity investments, at cost	12,124,351	9,494,888
Unlisted debt investments, at cost	235,950	-
Unlisted equity investments, at fair value	2,575,278	2,484,296
Unlisted debt investments, at fair value	1,393,365	554,711
Unlisted investments	16,328,944	12,533,895
Total	118,132,674	77,237,813
Portion classified as current assets	(20,998,463)	(16,388,314)
Non-current portion	97,134,211	60,849,499

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB3,005,509,000 (2014: RMB2,235,085,000), of which RMB4,868,248,000 (2014: RMB1,883,168,000) 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 RMB1,117,060,000 (2014: RMB40,427,000), which included a reclassification from other comprehensive income of RMB112,968,000 (2014: Nil), 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 2015 amounted to RMB554,892,000 (2014: Nil), which included a reclassification from other comprehensive loss of RMB13,555,000, has been recognised in the statement of profit or loss for the year. The impairment losses on the unlisted equity investments and unlisted debt investments as at 31 December 2015 amounted to RMB117,225,000 (2014: RMB59,335,000) and RMB34,518,000 (2014: RMB21,000) respectively, which have been recognised in the consolidated statement of profit or loss for the year.

At 31 December 2015, the Group's available-for-sale investment with a carrying amount of RMB909,356,000 (2014: RMB802,922,000) was pledged to secure bank loans, as set out in note 34 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.

21. PROPERTIES UNDER DEVELOPMENT

	2015 RMB'000	2014 RMB'000
Land cost	28,193,253	28,412,805
Construction costs	6,322,869	6,410,667
Capitalised finance costs	1,743,948	2,278,322
	36,260,070	37,101,794
Less: Provision for impairment of properties under development (note 7)	(377,631)	-
Portion classified as current assets	(18,846,968)	(23,429,966)
	17,035,471	13,671,828

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2015 RMB'000	2014 RMB'000
Net book value pledged (note 34)	20,976,098	12,847,293

Additions to properties under development include:

Interest expense capitalised in respect of bank and other borrowings (note 6)	1,231,147	1,282,710

The Group's properties under development are all situated in Mainland China and Hong Kong.

22. LOANS RECEIVABLE

	Notes	2015 RMB'000	2014 RMB'000
Loans receivable		2,288,855	2,140,063
Portion classified as current	(1)	(1,735,066)	(843,086)
Non-current portion	(2)	553,789	1,296,977

(1) As at 31 December 2015, the current portion of loans receivable comprises:

- an entrusted bank loan of RMB917,909,000 provided to a third party, which is guaranteed, bears interest at a fixed interest rate of 5.00% per annum and is repayable on demand;

22. LOANS RECEIVABLE (continued)

(1) As at 31 December 2015, the current portion of loans receivable comprises:(continued)

- an entrusted bank loan of RMB324,680,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 3.32% per annum and is repayable in January 2016;
- an entrusted bank loan of RMB264,700,000 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 2016;
- an entrusted bank loan of RMB116,884,000 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 2016;
- an entrusted bank loan of RMB68,293,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 12.00% per annum and is repayable in June 2016;
- an entrusted bank loan of RMB32,600,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 15.00% per annum and is repayable in May 2016; and
- an entrusted bank loan of RMB10,000,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 6.00% per annum and is repayable in January 2016.

(2) As at 31 December 2015, the non-current portion of loans receivable comprises:

- a shareholders' loan of RMB202,281,000 provided to an associate, SAS Val Thorens Le Cairn, which is unsecured, bears interest at a fixed interest rate of 6.00% per annum and has no fixed terms of repayment;
- an entrusted bank loan of RMB118,146,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 12.00% per annum and is repayable in 2018;
- an entrusted bank 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 2018;
- an entrusted bank loan of RMB60,000,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 1.00% per annum and has no fixed terms of repayment;
- an entrusted bank loan of RMB40,000,000 provided to a third party, which is unsecured, interest-free and has no fixed terms of repayment; and
- a shareholders' loan of RMB30,062,000 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.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Prepayments consist of:		
Prepayments for purchase of raw materials of steel	-	92,972
Prepayments for purchase of pharmaceutical materials	161,642	135,932
Prepayments for purchase of construction materials	605,697	63,046
Prepayments for purchase of equipment and others	241,551	579,031
Prepaid expenses	1,056,314	-
Deposits	1,184,172	1,165,633
Other receivables consist of:		
Funding provided to third parties	3,028,731	2,457,450
Tax recoverable	748,418	866,831
Deferred cost of acquisition of insurance customers	-	173,135
Others	3,955,606	2,908,061
Prepayments for the proposed acquisitions of equity interests	660,772	1,676,626
Prepayments for the acquisition of the land	2,611,380	1,379,994
	14,254,283	11,498,711
Portion classified as current assets	10,341,857	7,636,100
Non-current portion	3,912,426	3,862,611

24. 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 investments 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 2014	1,504,016	367,852	-	7,657	383,410	382,377	2,645,312
Acquisition of subsidiaries	30,699	892,373	110,129	-	24,427	632,336	1,689,964
Disposal of subsidiaries	-	(23)	-	-	(28,297)	(5,207)	(33,527)
Deferred tax charged to reserve during the year	-	-	(84,715)	-	-	-	(84,715)
Deferred tax credited to the consolidated statement of profit or loss during the year	28,303	231,374	-	274	28,615	114,777	403,343
Exchange realignment	(809)	(167,685)	(13,569)	-	-	(66,281)	(248,344)
Gross deferred tax assets at 31 December 2014 and 1 January 2015	1,562,209	1,323,891	11,845	7,931	408,155	1,058,002	4,372,033
Acquisition of subsidiaries (note 51(a))	276,402	766,799	-	-	-	298,530	1,341,731
Disposal of subsidiaries (note 51(b))	(1,526,544)	(159,881)	-	-	-	(244,195)	(1,930,620)
Deferred tax charged 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	364,376	-	(5,053)	74,871	104,248	1,070,275
Exchange realignment	29,075	5,156	(573)	-	-	(18,810)	14,848
Gross deferred tax assets at 31 December 2015	872,975	2,300,341	500,349	2,878	483,026	1,197,775	5,357,344

24. DEFERRED TAX (continued)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from available-for-sale investments RMB'000	Revaluation of investment properties RMB'000	Deemed disposal of associates RMB'000	Deferred LAT RMB'000	Withholding taxes RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2014	999,985	183,584	341,567	429,696	1,028,137	153,212	317,869	315,692	3,769,742
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(80,208)	462,703	(177,538)	310,418	129,539	(21,815)	112,749	325,286	1,061,134
Deferred tax credited to reserve during the year	-	-	82,231	-	-	-	-	-	82,231
Acquisition of subsidiaries	323,439	-	1,190,760	122,768	-	97,709	-	344,917	2,079,593
Exchange realignment	-	(1,608)	(155,140)	(92,758)	-	-	-	(25,438)	(274,944)
Included in assets of a disposal group classified as held for sale	(18,852)	-	-	-	-	-	-	-	(18,852)
Disposal of subsidiaries	(99,840)	-	-	(11,250)	-	(3,079)	-	(9,995)	(124,164)
Gross deferred tax liabilities at 31 December 2014 and 1 January 2015	1,124,524	644,679	1,281,880	758,874	1,157,676	226,027	430,618	950,462	6,574,740
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(224,224)	(514,049)	-	572,778	-	(31,321)	178,779	952,603	934,566
Deferred tax credited to reserve during the year	-	-	(265,454)	-	-	-	-	-	(265,454)
Acquisition of subsidiaries (note 51 (a))	2,350,192	-	-	9,066	-	23,839	-	426,968	2,810,065
Exchange realignment	32,562	15,014	(41,342)	16,710	-	-	-	16,517	39,461
Disposal of subsidiaries	(18,809)	8,770	-	-	-	-	-	(929,455)	(939,494)
Gross deferred tax liabilities at 31 December 2015	3,264,245	154,414	975,084	1,357,428	1,157,676	218,545,	609,397	1,417,095	9,153,884

24. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities amounted to RMB354,827,000 have been offset in the statement of financial position. After offsetting, the following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2015 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	5,002,517
Net deferred tax liabilities recognised in the consolidated statement of financial position	8,799,057

As at 31 December 2015, the deferred tax assets were recognised for certain entities within the Group which suffered accumulated losses as at the end of 2015. 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 2015.

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:

	2015 RMB’000	2014 RMB’000
Tax losses	11,018,951	6,927,828
Deductible temporary differences	302,532	139,228
	11,321,483	7,067,056

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.

25. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	1,040,552	2,228,307
Work in progress	338,520	1,383,902
Finished goods	1,159,553	2,300,210
Spare parts and consumables	245,065	576,388
	2,783,690	6,488,807
Less: Provision for inventories	(111,993)	(148,202)
	2,671,697	6,340,605
Portion classified as non-current assets	(323,708)	(87,722)
	2,347,989	6,252,883

26. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED CONTRACTS

	2015 RMB'000	2014 RMB'000
Financial assets designated as at fair value through profit or loss:		
Debt instruments	3,310,257	4,531,247
Equity instruments	31,833	33,973
Investment funds	133,234	127,877
Term deposits	424,379	419,894
Sight deposits	182,791	206,980
Others	(16,578)	(14,065)
	4,065,916	5,305,906
Portion classified as current assets	(471,535)	(1,535,931)
Non-current portion	3,594,381	3,769,975

The above assets are held for policyholders of unit-linked products.

27. INSURANCE AND REINSURANCE DEBTORS

	2015 RMB'000	2014 RMB'000
Amounts due from insurance customers and suppliers	8,570,354	2,533,734
Less : Provision for impairment	(295,381)	(401,716)
	8,274,973	2,132,018
Portion classified as current assets	(8,146,186)	(2,063,919)
Non-current portion	128,787	68,099

The following is an ageing analysis of the amounts due from insurance customers:

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	6,482,245	1,077,831
Past due but not impaired	1,782,709	1,054,187
Past due and impaired	305,400	401,716
	8,570,354	2,533,734

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 RMB295,381,000 (31 December 2014: RMB401,716,000). Various actions have been taken to recover the debts, but these debts have not been recovered and hence impairment is provided.

Movements in the allowance for impaired debts:

	2015 RMB'000	2014 RMB'000
At 1 January	401,716	-
Acquisition of subsidiaries	56,709	398,931
Amount written off as uncollectible	(26,129)	-
(Reversal of)/provision for impairment losses	(204,104)	55,569
Exchange realignment	67,189	(52,784)
At 31 December	295,381	401,716

28. 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.

	2015 RMB'000	2014 RMB'000
Life insurance contract liabilities	88,259	80,033
Unearned premium provisions	2,819,412	228,784
Provision for outstanding claims	10,164,925	797,452
	13,072,596	1,106,269
Portion classified as current assets	(3,452,133)	(624,909)
Non-current portion	9,620,463	481,360

29. CASH AND BANK AND TERM DEPOSITS

	Notes	2015 RMB'000	2014 RMB'000
Cash on hand		83,641	63,675
Cash at banks, unrestricted		38,356,208	25,888,351
Cash and cash equivalents		38,439,849	25,952,026
Pledged bank balances	(1)	2,515,049	4,317,944
Time deposits with original maturity of more than three months	(2)	5,116,283	9,516,527
Restricted presale proceeds	(3)	874,423	507,413
Required reserve deposits	(4)	141,215	329,598
		47,086,819	40,623,508
Portion classified as current assets		(46,621,684)	(40,475,693)
Non-current portion – Term deposits		465,135	147,815

29. CASH AND BANK AND TERM DEPOSITS (continued)

Notes:

It mainly comprises as follows:

	2015 RMB'000	2014 RMB'000
(1) Pledged bank balances to secure notes payable	554,639	3,438,172
Pledged bank balances to secure bank loans (note 34)	577,432	46,721
Bank balances as various deposits	1,310,355	335,503
(2) Time deposits with original maturity of more than three months pledged to secure bank loans (note 34)	-	3,486

(3) 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.

(4) Required reserve deposits amounting to RMB141,215,000 (2014: RMB329,598,000) are placed by Shanghai Fosun High Technology Group Finance Co., Ltd. ("Finance Company"), an indirect subsidiary of the Company, with the People's Bank of China ("PBOC"). The reserve deposits with the PBOC are not available for use in the Group's daily operations.

In the preparation of the consolidated statement of cash flows, pledged bank balances, time deposits with original maturity of more than three months, restricted pre-sale proceeds from properties and required reserve deposits have been excluded from cash and cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

30. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 RMB'000	2014 RMB'000
Listed investments, at fair value		
Equity investments	7,063,019	12,970,777
Debt investments	2,786,496	1,599,894
	9,849,515	14,570,671
Unlisted investments, at fair value	967,934	381,741
	10,817,449	14,952,412

At 31 December 2015, the Group's investments at fair value through profit or loss with a carrying amount of RMB2,105,531,000 (2014: RMB2,922,103,000) were pledged to secure bank loans, as set out in note 34 to the financial statements.

31. TRADE AND NOTES RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	3,739,276	3,610,965
Notes receivable	629,274	2,760,038
	4,368,550	6,371,003

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

	2015 RMB'000	2014 RMB'000
Outstanding balances with ages:		
Within 90 days	2,725,729	2,794,853
91 to 180 days	676,826	517,066
181 to 365 days	382,548	288,425
1 to 2 years	86,792	87,219
2 to 3 years	17,078	10,537
Over 3 years	31,856	23,498
	3,920,829	3,721,598
Less: Provision for impairment of trade receivables	(181,553)	(110,633)
	3,739,276	3,610,965

31. TRADE AND NOTES RECEIVABLES (continued)

The movements in the provision for impairment of trade receivables are as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	110,633	76,135
Amount written off as uncollectible	(37,279)	(12,155)
Disposal of subsidiaries	(40,869)	-
Provision for impairment losses	149,068	46,653
At 31 December	181,553	110,633

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	975,860	777,151
Within 90 days past due	1,028,834	515,141
91 to 180 days past due	378,663	123,867
Over 180 days past due	287,174	83,036
	2,670,531	1,499,195

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 2015, the Group's trade and notes receivables with a carrying amount of approximately RMB219,768,000 (2014: RMB1,155,019,000) were pledged to secure bank loans, as set out in note 34 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

32. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2015 RMB'000	2014 RMB'000
Due from the holding company	(iii)	27,361	34,072
Due from related companies:			
Associates	(i)	2,433,581	2,273,745
Joint ventures	(ii)	1,355,606	3,052,455
Other related companies	(iii)	234,917	202,302
		4,024,104	5,528,502

Notes:

(i) As at 31 December 2015, the balances due from associates included the amount of RMB2,208,795,000 (2014: RMB2,052,131,000), 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 2015, the balances due from joint ventures included the amount of RMB1,355,606,000 (2014: RMB3,052,006,000), which were non-trade in nature, unsecured, interest-free and repayable on demand. The remaining balances due from joint ventures amounting to nil (2014: RMB449,000) are trade in nature, interest-free and repayable on demand.

(iii) As at 31 December 2015, the balances due from the holding company, subsidiaries and other related companies are unsecured, interest-free and repayable on demand.

	Notes	2015 RMB'000	2014 RMB'000
Due to related companies:			
Associates	(iv)	2,419,051	2,088,139
Non-controlling shareholders of subsidiaries	(v)	218,141	208,200
Joint ventures	(vi)	307,500	822,054
Other related companies	(vii)	8	8
		2,944,700	3,118,401

32. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES (continued)

Notes:

(iv) As at 31 December 2015, the balances due to associates included the amount of RMB2,378,106,000 (2014: RMB2,017,007,000), 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.

(v) As at 31 December 2015, the balance due to non-controlling shareholders of subsidiaries comprised of:

- an amount of RMB176,403,000, all among the current portion being the payables for purchase of low grade ore products from Hainan Iron and Steel Co., Ltd., which is interest-free.

- The remaining balances of RMB41,738,000 are non-trade in nature, interest-free and repayable on demand.

(vi) As at 31 December 2015, the balances due to joint ventures included the amount of RMB294,990,000 (2014: RMB822,054,000), 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.

(vii) The balances due to other related companies are unsecured, interest-free and repayable on demand.

33. NON-CURRENT ASSETS/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Notes	2015 RMB'000	2014 RMB'000
Carrying amount of available-for-sale investments before classification as held for sale	(i)	44,298	239,229
Carrying amount of property, plant and equipment before classification as held for sale	(ii)	58,947	-
Carrying amount of the assets of a disposal group	(iii)	-	990,341
Carrying amount after impairment		103,245	1,229,570
Liabilities directly associated with the assets classified as held for sale	(iii)	-	589,118

33. NON-CURRENT ASSETS/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

Notes:

(i) As at 31 December 2015, the non-current assets held for sale represented the Group's available-for-sale investments in Shenzhen Inveno Technology Co., Ltd. ("INVENO"), Beijing Quant Group Information Technology Co., Ltd. ("Quant Group") and Shanghai T-rex Information Technology Co., Ltd. ("T-REX") amounting to RMB16,500,000, RMB7,798,000, and RMB20,000,000 respectively.

On 27 July 2015, the Group through its subsidiary, Yadong Beichen Investment Management Co., Ltd. ("Yadong Beichen"), entered into a share transfer agreement with the original shareholder of Yadong Xingchen Investment Management Co., Ltd. ("Yadong Xingchen"), a third party, for the share transfer of the Group's equity interest of 7.82% in INVENO, equity interest of 10% in Quant Group and equity interest of 20% in T-REX for cash considerations of RMB43,988,000, RMB7,798,000 and RMB20,000,000, respectively. The share transfer is expected to be completed in 2016.

(ii) The rest of the non-current assets held for sale represents the property, plant and equipment of a village of Club Méditerranée S.A. ("Club Med"), an indirect subsidiary of the Company, the disposal of which is considered highly probable during the year of 2016.

(iii) On 10 December 2014, the Group through its subsidiary, Fosun Pharma entered into certain equity transfer agreements with Sinopharm Holding GuoDa Drug Store Co., Ltd. ("Guoda Drug Store"), pursuant to which, Fosun Pharma agreed to sell and Guoda Drug Store agreed to purchase 53.13% equity interest in Beijing Golden Elephant Pharmacy Medicine Chain Company Limited ("Golden Elephant Pharmacy"), 97% equity interest in Shanghai Fosun Pharmaceutical Company Limited ("Fosun Pharmaceutical") and 99.76% equity interest in Shanghai For Me Yixing Pharmacy Chain-Store Company Limited ("For Me Pharmacy") for aggregate considerations of approximately RMB414,356,000. Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy mainly engaged in pharmaceutical distribution and retail business. Fosun Pharma has decided to dispose of these interests for the purpose of optimising the resource allocation of Fosun Pharma and moving forward the transition of business model of retail business of Fosun Pharma. As at 31 December 2014, all the assets and liabilities of Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy 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. And the disposal of these equity interests in Fosun Pharmaceutical, For Me Pharmacy and Golden Elephant Pharmacy was completed in January 2015.

33. NON-CURRENT ASSETS/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

The assets and liabilities of Fosun Pharmaceutical, For Me Pharmacy and Golden Elephant Pharmacy classified as held for sale as at 31 December 2014 are as follows:

	2014 RMB'000
Assets	
Inventories	252,915
Cash and bank	223,213
Trade and notes receivables	179,233
Prepayments, deposits and other receivables	176,347
Intangible assets	75,870
Property, plant and equipment	46,804
Due from related companies	19,604
Goodwill	13,893
Available-for-sale investments	1,230
Investments in associates	972
Prepaid land lease payment	260
Assets of a disposal group classified as held for sale	990,341
Liabilities	
Trade and notes payables	432,217
Accrued liabilities and other payables	123,698
Deferred tax liabilities	18,852
Due to related companies	13,676
Tax payable	675
Liabilities directly associated with the assets classified as held for sale	589,118

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2015 RMB'000	2014 RMB'000
Bank loans:	(1)		
Secured		39,100,912	20,873,950
Unsecured		46,183,368	37,891,742
		85,284,280	58,765,692
Corporate bonds and enterprise bonds	(2)	6,598,361	9,040,838
Private placement note	(3)	7,560,499	4,077,554
Senior notes	(4)	5,873,726	4,012,143
Medium-term notes	(5)	5,981,017	4,577,850
Short-term commercial papers	(6)	2,053,979	2,996,451
Other borrowings, secured	(7)	3,624,268	3,944,760
Other borrowings, unsecured	(7)	5,460,584	6,771,606
Total		122,436,714	94,186,894

34. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	2015 RMB'000	2014 RMB'000
Repayable:		
Within one year	55,577,706	46,786,932
In the second year	21,015,565	20,121,549
In the third to fifth years, inclusive	37,324,484	22,761,251
Over five years	8,518,959	4,517,162
	122,436,714	94,186,894
Portion classified as current liabilities	(55,577,706)	(46,786,932)
Non-current portion	66,859,008	47,399,962

Notes:

(1) Certain of the Group's bank loans are secured by:

Certain of the Group's bank loans are secured by the pledge of certain of the Group's buildings amounting to RMB363,023,000 (2014: RMB166,764,000), investment properties amounting to RMB19,227,824,000 (2014: RMB5,433,000,000), prepaid land lease payments amounting to RMB1,022,849,000 (2014: RMB587,199,000), properties under development amounting RMB20,976,098,000 (2014: RMB12,847,293,000), completed properties for sale amounting to RMB5,031,742,000 (2014: RMB4,852,833,000), trade and notes receivables amounting to RMB219,768,000 (2014: RMB1,155,019,000), equity investment at fair value through profit or loss amounting to RMB2,105,531,000 (2014: RMB2,922,103,000), investments in associates amounting to RMB52,292,000 (2014:Nil), investments in available-for-sale entities amounting to RMB909,356,000 (2014: RMB 802,922,000) and investments in subsidiaries.

No plant and machinery (2014: RMB786,843,000), mining infrastructure (2014: RMB491,490,000), term deposits with original maturity of more than three months (2014: RMB3,486,000) and investments in a joint venture (2014: RMB533,294,000) were pledged to secure the interest-bearing bank and other borrowings.

Bank balances amounting to RMB577,432,000 (2014: RMB46,721,000) were pledged to secure the interest-bearing bank and other borrowings.

The bank loans bear interest at rates ranging from 0.57% to 7.48% (2014: 0.52% to 8.50%) per annum.

34. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(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, Shanghai Forte Land Co., Ltd. ("Forte") issued five-year domestic corporate bonds with a par value of RMB4,000,000,000 and an effective interest rate of 4.39% per annum. 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.

(3) Private placement note

On 19 June 2013, Fosun Group issued three-year private placement notes with a par value of RMB2,000,000,000 and an effective interest rate of 6.02% per annum. The interest will be paid annually in arrears and the maturity date is 19 June 2016.

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 will be paid annually in arrears and the maturity date is 3 April 2018.

On 31 July 2015, Fosun Group issued one-year private placement notes with a par value of RMB2,500,000,000 and the effective interest rate is 5.07% per annum. The interest is payable at the maturity date which is 31 July 2016.

On 11 August 2015, Fosun Group issued one-year private placement notes with a par value of RMB1,000,000,000 and the effective interest rate is 4.96% per annum. The interest is payable at the maturity date which is 11 August 2016.

34. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(3) Private placement note (continued)

On 26 October 2015, Fosun Group issued one-year private placement notes with a par value of RMB1,000,000,000 and the effective interest rate is 3.99% per annum. The interest is payable at the maturity date which is 26 October 2016.

(4) 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.

On 10 May 2010, Ironshore, a subsidiary of Fosun Capital Holdings Limited, issued ten-year senior notes with a par value of USD250,000,000 and an effective interest rate of 8.76% per annum. The interest will be paid semi-annually in arrears.

In 2015, eight-year senior notes with a par value of EUR240,000,000 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.

(5) Medium-term notes

On 31 March 2011, Fosun Pharma issued five-year medium-term notes with a par value of RMB1,600,000,000 and an effective interest rate of 6.26% per annum. The interest is paid annually in arrears and the maturity date is 31 March 2016.

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.

34. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(6) Short-term commercial papers

On 11 May 2015, Fosun Group issued short-term commercial paper with a par value of RMB2,000,000,000 and an effective interest rate of 4.51% per annum. The interest is payable at the maturity date which is 11 May 2016.

(7) Other borrowings

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 0.65% to 8.7% (2014: 2.55% to 11.0%) per annum.

35. CONVERTIBLE BONDS

The Issuer, an indirect subsidiary of the Company issued convertible bonds in the principal amount of HK$3,875,000,000 (equivelant to RMB3,068,225,000) on 22 November 2013 guaranteed by Fosun International Limited and certain other subsidiaries (the “Convertible Bonds”). The Convertible Bonds is convertible into fully-paid ordinary shares of par value HK$0.10 each of Fosun International Limited. The Convertible Bonds bear interests at the rate of 1.5% per annum payable semi-annually in arrears on May 22 and November 22 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.

During the year, certain convertible bonds with a principal amount of HKD3,506,000,000 were converted to 350,600,000 ordinary shares of the Fosun International Limited at the conversion price of HKD10 per share.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	2015 RMB’000	2014 RMB’000
Liabilities component at the beginning of year	2,485,546	2,319,675
Interest expense	89,457	207,618
Interest paid	(18,348)	(46,055)
Conversion into equity	(2,307,207)	-
Exchange realignment	19,535	4,308
Liability component at 31 December	268,983	2,485,546

The effective interest rate of the liability component is 8.93% per annum.

36. LOANS FROM RELATED COMPANIES

	2015 RMB'000	2014 RMB'000
Loans from		
- a joint venture	193,000	193,000
Repayable:		
Within one year	193,000	193,000

The loans from related parties comprise entrusted loans of RMB100,000,000 and RMB93,000,000 provided by Wuxi Forte Real Estate Development Co., Ltd., a joint venture, which are unsecured, bear interest at a rate of 3.25% per annum and are repayable on 10 November 2016 and 7 November 2016, respectively.

37. TRADE AND NOTES PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	10,293,759	11,700,971
Notes payable	142,474	7,889,598
	10,436,233	19,590,569

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	2015 RMB'000	2014 RMB'000
Outstanding balances with ages:		
Within 90 days	3,690,592	6,528,179
91 to 180 days	1,821,188	1,010,306
181 to 365 days	2,247,450	1,751,277
1 to 2 years	606,355	728,176
2 to 3 years	703,743	669,800
Over 3 years	1,224,431	1,013,233
	10,293,759	11,700,971

37. TRADE AND NOTES PAYABLES (continued)

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

38. ACCRUED LIABILITIES AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Advances from customers	8,968,936	9,065,400
Payables related to:		
Purchases of property, plant and equipment	71,185	2,194,750
Deposits received	748,980	713,234
Payroll	1,838,582	827,542
Business tax	411,647	257,069
Accrued interest expenses	840,290	1,005,863
Value-added tax	84,020	137,188
Accrued utilities	182,206	202,736
Acquisition of subsidiaries	54,722	464,006
Acquisition of additional interests in subsidiaries	13,000	130,000
Current portion of other long term payables (note 47)	63,980	90,554
Financial support for the property development	5,558,165	3,939,779
Other accrued expense	2,170,832	1,077,867
Others	3,228,971	3,188,538
	24,235,516	23,294,526

39. FINANCE LEASE PAYABLES

Total future minimum lease payments under finance leases and their present values are as follows:

	2015 RMB'000	2014 RMB'000
Repayable:		
Within one year	83,480	143,680
In the second year	69,918	70,239
In the third to sixth years, inclusive	158,365	207,087
Total minimum finance lease payments	311,763	421,006
Less: Future finance charges	(39,513)	(22,726)
	272,250	398,280
Portion classified as current finance lease payables	(78,629)	(150,508)
Long-term portion	193,621	247,772

40. DEPOSITS FROM CUSTOMERS

	2015 RMB'000	2014 RMB'000
Demand deposits and current accounts	1,300,688	1,696,120

As at 31 December 2015 and 2014, deposits from customers represented deposits placed in Finance Company, a subsidiary of the Group. The deposits from customers carry interest at rates ranging from 0.35% to 2.34% (2014: 0.385% to 3.08%) per annum and will be repaid upon demand of the customers.

Deposits from customers due to related parties are disclosed in note 56 to the financial statements.

41. UNEARNED PREMIUM PROVISIONS

		31 December 2015			31 December 2014		
		Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Life insurance	(i)	16,619	(869)	15,750	11,301	(907)	10,394
Non-life insurance	(ii)	12,865,360	(2,818,543)	10,046,817	2,848,926	(227,877)	2,621,049
		12,881,979	(2,819,412)	10,062,567	2,860,227	(228,784)	2,631,443

Notes:

(i) Analysis of movements in the unearned premium provisions for the life insurance business:

	31 December 2015			31 December 2014		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	11,301	(907)	10,394	-	-	-
Acquisition of subsidiaries	-	-	-	47,722	-	47,722
Premiums written during the year	2,530,029	(683,216)	1,846,813	1,563,826	(46,741)	1,517,085
Premiums earned during the year	(2,524,370)	683,211	(1,841,159)	(1,596,502)	45,771	(1,550,731)
Exchange realignment	(341)	43	(298)	(3,745)	63	(3,682)
At 31 December	16,619	(869)	15,750	11,301	(907)	10,394

(ii) Analysis of movements in the unearned premium provisions for the non-life insurance business:

	31 December 2015			31 December 2014		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	2,848,926	(227,877)	2,621,049	207,427	-	207,427
Acquisition of subsidiaries (note 51(a))	9,810,566	(2,481,230)	7,329,336	2,662,313	(419,505)	2,242,808
Premiums written during the year	15,316,797	(1,929,343)	13,387,454	7,268,688	(663,689)	6,604,999
Premiums earned during the year	(15,040,297)	1,849,276	(13,191,021)	(7,095,542)	812,355	(6,283,187)
Exchange realignment	(70,632)	(29,369)	(100,001)	(193,960)	42,962	(150,998)
At 31 December	12,865,360	(2,818,543)	10,046,817	2,848,926	(227,877)	2,621,049

42. PROVISION FOR OUTSTANDING CLAIMS

		31 December 2015			31 December 2014		
			Reinsurers'			Reinsurers'	
		Gross	share	Net	Gross	share	Net
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Life insurance	(i)	1,364,432	(79,182)	1,285,250	923,124	(65,592)	857,532
Non-life insurance	(ii)	45,644,916	(9,932,876)	35,712,040	13,234,269	(731,860)	12,502,409
		47,009,348	(10,012,058)	36,997,290	14,157,393	(797,452)	13,359,941
Portion classified as current liabilities		(14,461,347)			(6,534,777)		
Non-current portion		32,548,001			7,622,616		

Notes:

(i) Analysis of movements in the provision for outstanding claims for the life insurance business:

	31 December 2015			31 December 2014		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	923,124	(65,592)	857,532	-	-	-
Acquisition of subsidiaries	-	-	-	929,849	(99,561)	830,288
Claims paid during the year	(1,966,823)	45,679	(1,921,144)	(1,738,324)	37,695	(1,700,629)
Claims incurred during the year	2,433,740	(61,922)	2,371,818	1,853,705	(14,476)	1,839,229
Exchange realignment	(25,609)	2,653	(22,956)	(122,106)	10,750	(111,356)
At 31 December	1,364,432	(79,182)	1,285,250	923,124	(65,592)	857,532

(ii) Analysis of movements in the provision for outstanding claims for the non-life insurance business:

	31 December 2015			31 December 2014		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	13,234,269	(731,860)	12,502,409	318,667	-	318,667
Acquisition of subsidiaries (note 51(a))	31,570,756	(8,458,092)	23,112,664	14,773,355	(1,078,738)	13,694,617
Claims paid during the year	(10,769,140)	2,899,746	(7,869,394)	(4,226,622)	376,100	(3,850,522)
Claims incurred during the year	11,252,016	(3,389,286)	7,862,730	4,298,419	(147,179)	4,151,240
Exchange realignment	357,015	(253,384)	103,631	(1,929,550)	117,957	(1,811,593)
At 31 December	45,644,916	(9,932,876)	35,712,040	13,234,269	(731,860)	12,502,409

43. FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

	Notes	2015 RMB'000	2014 RMB'000
Financial liabilities for unit-linked contracts	(i)	4,065,916	5,305,884
Investment contract liabilities	(ii)	53,232,403	52,044,306
Commissions on the issue of financial products		(87,193)	(71,674)
		57,211,126	57,278,516
Portion classified as current liabilities		(5,192,088)	(10,034,697)
Non-current portion		52,019,038	47,243,819

Notes:

(i) Unit-linked contracts

	2015 RMB'000	2014 RMB'000
At 1 January	5,305,884	-
Acquisition of subsidiaries	-	8,653,797
Issues	25,552	20,734
Redemptions	(1,037,437)	(2,577,413)
Profit or loss	55,299	116,272
Other	(335)	(753)
Exchange realignment	(283,047)	(906,753)
At 31 December	4,065,916	5,305,884

(ii) Other investment contract liabilities

	2015 RMB'000	2014 RMB'000
At 1 January	52,044,306	-
Acquisition of subsidiaries	-	52,317,559
Issues	17,219,813	15,464,341
Redemptions	(14,908,197)	(9,898,477)
Profit or loss	1,294,774	1,001,277
Other	(2,538)	(4,649)
Exchange realignment	(2,415,755)	(6,835,745)
At 31 December	53,232,403	52,044,306

44. OTHER LIFE INSURANCE CONTRACT LIABILITIES

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

31 December 2014

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	12,738,942	-	12,738,942
Provision for profit sharing	813,621	443	814,064
Provision for interest rate commitments	55,580	-	55,580
Provision for portfolio stabilisation	182,678	-	182,678
	13,790,821	443	13,791,264
Portion classified as current liabilities			(1,561,511)
Non-current portion			12,229,753

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

44. OTHER LIFE INSURANCE CONTRACT LIABILITIES (continued)

31 December 2014

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	-	-	-	-	-
Acquisition of subsidiaries	14,800,847	1,021,868	68,045	203,174	16,093,934
Liabilities originated in period and interest attributed	(296,843)	229,973	(4,367)	4,855	(66,382)
Amount attributable to insured from shareholders' equity	-	(292,530)	-	-	(292,530)
Change in deferred acquisition costs	(249)	-	-	-	(249)
Other movements	5,402	-	-	-	5,402
Income distributed	5,918	(29,859)	-	-	(23,941)
Exchange realignment	(1,776,133)	(115,831)	(8,098)	(25,351)	(1,925,413)
At 31 December	12,738,942	813,621	55,580	182,678	13,790,821

45. INSURANCE AND REINSURANCE CREDITORS

	2015 RMB'000	2014 RMB'000
Amounts due to insurance customers and suppliers	2,116,415	765,224
Amounts due to insurance intermediaries	641,087	279,508
Deposits retained from reinsurers/retrocessionaires	899,881	282,957
Prepaid premiums received	149,694	125,578
Other	50,631	-
	3,857,708	1,453,267
Portion classified as current liabilities	(3,740,375)	(1,453,267)
Non-current portion	117,333	-

45. INSURANCE AND REINSURANCE CREDITORS (continued)

The following is an ageing analysis of the amounts due to insurance customers:

	2015 RMB'000	2014 RMB'000
Amounts due to insurance customers and suppliers:		
Within 90 days	3,047,760	995,095
91-180 days	272,363	81,030
181-365 days	133,211	161,751
1-2 years	119,934	55,751
2-3 years	32,619	70,097
Over 3 years	251,821	89,543
	3,857,708	1,453,267

46. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2015 RMB'000	2014 RMB'000
Special purpose fund for technology improvement	224,862	311,683
Government grants for property development and fixed assets construction	794,246	-
	1,019,108	311,683

47. OTHER LONG TERM PAYABLES

	Notes	2015 RMB'000	2014 RMB'000
Payables for rehabilitation	(i)	128,035	200,378
Payables for employee benefits	(ii)	553,252	353,241
Payables for restructuring provisions		310,732	388,839
Payables for the acquisition of subsidiaries		-	27,720
Payables for acquisition of additional interests in subsidiaries		303,708	291,642
Loans from non-controlling shareholders of subsidiaries		2,060,768	1,928,294
Others		729,890	754,677
		4,086,385	3,944,791

Notes:

(i) The movements of payables for rehabilitation are set out below:

	2015 RMB'000	2014 RMB'000
At 1 January	200,378	32,919
Additions	23,784	3,913
Acquisition of subsidiaries	-	223,234
Disposal of subsidiaries	(72,273)	-
Payment made	(1,549)	(8,899)
Classified as current portion (note 38)	(31,434)	(50,789)
Exchange realignment	9,129	-
At 31 December	128,035	200,378

Payables for rehabilitation are in relation to the costs of the Group's obligations for land reclamation.

(ii) The movements of payables for employee benefits are set out below:

	2015 RMB'000	2014 RMB'000
At 1 January	353,241	159,439
Additions	31,824	35,875
Acquisition of subsidiaries	237,661	232,609
Interest increment (note 6)	10,219	12,681
Payments made	(55,885)	(26,695)
Classified as current portion (note 38)	(32,546)	(39,765)
Exchange realignment	8,738	(20,903)
At 31 December	553,252	353,241

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 7.83% (2014: 6.4% to 10.5%).

48. SHARE CAPITAL

	2015 RMB'000	2014 RMB'000
Authorised:		
Ordinary share of HKD1.0 each	-	-
Issued and fully paid:		
1 (2014: 1) ordinary share	-	-

49. 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.

(c) Distributable reserves

For dividend purposes, the amount which the PRC subsidiaries can legally distribute by way of a dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with the applicable PRC accounting standards and regulations.

In accordance with the Company Law of the PRC, profits after tax of the PRC subsidiaries can be distributed as dividends after the appropriation to the SSR as set out above.

50. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interests:		
Fosun Pharma	71.6%	68.3%
Hainan Mining	61.4%	57.0%
Portuguese Insurance Group	39.3%	36.3%

	2015 RMB'000	2014 RMB'000
Profit for the year allocated to non-controlling interests:		
Fosun Pharma	1,760,477	1,814,588
Hainan Mining	2,154	210,226
Portuguese Insurance Group	791,487	393,060
Dividends paid to non-controlling interests:		
Fosun Pharma	389,345	375,562
Hainan Mining	128,800	380,000
Accumulated balances of non-controlling interests at the reporting dates:		
Fosun Pharma	11,370,517	10,463,552
Hainan Mining	2,048,383	2,175,571
Portuguese Insurance Group	1,650,857	2,637,169

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2015	Portuguese Insurance Group RMB'000	Fosun Pharma RMB'000	Hainan Mining RMB'000
Revenue	8,980,914	12,502,163	813,519
Total expenses	(7,020,441)	(9,631,502)	(810,014)
Profit for the year	1,960,473	2,870,661	3,505
Total comprehensive (loss)/income for the year	(53,870)	2,677,414	(1,117)
Current assets	34,001,618	8,325,378	2,371,954
Non-current assets	73,747,974	29,819,462	3,407,853
Current liabilities	(18,252,989)	(10,939,200)	(1,254,914)
Non-current liabilities	(75,030,414)	(6,592,878)	(206,764)
Net cash flows from/(used in) operating activities	135,892	1,621,028	(110,347)
Net cash flows from/(used in) investing activities	7,981,238	(1,869,910)	(593,653)
Net cash flows from/(used in) financing activities	3,964,580	550,715	(61,136)

50. 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)

2014	Portuguese Insurance Group	Fosun Pharma	Hainan Mining
	RMB'000	RMB'000	RMB'000
Revenue	6,690,283	11,938,243	1,589,196
Total expenses	(5,586,079)	(9,568,404)	(1,165,146)
Profit for the year	1,104,204	2,369,839	424,050
Total comprehensive income/(loss)for the year	(478,676)	2,302,150	424,050
Current assets	33,786,893	8,664,025	3,398,580
Non-current assets	72,216,954	26,615,365	2,712,860
Current liabilities	(24,428,412)	(9,537,320)	(1,303,514)
Non-current liabilities	(70,658,895)	(6,695,955)	(208,680)
Net cash flows from operating activities	4,550,754	1,200,214	482,114
Net cash flows used in investing activities	(4,321,425)	(2,478,337)	(433,704)
Net cash flows from financing activities	76,858	1,863,070	949,411

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(i) Acquisition of subsidiaries accounted for as business combination

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

In February 2015, 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 acquisition was undertaken to further develop the global happiness business of the Group.

In March 2015, Forte through its subsidiary, Shanghai Forte Investment Management Co., Ltd. (“Forte Investment”), acquired the remaining 50% equity interests in Shanghai Mushen Property Development Co., Ltd., Shanghai Hugang Property Development Co., Ltd., Shanghai Gangrui Property Development Co., Ltd., Shanghai Tengxing Property Development Co., Ltd., Shanghai Shunfu Investment Development Co., Ltd. and Shanghai Fusheng Investment Development Co., Ltd. (collectively referred to as the “Gangling Project”) at a consideration of RMB283,000,000. Before the acquisition, Forte Investment held 50% equity interest in Gangling Project, which were accounted for as investments in joint ventures. The major assets of Gangling Project are properties under development and completed properties for sale located in Shanghai, the PRC.

In July 2015, Miracle Nova II (US), LLC, an indirect subsidiary of the Company completed the acquisition of 100% equity interests in MIG at a consideration of USD438,987,000 (equivalent to RMB2,685,371,000). The acquisition was undertaken to further develop the global insurance business of the Group.

In July 2015, Plata Cross (UK) Limited, an indirect owned subsidiary of the Company completed the acquisition of 100% equity interests in Silver Cross Nurseries Limited at a consideration of GBP54,568,000 (equivalent to RMB526,160,000). The acquisition was undertaken to further develop the health business of the Group.

In July 2015, Forte through its indirect wholly-owned subsidiary Shanghai Yizhong Investment Co., Ltd (“Shanghai Yizhong”)” acquired the remaining 50% equity interests in Wuhan Fujiang Real Estate Co., Ltd. (“Wuhan Fujiang”) at a consideration of RMB300,000,000. Before the acquisition, Shanghai Yizhong held 50% equity interest in Wuhan Fujiang which was accounted for as investment in a joint venture. The major assets of Wuhan Fujiang are properties under development in Wuhan, the PRC.

In September 2015, the Company through its indirect subsidiary Zhejiang Fosun Commerce Development Limited acquired 100% equity interests in BFC at a consideration of RMB8,493,000,000. The major assets of BFC are investment properties in Shanghai, the PRC.

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(i) Acquisition of subsidiaries accounted for as business combination (continued)

In November 2015, Fosun International limited through its wholly-owned indirect subsidiary Mettlesome Investment (Cayman) III Limited, acquired the remaining 80% equity interests in Ironshore at a consideration of USD2,029,826,000 (equivalent to RMB12,983,173,000). Before the acquisition, Fosun International limited through its indirect wholly-owned subsidiary Mettlesome Investments Limited held 20% equity interest in Ironshore, which was accounted for as investment in an associate. The acquisition was undertaken to further develop the global insurance 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 interests' proportionate share of the acquired subsidiaries' identifiable net assets.

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows:

	2015 Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 10)	5,291,265
Investment properties (note 11)	17,684,506
Prepaid land lease payments (note 12)	11,594
Investments in associates	392,992
Available-for-sale investments	38,988,314
Intangible assets (note 16)	6,854,249
Deferred tax assets (note 24)	1,341,731
Cash and cash equivalents	5,522,039
Investments at fair value through profit or loss	679,366
Trade and notes receivables	966,808
Prepayments, deposits and other receivables	3,951,293
Inventories	273,109
Completed properties for sale	755,870
Properties under development	3,576,370
Policyholder account assets in respect of unit-linked contracts	56,549
Insurance and reinsurance debtors	4,384,920
Reinsurers' share of insurance contract provisions	11,018,004
Subtotal carried forward	101,748,979

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(i) Acquisition of subsidiaries accounted for as business combination (continued)

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows: (continued)

	2015 Fair value recognised on acquisition RMB'000
Subtotal brought forward	101,748,979
Interest-bearing bank and other borrowings	(10,757,834)
Trade and notes payables	(1,626,767)
Accrued liabilities and other payables	(8,778,725)
Tax payable	1,012
Due to related companies	(648,435)
Unearned premium provisions (note 41)	(9,810,566)
Insurance and reinsurance creditors	(1,871,043)
Deferred income	(151,101)
Deferred tax liabilities (note 24)	(2,810,065)
Provision for outstanding claims (note 42)	(31,570,756)
Total identifiable net assets at provisional fair value*	33,724,699
Non-controlling interests	(318,627)
Total net assets acquired	33,406,072
Gain on bargain purchase of subsidiaries (note 5)	(847,409)
Goodwill on acquisition (note 17)	3,890,794
	36,449,457
Satisfied by:	
Cash consideration paid	30,081,546
Investments at fair value through profit or loss	1,384,563
Investment in an associate	3,050,987
Investment in joint ventures	1,917,545
Cash consideration unpaid	14,816
	36,449,457

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(i) Acquisition of subsidiaries accounted for as business combination (continued)

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows (continued):

*The assessments of the fair values of the identifiable assets and liabilities of Club Med, MIG and Ironshore are still undergoing and the information of the fair values of the identifiable assets and liabilities is provisional. The finalised information will be disclosed in the consolidated financial statements of the Group for the year ended 31 December 2016.

The fair values of the trade receivables and prepayments, deposits and other receivables as at the dates of acquisition amounted to RMB966,808,000 and RMB3,951,293,000, respectively. The gross contractual amounts of trade receivables and prepayments, deposits and other receivables were RMB966,808,000 and RMB3,951,293,000, respectively.

The Group incurred transaction costs of RMB221,543,000 for these acquisitions. These transaction costs have been expensed and are included in other expenses or administrative expenses in the consolidated statement of profit or loss.

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

Since the acquisition, the acquired subsidiaries contributed RMB10,541,993,000 to the Group's revenue and net loss of RMB627,606,000 to the consolidated profit for the year ended 31 December 2015.

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 2015 would have been RMB91,526,531,000 and RMB11,432,652,000, respectively.

(ii) An analysis of the cash flows in respect of the acquisition of subsidiaries as set out in (i) above are as follows:

	RMB'000
Consideration settled by cash	(30,081,546)
Cash and cash equivalents acquired	5,522,039
	(24,559,507)
Payment of unpaid cash consideration as at 31 December 2014	(425,328)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(24,984,835)
Transaction costs of the acquisition included in cash flows from operating activities	(221,543)
	(25,206,378)

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of subsidiaries

In January 2015, the Group completed the disposal transactions of Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy. As at 31 December 2014, the carrying amounts of the assets and liabilities of Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy were classified as held for sale in the consolidated statement of financial position as set out in note 33.

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

In August 2015, Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd., a subsidiary of Fosun Pharma, entered into an equity interest transfer agreement with Chen Zhimin, Li Honghong and Wang Wenyu (陳致愍, 李紅紅and 王文鈺) to dispose 60.68 % equity interests in Handan Pharmaceutical Co., Ltd. at a consideration of RMB161,300,000.

On 31 December 2015, Shanghai Fosun Industrial Technology Development Co., Ltd. ("Fosun Industrial Development"), an indirectly wholly-owned subsidiary of the Company, entered into an agreement with Nanjing Iron & Steel (Group) Co., Ltd., one of the shareholders of Nanjing Nangang, pursuant to which, Fosun Industrial Development delegated 10% voting rights in Nanjing Nangang to Nanjing Iron & Steel (Group) Co., Ltd. Upon the date of the delegation, the voting rights of the Company in Nanjing Nangang decreased from 60% to 50% and the Group lost control over Nanjing Nangang, and Nanjing Nangang was accounted for as investment in a joint venture by the Group. The assessments of the fair values of the identifiable assets and liabilities of the joint venture, Nanjing Nangang, are still undergoing. The information of the fair values of the identifiable assets and liabilities is provisional and will be finalised during the year ending 31 December 2016. In addition, during the year of 2015, the Group disposed 1,340,142,123 shares of Nanjing Iron & Steel Shareholding Co., Ltd, a subsidiary of Nanjing Nangang listed on the Shanghai Stock Exchange, at a consideration of RMB7,205,011,000 in cash.

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of subsidiaries

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

	2015 RMB'000	2014 RMB'000
Net assets disposed of:		
Property, plant and equipment	24,083,379	121,409
Prepaid land lease payments	1,017,937	-
Mining rights (note 14)	91,907	-
Oil and gas assets (note 15)	158,789	-
Intangible assets	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 24)	1,930,620	33,527
Properties under development	90,382	2,629,511
Investment properties (note 11)	-	776,000
Cash and cash equivalents	5,265,924	1,792,329
Investments at fair value through profit or loss	1,736,154	-
Trade and notes receivables	4,138,958	8,202
Prepayments, deposits and other receivables	4,220,147	196,885
Due from related parties	212,361	113,985
Inventories	2,918,257	14,756
Completed properties for sale	-	17,585
Interest-bearing bank and other borrowings	(15,892,571)	(2,201,883)
Trade and notes payables	(10,880,809)	(171,738)
Due to related companies	(55)	(230)
Accrued liabilities and other payables	(5,702,617)	(1,613,311)
Tax payable	(203,574)	(169,889)
Finance lease payables	(117)	-
Deferred income	(5,610)	(293,000)
Other long term payables	(224,541)	(2,490)
Deferred tax liabilities	(958,346)	(124,164)
Non-controlling interests	(5,620,224)	(311,038)
	8,001,071	816,446
Fair value of the retained interests in subsidiaries disposed of	(7,342,710)	(711,974)
Net gain/(loss) on disposal of subsidiaries (notes 5 and 7)	7,180,957	(15,873)
	7,839,318	88,599

51. 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:

	2015 RMB'000	2014 RMB'000
Satisfied by:		
Cash	7,826,596	74,600
Other receivables	12,722	13,999
	7,839,318	88,599
Cash consideration	7,826,596	74,600
Cash and cash equivalents disposed of	(1,588,138)	(1,792,329)
Advance receipt of cash consideration in previous years	(124,310)	-
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	6,114,148	(1,717,729)

52. SHARE BASED PAYMENTS

(a) Share award scheme of Fosun International Limited

Fosun International Limited 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 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.

On 26 March 2015, the Board of Directors of Fosun International Limited has resolved to award an aggregate of 4,620,000 award shares ("Award Shares") to 71 Selected Participants under the share award scheme ("Share Award Scheme"), of which (i) 2,430,000 Award Shares will be awarded to 52 selected participants by way of issue and allotment of new shares pursuant to the general mandate (the "General Mandate"); and (ii) 2,190,000 connected Award Shares will be awarded to 19 connected selected participants by way of issue and allotment of new shares pursuant to a specific mandate (the "Specific Mandate") obtained in the annual general meeting held on 28 May 2015.

Award Shares shall be locked up immediately upon granting. All of the Award Shares granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 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 granted upon the expiry of each lock-up period.

52. SHARE-BASED PAYMENTS (continued)

(a) Share award scheme of Fosun International Limited (continued)

The aggregate fair value of the Share Award Scheme granted amounted to approximately HKD60,274,000. The Group has recognised an amount of HKD27,121,000 (equivalent to RMB21,831,000) as expenses for the year ended 31 December 2015.

(b) Restricted A share Incentive Scheme by Fosun Pharma

Fosun Pharma adopts a share incentive scheme (the "Restricted A Share Incentive Scheme") for the purpose of further refining the corporate governance structure of Fosun Pharma, facilitating the establishment of the restricted incentive mechanism, fully motivating the directors and key personnel of Fosun Pharma, as well as balancing the interests of the shareholders, Fosun Pharma and the management for the long-term development of Fosun Pharma.

Restricted A Share Incentive Scheme I
On 7 January 2014 (the "Date of Grant"), pursuant to the Restricted A Share Incentive Scheme I, 4,035,000 A shares of Fosun Pharma were granted to 28 eligible participants of the Restricted A Share Incentive Scheme (the "Share Incentive Participants") at a grant price of RMB6.08 per share. The Share Incentive Participants include executive directors and the members of senior management of Fosun Pharma and core technical and management personnel.

27 out of 28 of the share incentive participants have accepted and subscribed with their own funds under the Restricted A Share Incentive Scheme and a total of 3,935,000 restricted A Shares ("Restricted Shares") have been issued by Fosun Pharma to the relevant share incentive participants.

The Restricted A Share Incentive Scheme shall be valid for a term of four years, commencing from the Date of Grant of the Restricted Shares and ending on the date on which all the Restricted Shares on 7 January 2014.

Restricted Shares shall be locked up immediately upon granting. All of the Restricted Shares granted to Share Incentive Participants shall be subject to various lock-up periods ranging from one year, two years and 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 RMB59,012,000, of which RMB35,087,000 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 RMB7,642,000 as expenses for the year ended 31 December 2015 (2014: RMB21,841,000).

52. SHARE-BASED PAYMENTS (continued)

(b) Restricted A share Incentive Scheme by Fosun Pharma (continued)

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. All of the Restricted Shares granted to Share Incentive Participants shall be subject to various Lock-up Periods ranging from one year, two years and 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 RMB2,012,000 as expenses for the year ended 31 December 2015.

(c) CML share option

Certain employees of Chindex International Inc. ("Chindex", listed in the NASDAQ market) provide services to Chindex Medical Limited ("CML"), an indirect subsidiary of Fosun Pharma. The service agreement between CML and Chindex provides that the full compensation cost of Chindex employees who provide service to CML will be charged to CML, which will include the cost of share-based compensation on a non-cash basis, if applicable to the employees. In addition, certain former Chindex employees that are now employees of CML participate in Chindex's equity compensation program and hold options for Chindex's common shares and Chindex's restricted shares, and the costs of those share options are expensed as they provide services to CML. As at 29 September 2014, along with the privatisation and delisting of Chindex, all the share options and restricted shares held by relevant Chindex employees and non-employees were cancelled and settled by cash. There are no share option expense incurred for CML share option in 2015.

53. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties, as set out in note 11 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:

	2015 RMB'000	2014 RMB'000
Within one year	407,065	444,645
In the second to fifth years, inclusive	986,766	1,593,456
Over five years	1,118,716	81,483
	2,512,547	2,119,584

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 and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	7,735,987	135,551
In the second to fifth years, inclusive	6,541,412	274,359
Over five years	4,507,313	549,531
	18,784,712	959,441

54. COMMITMENTS

In addition to the operating lease commitments detailed in note 53 above, the Group had the following capital commitments at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
Contracted, but not provided for:		
Plant and machinery	1,881,272	1,701,623
Properties under development	13,679,434	16,374,753
Investments	4,446,210	14,285,765
	20,006,916	32,362,141

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2015 RMB'000	2014 RMB'000
Contracted but not provided for:		
Buildings	80,185	-
Plant and machinery	422,243	-
Properties under development	206,628	777,756
	709,056	777,756

55. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	Notes	2015 RMB'000	2014 RMB'000
Guaranteed bank loans and corporate bonds of:			
Related parties (note 56)	(1)	5,319,000	223,000
Qualified buyers' mortgage loans	(2)	2,726,667	2,434,754
		8,045,667	2,657,754

(1) The directors consider that the possibility of the default in payments regarding to those bank loans and corporate bonds of related parties is remote taking the operation result and payment history of related parties into consideration and therefore no provision has been made in the financial statements for the contingent liabilities arising from the guarantee provided by the Group to the bank loans and corporate bonds of related parties.

(2) As at 31 December 2015, the Group provided guarantees of approximately RMB2,726,667,000 (31 December 2014: RMB2,434,754,000) 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) 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.

56. 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	2015 RMB'000	2014 RMB'000
Sales of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	861,223	710,922
Shanghai Banksteel Electronic Commerce Co., Ltd. (Notes 3 & 9)	Sales of steel products	564,902	38,225
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 7 & 9)	Sales of utility	65,508	78,928
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 7 & 9)	Sales of scrap material	61,759	112,265
Chindex International, Inc. (Notes 2 & 9)	Sales of pharmaceutical products	29,680	13,801
Healthy Harmony Holdings L.P. (Notes 2 & 9)	Sales of pharmaceutical products	18,204	-
Nanjing Shengchang Renewable Resources Co., Ltd. (Notes 7 & 9)	Sales of scrap material	1,997	-
Shanghai LONZA Fosun Pharmaceutical Science and Technology Development Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	1,581	4,291
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	-	19,446
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	-	6,204
Shanghai Huifeng Forme Pharmacy Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	-	2,978
Shanghai Liyi Pharmacy Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	-	1,712
Shanghai Yaofang Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	-	1,136
Total sales of goods		1,604,854	989,908

56. 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	2015 RMB'000	2014 RMB'000
Purchases of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	97,273	147,494
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	-
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	-	7,090
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	-	6,892
Shanghai Yaofang Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	-	409
Total purchases of goods		136,788	161,885
Service income			
Shenyang Yuyuan Tourist Mart Property Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	30,685	-
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	34,588
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	-
Fuyang Furun Property Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	2,322	4,632
Subtotal carried forward		64,951	39,220

56. 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	2015 RMB'000	2014 RMB'000
Service income (continued)			
Subtotal brought forward		64,951	39,220
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	-	14,999
Total service income		64,951	54,219
Interest income			
Haizhimen (Notes 6 & 12)	Interest income	82,882	195,957
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	14,712
Yantai Xingyi Properties Co., Ltd. (Notes 2, 12 & 15)	Interest income	8,157	-
SAS Val Thorens Le Cairn (Notes 5, 12 & 15)	Interest income	7,939	-
Wuhu Xingyan Properties Co., Ltd. (Notes 2, 12 & 15)	Interest income	3,136	1,830
Nanjing Dahua Investment Development Co., Ltd. (Notes 2 & 12)	Interest income	2,130	-
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 2 & 12)	Interest income	-	77,000
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 12)	Interest income	-	8,826
Nanjing Iron & Steel (Group) Co., Ltd. (Notes 7, & 12)	Interest income	-	4,023
Fuyang Furun Property Co., Ltd. (Notes 2 & 12)	Interest income	-	2,250
Total interest income		154,047	304,598

56. 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	2015 RMB'000	2014 RMB'000
Rental income			
Nanjing Xinwu Shipping Co., Ltd. (Notes 7 & 10)	Operating lease in respect of office buildings leased to the related company	1,400	1,709
Interest expense			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 2, 12 & 14)	Interest expense	6,383	9,683
Interest paid for deposits from related parties			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 8 & 1)	Interest paid for deposits	8,228	5,575
BFC (Notes 6 & 1)	Interest paid for deposits	4,713	1,839
Total interest paid for deposits from related parties		12,941	7,414
Other expenses			
Nanjing Xinwu Shipping Co., Ltd. (Notes 7 & 11)	Transportation fees	152,343	154,247
SPFT – Carthago (Notes 5 & 11)	Operating lease in respect of the operation of villages	34,663	-
Hainan Haigang Group Co., Ltd. (Notes 4 & 11)	Operating lease in respect of land leased from the related company	19,983	17,059
Shanghai Foreal Property Management Co., Ltd. (Notes 2 & 11)	Property management services provided by the related company	-	6,451
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 11)	Operating lease in respect of office buildings leased from the related company	-	3,993
Total other expenses		206,989	181,750

56. 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	2015 RMB'000	2014 RMB'000
Loans from related companies			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 2, 12 & 14)	Loans provided by the related companies	193,000	193,000
Deposits from related companies			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 8 & 1)	Deposits from the related company	594,090	599,570
Nanjing Iron & Steel United Co., Ltd. (Notes 7 & 1)	Deposits from the related company	200,698	-
Shanghai Hongkou Gaungxin Microcredit Co., Ltd. (Notes 2 & 1)	Deposits from the related company	173,716	-
Shanghai Xingyao Real Estate Development Co., Ltd. (Notes 2 & 1)	Deposits from the related company	43,192	493,330
Hangzhou Likun Investment Development Co., Ltd. (Notes 2 & 1)	Deposits from the related company	13,026	-
Nanjing Iron & Steel Co., Ltd. (Notes 2, 7 & 1)	Deposits from the related company	11,754	-
Sichuan Huanglong Forte Real Estate Development Co., Ltd. (Notes 2 & 1)	Deposits from the related company	10,271	21,648
Shanghai Yinping Investment Management Co., Ltd. (Notes 2 & 1)	Deposits from the related company	708	7,877
Zhejiang Dongyang China Woodcarving City Co., Ltd. (Notes 2 & 1)	Deposits from the related company	27	42,022
Fuyang Furun Property Co., Ltd. (Notes 2 & 1)	Deposits from the related company	20	15,012
Zhejiang Dongyang China Woodcarving Cultural Exhibition City Co., Ltd. (Notes 2 & 1)	Deposits from the related company	4	150,673
Haizhimen (Notes 6 & 1)	Deposits from the related company	-	240,230
BFC (Notes 6 & 1)	Deposits from the related company	-	8,685
Others	Deposits from the related company	825	317
Total deposits from related companies		1,048,331	1,579,364

56. 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	2015 RMB'000	2014 RMB'000
Guarantees of bank loans and corporate bonds			
Nanjing Iron & Steel Co., Ltd. (Notes 2, 7 & 13)	Guarantees granted for corporate bonds of the related company	4,000,000	-
Nanjing Iron & Steel United Co., Ltd. (Notes 2, 7 & 13)	Guarantees granted for corporate bonds of the related company	1,235,000	-
Nanjing Iron & Steel Co., Ltd. (Notes 2, 7 & 13)	Guarantees granted for bank loans of the related company	84,000	-
Hainan Haigang Group Co., Ltd. (Notes 4 & 13)	Bank loans guaranteed by the related company	-	380,000
Nanjing Iron & Steel (Group) Co., Ltd. (Notes 7, 8 & 13)	Bank loans guaranteed by the related company	-	140,000
Sichuan Forte Huanglong Property Development Co., Ltd. (Notes 2 & 13)	Guarantees granted for bank loans of the related company	-	150,000
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 7 & 13)	Guarantees granted for bank loans of the related company	-	68,000
Nanjing Xinwu Shipping Co., Ltd. (Notes 7 & 13)	Guarantees granted for bank loans of the related company	-	5,000
Total loans and corporate bonds guaranteed		5,319,000	743,000

56. 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	2015 RMB'000	2014 RMB'000
Loans to related companies			
Yantai Xingyi Properties Co., Ltd. (Notes 2, 12 & 15)	Entrusted loan provided to the related company	368,000	-
SAS Val Thorens Le Cairn (Notes 5, 12 & 15)	Entrusted loan provided to the related company	202,281	-
Wuhu Xingyan Properties Co., Ltd. (Notes 2, 12 & 15)	Entrusted loan provided to the related company	-	23,330
Total loans to related companies		570,281	23,330

Notes:

(1) Interest paid for deposits from related parties represent 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.

(2) They are associates and joint ventures of the Group.

(3) It is the entity, which the ultimate controlling shareholder of the Group has significant influence in.

(4) They are non-controlling shareholders of the subsidiaries of the Group

(5) In February 2015, the Group acquired 100% of the equity interests in Club Med. After the acquisition, Club Med became subsidiary of the Group as set out in note 51(a). SAS Val Thorens Le Cairn and SPFT - Carthago, the associate of Club Med, became associates of the Group since February 2015.

(6) Haizhimen was a joint venture of the Group as at 31 December 2014. In September 2015, the Group acquired 100% equity interests in BFC from Haizhimen as set out in note 51(a) to the financial statements.

(7) On 31 December 2015, the Group delegated its partial voting rights on Nanjing Nangang to Nanjing Iron & Steel (Group) Co., Ltd. Upon the date of the delegation, Nanjing Nangang was accounted for as investment in a joint venture as set out in note 51(b) to the financial statements.

56. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(8) These transactions constitute 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 director considers 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 director considers that the income for consulting services and rental were determined based on prices available to third party customers.

(11) The director considers that the fees for property management services, transportation services and leasing 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 director considers 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) The entrusted bank loans in the amounts of RMB100,000,000 and RMB93,000,000 are provided by Wuxi Forte Real Estate Development Co., Ltd., in 2015. Both of entrusted loans bear interest at a rate of 3.25% per annum and the maturity date are 10 November 2016 and 7 November 2016, respectively. The balance of the loans from Wuxi Forte Real Estate Development Co., Ltd. was RMB193,000,000 as set out in note 36 to financial statements.

(15) The balance of the entrusted loan provided to Yantai Xingyi Properties Co., Ltd. as at 31 December 2015 was RMB368,000,000 as set out in note 22 to the financial statements.

The balance of the shareholders' loan provided to SAS Val Thorens Le Cairn as at 31 December 2015 was RMB202,281,000 as set out in note 22 to the financial statements.

The entrusted loan provided to Wuhu Xingyan Properties Co., Ltd. amounting to RMB23,330,000 was collected on 28 September 2015.

56. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(16) Compensation of key management personnel of the Group:

	2015 RMB'000	2014 RMB'000
Short-term employee benefits	61,629	47,919
Equity-settled share award scheme expense	7,536	-
Pension scheme contributions	378	343
Total compensation paid to key management personnel	69,543	48,262

57. 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:

2015

Financial assets

	Financial assets at fair value through profit or loss				
	Designed as such upon initial recognition RMB'000	Held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	-	-	-	118,132,674	118,132,674
Loans receivable	-	-	2,288,855	-	2,288,855
Cash and bank	-	-	46,621,684	-	46,621,684
Term deposits	-	-	465,135	-	465,135
Investments at fair value through profit or loss	3,490,855	7,326,594	-	-	10,817,449
Trade and notes receivables	-	-	4,368,550	-	4,368,550
Financial assets included in prepayments, deposits and other receivables (note 23)	-	-	8,166,955	-	8,166,955
Due from related companies and the holding company	-	-	4,051,465	-	4,051,465
Derivative financial Instruments	15,921	-	-	-	15,921
Policyholder account assets in respect of unit-linked contracts	3,475,324	-	590,592	-	4,065,916
Insurance and reinsurance debtors	-	-	8,274,973	-	8,274,973
	6,982,100	7,326,594	74,828,209	118,132,674	207,269,577

57. 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:

2015 (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	-	122,436,714	122,436,714
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 38)	-	12,868,348	12,868,348
Due to related companies	-	2,944,700	2,944,700
Deposit from customers	-	1,300,688	1,300,688
Financial liabilities included in other long term payables (note 47)	64,460*	3,340,638	3,405,098
Finance lease payables	-	272,250	272,250
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	211,655,064	215,398,863

* The amount includes the share redemption option granted to non-controlling shareholders of a subsidiary amounting to RMB64,460,000 (2014: RMB60,299,000), of which fair value change is recognised in other reserve due to the nature of equity transaction with non-controlling shareholder of a subsidiary of the Group.

57. 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)

2014

Financial assets

	Financial assets at fair value through profit or loss				
	Designed as such upon initial recognition RMB'000	Held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	-	-	-	77,237,813	77,237,813
Loans receivable	-	-	2,140,063	-	2,140,063
Cash and bank	-	-	40,475,693	-	40,475,693
Term deposits	-	-	147,815	-	147,815
Investments at fair value through profit or loss	1,759,301	13,193,111	-	-	14,952,412
Trade and notes receivables	-	-	6,371,003	-	6,371,003
Financial assets included in prepayments, deposits and other receivables (note 23)	-	-	6,531,144	-	6,531,144
Due from related companies and the holding company	-	-	5,562,574	-	5,562,574
Policyholder account assets in respect of unit-linked contracts	4,693,097	-	612,809	-	5,305,906
Insurance and reinsurance debtors	-	-	2,132,018	-	2,132,018
	6,452,398	13,193,111	63,973,119	77,237,813	160,856,441

57. 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)

2014 (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	-	94,186,894	94,186,894
Convertible bonds	-	2,485,546	2,485,546
Loans from related companies	-	193,000	193,000
Trade and notes payables	-	19,590,569	19,590,569
Financial liabilities included in accrued liabilities and other payables (note 38)	-	12,925,489	12,925,489
Due to related companies	-	3,118,401	3,118,401
Deposit from customers	-	1,696,120	1,696,120
Financial liabilities included in other long term payables (note 47)	88,019	3,303,153	3,391,172
Finance lease payables	-	398,280	398,280
Derivative financial instruments	65,670	-	65,670
Investment contract liabilities	-	51,972,632	51,972,632
Financial liabilities for unit-linked contracts	4,693,097	612,787	5,305,884
Insurance and reinsurance creditors	-	1,453,267	1,453,267
	4,846,786	191,936,138	196,782,924

58. TRANSFERS OF FINANCIAL ASSETS

At 31 December 2015, 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 RMB1,076,839,000 (2014: RMB3,458,632,000). 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 RMB228,169,000 (2014: RMB1,000,164,000). 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 are 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.

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

	Carrying amounts		Fair values	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Available-for-sale investments	105,772,373	67,742,925	105,772,373	67,742,925
Loan receivable (non-current portion)	553,789	1,296,977	553,789	1,296,977
Investments at fair value through profit or loss	10,817,449	14,952,412	10,817,449	14,952,412
Policyholder account assets in respect of unit-linked contracts	3,475,324	4,693,097	3,475,324	4,693,097
Derivative financial instruments	15,921	-	15,921	-
	120,634,856	88,685,411	120,634,856	88,685,411

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows: (continued)

	Carrying amounts		Fair values	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings	122,436,714	94,186,894	121,440,197	94,052,717
Convertible bonds	268,983	2,485,546	371,742	3,503,939
Financial liabilities included in Other long term payables	3,405,098	3,391,172	3,405,098	3,391,172
Financial liabilities for unit-linked contracts	3,475,324	4,693,097	3,475,324	4,693,097
Derivative financial instruments	204,015	65,670	204,015	65,670
	129,790,134	104,822,379	128,896,376	105,706,595

Management has assessed that the fair values of cash and bank, 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, current portion of amounts due from related companies and holding company and amounts due to related companies 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.

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

The fair values of the non-current portion of financial liabilities included in other long term payables, 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 2015 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 2015, 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 including 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.

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

As at 31 December 2015, 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 RMB12,360,301,000 (31 December 2014: RMB9,494,888,000). All of them are unlisted equity investments held by the Group in China, North America, European and other countries, which are 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 2015, the available-for-sale investments whose fair value could not be reliably measured with a carrying amount of RMB1,406,190,000 were derecognised and the relevant gain on disposal amounted to RMB1,239,767,000 was recognized 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 2015：

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, we 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, we do not assess whether applying reasonably possible alternative assumptions would have an impact on the fair value of the Level 3 investment funds.

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2015 (continued):

Unobservable inputs and sensitivity analysis for Level 3 liabilities

Significant unobservable valuation input for the share redemption option granted to non-controlling shareholders of a subsidiary included in other long-term liabilities of RMB64,460,000 (31 December 2014: RMB60,299,000) is EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) of Alma Lasers in 2015 and cash and bank of Alma Lasers as at 31 December 2015.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Available-for-sale investments:	45,650,160	47,125,823	12,996,390	105,772,373
Investments at fair value through profit or loss	7,251,928	2,879,455	686,066	10,817,449
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
	55,840,996	50,501,363	13,738,708	120,081,067

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value (continued):

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Available-for-sale investments:	11,086,712	50,338,046	6,318,167	67,742,925
Investments at fair value through profit or loss	13,159,340	1,766,229	26,843	14,952,412
Policyholder account assets in respect of unit-linked contracts	161,480	4,343,983	187,634	4,693,097
	24,407,532	56,448,258	6,532,644	87,388,434

During the year, no fair value of the available-for-sale investments in Level 2 was transferred out to Level 1 due to the end of the lock-up period for these equity investments in 2015 (2014: RMB199,248,000).

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

	2015 RMB'000	2014 RMB'000
At 1 January	6,532,644	-
Total gains recognised in the consolidated statement of profit or loss included in other expenses	105,386	-
Total losses recognised in other comprehensive income	(16,002)	-
Addition	3,979,899	6,532,644
Disposals	(813,472)	-
Exchange realignment	(807,980)	-
Reclassification	4,758,233	-
At 31 December	13,738,708	6,532,644

Assets for which fair values are disclosed:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Loans receivable (non-current portion)	-	553,789	-	553,789

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Loans receivable (non-current portion)	-	1,296,977	-	1,296,977

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities measured at fair value:

As at 31 December 2015

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

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Financial liabilities included in other long-term payables	-	-	88,019	88,019
Financial liabilities for unit-linked contracts	161,480	4,343,983	187,634	4,693,097
Derivative financial instruments	-	65,670	-	65,670
	161,480	4,409,653	275,653	4,846,786

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

	2015 RMB'000	2014 RMB'000
At 1 January	275,653	99,804
Total losses recognised in the consolidated statement of profit or loss included in other expenses	(536)	-
Addition	11,367	203,569
Disposals	(118,472)	-
Exchange realignment	(19,580)	-
Reclassification	(27,720)	(27,720)
At 31 December	120,712	275,653

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	15,686,572	105,753,625	-	121,440,197
Convertible bonds	371,742	-	-	371,742
Financial liabilities included in other long-term payables	-	3,340,638	-	3,340,638
	16,058,314	109,094,263	-	125,152,577

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	9,079,979	84,972,738	-	94,052,717
Convertible bonds	3,503,939	-	-	3,503,939
Financial liabilities included in other long-term payables	-	3,303,153	-	3,303,153
	12,583,918	88,275,891	-	100,859,809

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, finance lease payables, 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 equity 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 2015, approximately 35% (2014: 49%) 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 rates, 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
2015	75	(515,834)
	(75)	515,834
2014	75	(237,617)
	(75)	237,617

60. 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 Euro 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
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 Euro	5	(447,816)
If RMB strengthens against the Euro	(5)	447,816
2014		
If RMB weakens against the United States dollar	5	(1,046,523)
If RMB strengthens against the United States dollar	(5)	1,046,523
If RMB weakens against the Hong Kong dollar	5	(111,935)
If RMB strengthens against the Hong Kong dollar	(5)	111,935
If RMB weakens against the Euro	5	27,203
If RMB strengthens against the Euro	(5)	(27,203)

60. 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 55 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 31 and 27 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 loan from related companies. 43% (2014: 46%) of the Group's debts would mature in less than one year as at 31 December 2015 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 payment, is as follows:

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	-	55,791,975	63,988,030	9,031,010	128,811,015
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	2,944,700	-	-	-	2,944,700
Financial liabilities included in accrued liabilities and other payables	9,384,863	3,483,486	-	-	12,868,349
Other long-term payables	-	-	3,405,098	-	3,405,098
Finance lease payables	-	83,480	228,283	-	311,763
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
	17,096,578	74,357,637	102,772,771	26,338,598	220,565,584

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payment, is as follows: (continued)

2014

	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	-	46,798,808	54,025,339	1,577,440	102,401,587
Convertible bonds	-	-	3,247,527	-	3,247,527
Loans from related companies	-	193,000	-	-	193,000
Trade and notes payables	2,498,888	17,091,681	-	-	19,590,569
Due to related companies	3,118,401	-	-	-	3,118,401
Financial liabilities included in accrued liabilities and other payables	3,411,448	9,514,041	-	-	12,925,489
Other long-term payables	-	-	3,391,172	-	3,391,172
Finance lease payables	-	143,680	277,326	-	421,006
Derivative financial instruments	-	65,670	-	-	65,670
Financial liabilities for unit-linked contracts	1,104,752	-	4,201,132	-	5,305,884
Investment contract liabilities	-	12,326,734	25,015,563	14,630,335	51,972,632
Insurance and reinsurance creditors	1,453,267	-	-	-	1,453,267
	11,586,756	86,133,614	90,158,059	16,207,775	204,086,204

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 56.

60. 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 30) and available-for-sale investments measured at fair value (note 20) as at 31 December 2015. 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 and 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*
2015				
Investments listed in:				
Hong Kong				
– Available-for-sale	8,731,231	5	-	436,562
		(5)	-	(436,562)
– Held-for-trading	6,084,390	5	304,219	-
		(5)	(304,219)	-
Shenzhen				
– Available-for-sale	1,259,652	5	-	62,983
		(5)	-	(62,983)
Shanghai				
– Available-for-sale	1,342,972	5	-	67,149
		(5)	-	(67,149)
United States				
– Available-for-sale	43,644,787	5	-	2,182,239
		(5)	-	(2,182,239)
– Held-for-trading	2,876,640	5	143,832	-
		(5)	(143,832)	-

60. 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				
Investments listed in:				
Europe				
– Available-for-sale	43,256,005	5	-	2,162,800
		(5)	-	(2,162,800)
– Held-for-trading	828,351	5	41,418	-
		(5)	(41,418)	-
Japan				
– Available-for-sale	185,639	5	-	9,282
		(5)	-	(9,282)
Singapore				
– Available-for-sale	1,392,211	5	-	69,611
		(5)	-	(69,611)
– Held-for-trading	60,134	5	3,007	-
		(5)	(3,007)	-
Africa				
– Available-for-sale	57,074	5	-	2,854
		(5)	-	(2,854)
Oceania				
– Available-for-sale	184,616	5	-	9,231
		(5)	-	(9,231)
Latin America				
– Available-for-sale	111,968	5	-	5,598
		(5)	-	(5,598)
North America				
– Available-for-sale	1,090,257	5	-	54,513
		(5)	-	(54,513)
South America				
– Available-for-sale	212,565	5	-	10,628
		(5)	-	(10,628)
Asia				
– Available-for-sale	334,753	5	-	16,738
		(5)	-	(16,738)

* Excluding retained profits

60. 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*
2014				
Investments listed in:				
Hong Kong				
– Available-for-sale	3,917,216	5	-	195,861
		(5)	-	(195,861)
– Held-for-trading	7,637,863	5	381,893	-
		(5)	(381,893)	-
Shenzhen				
– Available-for-sale	1,683,078	5	-	84,154
		(5)	-	(84,154)
Shanghai				
– Available-for-sale	2,319,811	5	-	115,991
		(5)	-	(115,991)
– Held-for-trading	1,748,222	5	87,411	-
		(5)	(87,411)	-
United States				
– Available-for-sale	2,161,707	5	-	108,085
		(5)	-	(108,085)
– Held-for-trading	2,540,341	5	127,017	-
		(5)	(127,017)	-
Europe				
– Available-for-sale	53,865,049	5	-	2,693,252
		(5)	-	(2,693,252)
– Held-for-trading	2,551,495	5	127,575	-
		(5)	(127,575)	-
Japan				
– Available-for-sale	80,001	5	-	4,000
		(5)	-	(4,000)
– Held-for-trading	92,750	5	4,638	-
		(5)	(4,638)	-
Singapore				
– Available-for-sale	659,536	5	-	32,977
		(5)	-	(32,977)
Africa				
– Available-for-sale	17,520	5	-	876
		(5)	-	(876)

* Excluding retained profits

60. 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 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio between 20% and 60%. Net debt includes interest-bearing bank and other borrowings, the liability component of convertible bonds and loans from related companies, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios as at the end of the reporting periods were as follows:

	2015 RMB'000	2014 RMB'000
Interest-bearing bank and other borrowings	122,436,714	94,186,894
Loans from related companies	193,000	193,000
Convertible bonds, the liability component	268,983	2,485,546
Less: Cash and cash equivalents	(38,439,849)	(26,175,240)
Net debt	84,458,848	70,690,200
Total equity	92,015,893	76,158,822
Total equity and net debt	176,474,741	146,849,022
Gearing ratio	48%	48%

61. EVENTS AFTER THE REPORTING PERIOD

(1) On 19 November 2015, China Securities Regulatory Commission ("CSRC") approved Fosun Group to publicly issue corporate bonds to the qualified investors. Pursuant to the approval, a par value of the corporate bonds to be issued should not exceed RMB10 billion (inclusive). On 21 January 2016, Fosun Group issued the first tranche of five-year corporate bonds with a par value of RMB4 billion and a coupon rate of 3.78% per annum. According to the term of the corporate bonds, Fosun Group shall be entitled to adjust upwards the coupon rate and the investors shall be entitled to sell back the corporate bonds at the end of the third year.

(2) On 30 December 2015, CSRC approved Fosun Pharma to publicly issue corporate bonds to the qualified investors. Pursuant to the approval, a par value of the corporate bonds to be issued should not exceed RMB5 billion (inclusive). On 4 March 2016, Fosun Pharma issued the first tranche of five-year corporate bonds with a par value of RMB3 billion and a coupon rate of 3.35% per annum. According to the term of the corporate bonds, Fosun Pharma shall be entitled to adjust upwards the coupon rate and the investors shall be entitled to sell back the corporate bonds at the end of the third year.

(3) On 24 March 2016, the Ministry of Finance and the State Administration of Taxation issued a circular according to which the replacement of business tax with value-added tax ("VAT") will be extended to construction, real estate, finance and consumer services industries starting on 1 May 2016. The Group is currently assessing the impact of such VAT reform on the financial position or performance of the Group from the effective date.

62. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

63. 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:

	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	7,875	7,812
Investments in subsidiaries	11,230,216	3,736,189
Deferred tax assets	1,310	2,913
Total non-current assets	11,239,401	3,746,914
CURRENT ASSETS		
Cash and bank	5,256	246,661
Investments at fair value through profit or loss	101,282	85,218
Prepayments, deposits and other receivables	62,982	16,055
Due from the holding company	27,361	34,072
Due from related companies	1,522,488	1,161,831
Total current assets	1,719,369	1,543,837
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	6,789,263	397,735
Accrued liabilities and other payables	14,753	5,034
Tax payable	96	-
Due to related companies	8	8
Total current liabilities	6,804,120	402,777
NET CURRENT (LIABILITES)/ASSETS	(5,084,751)	1,141,060
TOTAL ASSETS LESS CURRENT LIABILITIES	6,154,650	4,887,974
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	999,472	633,463
Total non-current liabilities	999,472	633,463
Net assets	5,155,178	4,254,511
EQUITY		
Issued capital	-	-
Reserves (note)	5,155,178	4,254,511
Total equity	5,155,178	4,254,511

Guo Guangchang
Director

63. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2014	(299,236)	3,933,917	3,634,681
Total comprehensive income for the year	9,522	610,308	619,830
At 31 December 2014 and 1 January 2015	(289,714)	4,544,225	4,254,511
Final 2014 dividend declared	-	(97,242)*	(97,242)
Total comprehensive income for the year	288,717	709,192	997,909
At 31 December 2015	(997)	5,156,175	5,155,178

* The proposed final 2014 dividend in specie of 10,000,000 shares in Fosun International Limited was declared and approved by the shareholder by resolutions in writing of the Company on 4 September 2015.

64. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 May 2016.

Independent auditors' report
To the direcor of Fosun Holdings Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Fosun Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 5 to 196, which comprise the consolidated and company statements of financial position as at 31 December 2014, 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 a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY 安永

Independent auditors' report (continued)
To the director of Fosun Holdings Limited
(Incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
21 May 2015

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	5	61,738,449	51,016,883
Cost of sales		(47,122,683)	(40,658,491)
Gross profit		14,615,766	10,358,392
Other income and gains	5	13,779,704	8,810,439
Selling and distribution expenses		(3,271,268)	(2,747,372)
Administrative expenses		(8,098,755)	(3,899,284)
Other expenses		(3,264,172)	(1,366,162)
Finance costs	6	(3,919,811)	(2,781,082)
Share of profits and losses of:			
joint ventures	19	1,127,179	(118,653)
Associates	20	1,671,110	1,407,597
PROFIT BEFORE TAX	7	12,639,753	9,663,875
Tax	9	(3,117,606)	(1,898,372)
PROFIT FOR THE YEAR		9,522,147	7,765,503
Attributable to:			
Owners of the parent	50	5,392,633	4,277,013
Non-controlling interests		4,129,514	3,488,490
		9,522,147	7,765,503

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
PROFIT FOR THE YEAR		9,522,147	7,765,503
OTHER COMPREHENSIVE INCOME			
Available-for-sale investments:			
Changes in fair value		2,235,085	19,015
Reclassification adjustments for gains included in the consolidated statement of profit or loss			
- gain on disposal		(1,883,168)	(455,892)
Income tax effect	25	10,592	118,608
		362,509	(318,269)
Change in other life insurance contract liabilities due to potential gains on financial assets		292,530	-
- Income tax effect		12,091	-
		304,621	-
Share of other comprehensive income of joint ventures		-	4,978
Share of other comprehensive income of associates		158,954	93,723
Exchange differences on translation of foreign operations		(1,080,355)	(66,923)
Net other comprehensive loss to be reclassified to profit or loss in subsequent years		(254,271)	(286,491)
Net other comprehensive income not being reclassified to profit or loss in subsequent years		-	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(254,271)	(286,491)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,267,876	7,479,012
Attributable to:			
Owners of the parent		5,382,257	3,715,331
Non-controlling interests		3,885,619	3,763,681
		9,267,876	7,479,012

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	36,303,161	30,494,836
Investment properties	11	16,883,890	9,896,252
Prepaid land lease payments	12	2,921,393	1,993,975
Exploration and evaluation assets	13	156,846	5,189
Mining rights	14	784,882	794,636
Oil and gas assets	15	1,512,206	-
Intangible assets	16	2,226,693	1,871,056
Goodwill	17	6,842,031	3,050,328
Investments in joint ventures	19	7,589,150	6,470,034
Investments in associates	20	26,976,404	20,369,716
Available-for-sale investments	21	60,849,499	10,053,179
Properties under development	22	13,671,828	10,528,713
Loans receivable	23	1,296,977	3,161,103
Prepayments, deposits and other receivables	24	3,862,611	853,654
Deferred tax assets	25	4,372,033	2,645,312
Inventories	26	87,722	207,541
Policyholder account assets in respect of unit-linked contracts	27	3,769,975	-
Insurance and reinsurance debtors	28	68,099	-
Reinsurers' share of insurance contract provisions	29	481,360	-
Term deposits	30	147,815	-
Total non-current assets		190,804,575	102,395,524

	Notes	2014 RMB'000	2013 RMB'000
CURRENT ASSETS			
Cash and bank	30	40,475,693	16,487,522
Investments at fair value through profit or loss	31	14,952,412	13,577,180
Trade and notes receivables	32	6,371,003	4,684,199
Prepayments, deposits and other receivables	24	7,636,100	7,063,336
Inventories	26	6,252,883	6,313,952
Completed properties for sale		7,626,912	8,949,037
Properties under development	22	23,429,966	20,331,229
Loans receivable	23	843,086	100,000
Due from the holding company	33	34,072	8,931
Due from related companies	33	5,528,502	3,297,962
Available-for-sale investments	21	16,388,314	-
Policyholder account assets in respect of unit-linked contracts	27	1,535,931	-
Insurance and reinsurance debtors	28	2,063,919	341,333
Reinsurers' share of insurance contract provisions	29	624,909	-
		133,763,702	81,154,681
Non-current assets/assets of a disposal group classified as held for sale	34	1,229,570	212,293
Total current assets		134,993,272	81,366,974

	Notes	2014 RMB'000	2013 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	35	46,786,932	31,539,941
Loans from related companies	37	193,000	196,477
Trade and notes payables	38	19,590,569	14,928,283
Accrued liabilities and other payables	39	23,294,526	19,446,886
Tax payable		3,210,555	2,826,433
Finance lease payables	40	150,508	77,072
Deposit from customers	41	1,696,120	1,636,739
Due to related companies	33	3,118,401	2,392,117
Derivative financial instruments		65,670	-
Unearned premium provisions	42	2,860,227	207,427
Provision for outstanding claims	43	6,534,777	318,667
Provision for unexpired risks		438,465	-
Financial liabilities for unit-linked contracts	44	1,104,752	-
Investment contract liabilities	44	8,929,945	-
Other life insurance contract liabilities	45	1,561,511	-
Insurance and reinsurance creditors	46	1,453,267	67,985
		120,989,225	73,638,027
Liabilities directly associated with the assets classified as held for sale	34	589,118	-
Total current liabilities		121,578,343	73,638,027
NET CURRENT ASSETS		13,414,929	7,728,947
TOTAL ASSETS LESS CURRENT LIABILITIES		204,219,504	110,124,471
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	35	47,399,962	35,424,621
Convertible bonds	36	2,485,546	2,319,675
Finance lease payables	40	247,772	172,864
Deferred income	47	311,683	526,864
Due to related companies	33	-	157,851
Other long term payables	48	3,944,791	3,220,349
Deferred tax liabilities	25	6,574,740	3,769,742
Provision for outstanding claims	43	7,622,616	-
Financial liabilities for unit-linked contracts	44	4,201,132	-
Investment contract liabilities	44	43,042,687	-
Other life insurance contract liabilities	45	12,229,753	-
Total non-current liabilities		128,060,682	45,591,966
Net assets		76,158,822	64,532,505

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	49	-	-
Reserves	50	31,455,218	26,195,748
		31,455,218	26,195,748
Non-controlling interests		44,703,604	38,336,757
Total equity		76,158,822	64,532,505

Director

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2014

Group

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 49)	Other Reserve RMB'000	Other deficits RMB'000 (note 50(a))	Statutory surplus reserve RMB'000 (note 50(b))	Available -for-sale investments revaluation reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Convertible bonds RMB'000 (note 36)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	-	922,804	(443,540)	2,735,309	461,280	22,686,099	(736,508)	570,304	26,195,748	38,336,757	64,532,505
Profit for the year	-	-	-	-	-	5,392,633	-	-	5,392,633	4,129,514	9,522,147
Changes in fair value of available-for-sale investments, net of tax	-	-	-	-	985,287	-	-	-	985,287	714,153	1,699,440
Reclassification adjustments for gains included in the consolidated statement of profit or loss - gain on disposal, net of tax	-	-	-	-	(677,298)	-	-	-	(677,298)	(659,633)	(1,336,931)
Share of other comprehensive income of associates	-	-	-	-	126,817	-	3,979	-	130,796	28,158	158,954
Change in other life insurance contract liabilities due to potential gains on financial assets, net of tax	-	194,008	-	-	-	-	-	-	194,008	110,613	304,621
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(643,169)	-	(643,169)	(437,186)	(1,080,355)
Total comprehensive (loss)/income for the year	-	194,008	-	-	434,806	5,392,633	(639,190)	-	5,382,257	3,885,619	9,267,876

Group (continued)

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 49)	Other Reserve RMB'000	Other deficits RMB'000 (note 50(a))	Statutory surplus reserve RMB'000 (note 50(b))	Available-for-sale investments revaluation reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Convertible bonds RMB'000 (note 36)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries (note 51(a))	-	-	-	-	-	-	-	-	-	2,529,920	2,529,920
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	4,869,580	4,869,580
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(1,389,836)	(1,389,836)
Transfer from retained profits	-	-	-	119,464	-	(119,464)	-	-	-	-	-
Share of other reserve of an associate	-	(113,560)	-	-	-	-	-	-	(113,560)	(232,157)	(345,717)
Acquisition of additional interests in subsidiaries	-	(838,858)	-	-	-	-	-	-	(838,858)	(2,176,413)	(3,015,271)
Disposal of subsidiaries (note 51(b))	-	-	-	-	-	-	-	-	-	(311,038)	(311,038)
Deemed disposal of partial interests in subsidiaries without losing control	-	887,436	-	-	-	-	-	-	887,436	(887,436)	-
Deemed acquisition of additional interests in subsidiaries	-	(65,533)	-	-	-	-	-	-	(65,533)	65,533	-
Fair value adjustment on the loan from a non-controlling shareholder of a subsidiary	-	(588)	-	-	-	-	-	-	(588)	588	-
Fair value adjustment on the stock redemption option granted to non-controlling shareholders of a subsidiary	-	(2,276)	-	-	-	-	-	-	(2,276)	(15,281)	(17,557)
Equity-settled share base payment (note 52)	-	10,592	-	-	-	-	-	-	10,592	27,768	38,360
At 31 December 2014	-	994,025*	(443,540)*	2,854,773*	896,086*	27,959,268*	(1,375,698)*	570,304*	31,455,218	44,703,604	76,158,822

* These reserves accounts comprise the consolidated reserve of RMB31,455,218,000(2013: RMB26,195,748,000) in the consolidated statement of financial position.

Group (continued)

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 49)	Other Reserve RMB'000	Other deficits RMB'000 (note 50(a))	Statutory surplus reserve RMB'000 (note 50(b))	Available -for-sale investments revaluation reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Convertible bonds RMB'000 (note 36)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	-	1,260,324	(443,540)	2,562,339	986,919	18,597,430	(700,465)	-	22,263,007	37,677,709	59,940,716
Profit for the year	-	-	-	-	-	4,277,013	-	-	4,277,013	3,488,490	7,765,503
Changes in fair value of available-for-sale investments, net of tax	-	-	-	-	(298,298)	-	-	-	(298,298)	347,277	48,979
Reclassification adjustments for gains included in the consolidated statement of profit or loss - gain on disposal, net of tax	-	-	-	-	(222,183)	-	-	-	(222,183)	(145,065)	(367,248)
Share of other comprehensive income of associates	-	-	-	-	(5,158)	-	31,626	-	26,468	67,255	93,723
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	3,937	-	3,937	1,041	4,978
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(71,606)	-	(71,606)	4,683	(66,923)
Total comprehensive (loss)/income for the year	-	-	-	-	(525,639)	4,277,013	(36,043)	-	3,715,331	3,763,681	7,479,012

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 December 2014

Group (continued)

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 49)	Other Reserve RMB'000	Other deficits RMB'000 (note 50(a))	Statutory surplus reserve RMB'000 (note 50(b))	Available -for-sale investments revaluation reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Convertible bonds RMB'000 (note 36)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries (note 51(a))	-	-	-	-	-	-	-	-	-	433,623	433,623
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	640,193	640,193
Dividends paid to non-controlling shareholders of subsidiary	-	-	-	-	-	-	-	-	-	(1,394,486)	(1,394,486)
Transfer from retained profits	-	-	-	172,970	-	(172,970)	-	-	-	-	-
Share of other reserve of an associate	-	(16,649)	-						(16,649)	(4,405)	(21,054)
Acquisition of additional interests in subsidiaries	-	(322,656)	-	-	-	-	-	-	(322,656)	(534,595)	(857,251)
Disposal of subsidiaries (note 51(b))	-	-	-	-	-	-	-	-	-	(2,347,332)	(2,347,332)
Disposal of partial interests in subsidiaries without losing control	-	680	-	-	-	-	-	-	680	3,813	4,493
Deemed acquisition of additional interests in subsidiaries	-	(835)	-	-	-	-	-	-	(835)	835	-
Equity contribution by the controlling shareholder to a non-wholly owned subsidiary	-	(8,128)	-	-	-	-	-	-	(8,128)	8,128	-
Transaction cost related to issue of new shares of a subsidiary	-	1,349	-	-	-	-	-	-	1,349	2,801	4,150
Fair value adjustment on the loan from a non-controlling shareholder of a subsidiary	-	8,293	-	-	-	-	-	-	8,293	34,474	42,767
Equity component of Convertible Bonds	-	-	-	-	-	-	-	570,304	570,304	150,867	721,171
Liquidation of subsidiaries	-	-	-	-	-	(15,374)	-	-	(15,374)	(63,466)	(78,840)
Fair value adjustment on the stock redemption option granted to non-controlling shareholders of a subsidiary	-	(1,782)	-	-	-	-	-	-	(1,782)	(42,582)	(44,364)
Equity-settled share base payment (note 52)	-	2,208	-	-	-	-	-	-	2,208	7,499	9,707
At 31 December 2013	-	922,804*	(443,540) *	2,735,309*	461,280*	22,686,099*	(736,508) *	570,304*	26,195,748	38,336,757	64,532,505

* These reserves accounts comprise the consolidated reserve of RMB26,195,748,000 (2012: RMB22,263,007,000) in the consolidated statement of financial position.

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		12,639,753	9,663,875
Adjustments for:			
Depreciation of items of property, plant and equipment	7	2,102,929	1,605,926
Amortisation of prepaid land lease payments	7	46,296	36,397
Amortisation of intangible assets	7	131,814	73,300
Amortisation of mining rights	7	43,298	42,683
Provision for impairment of goodwill	7	202,500	-
Provision for impairment of items of property, plant and equipment	7	5,853	446,934
Provision for impairment of intangible assets	7	83,995	-
Provision for impairment of oil and gas assets	7	158,340	-
Provision for impairment of available-for-sale investments	7	99,783	11,400
Provision for impairment of an investment in an associate	7	38,134	34,600
Provision/(reversal) for impairment of receivables	7	241,811	(4,481)
Provision for inventories	7	92,292	102,157
Loss on disposal of subsidiaries	7	15,873	-
Gain on bargain purchase	5	(61,148)	-
Gain on disposal of available-for-sale investments	5	(3,609,945)	(1,822,810)
Gain on disposal of investments at fair value through profit or loss	5	(209,183)	(935,177)
Gain on disposal of associates	5	(59,081)	(666,092)
Gain on disposal of partial interests in associates	5	(243,302)	(15,456)
Gain on deemed disposal of interests in associates	5	(728,288)	(473,111)
Net gain on disposal of items of property, plant and equipment	5	(13,984)	(3,804)
Gain on bargain purchase of an associate	5	-	(441,643)
Gain on disposal of non-current assets held for sale	5	(51,253)	-
Gain on fair value adjustment on investments at fair value through profit or loss	5	(2,897,849)	(1,502,800)
Gain on fair value gains on investment properties	5	(916,662)	(1,131,002)
Interest expenses		3,701,855	2,668,845
Interest income	5	(606,421)	(570,451)
Dividends from investments at fair value through profit or loss	5	(325,103)	(291,915)
Dividends from available-for-sale investments	5	(1,858,347)	(221,107)
Share of profits and losses of associates		(1,671,110)	(1,407,597)
Share of profits and losses of joint ventures		(1,127,179)	118,653
Subtotal carried forward		5,225,671	5,317,324

FOSUN HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
Year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Subtotal brought forward		5,225,671	5,317,324
CASH INFLOW BEFORE WORKING CAPITAL CHANGES		5,225,671	5,317,324
Increase in properties under development		(14,437,602)	(2,961,077)
Decrease/(increase) in completed properties held for sale		8,852,251	(4,368,843)
(Increase)/decrease in trade and notes receivables		(1,112,574)	1,131,358
Increase in prepayments, deposits and other receivables		(1,098,823)	(4,014,319)
Decrease in inventories		61,739	372,734
Increase in insurance and reinsurance debtors		(400,136)	-
Decrease in reinsurers' share of insurance contract provisions		593,063	-
(Increase)/decrease in amounts due from related companies		(2,122,636)	404,723
(Increase)/decrease in amounts due from the holding company		(25,141)	374
Increase in trade and notes payables		4,743,676	367,789
(Decrease)/increase in accrued liabilities and other payables		(2,017,391)	6,756,965
Increase in deferred income		77,819	333,272
Increase in other long term payables		1,209,805	8,671
Increase/(decrease) in amounts due to related companies		581,149	(239,088)
Increase in deposit from customers		59,381	697,525
Decrease/(increase) in restricted presale proceeds of properties		8,010	(210,484)
Increase in required reserve deposits		(53,374)	(158,615)
Increase in unearned premium provisions		193,137	-
Increase in provision for outstanding claims		187,178	-
Decrease in insurance and reinsurance creditors		(449)	-
Increase in provision for unexpired risks		85,813	-
Decrease in other life insurance contract liabilities		(84,727)	-
Increase in investment contract liabilities		6,490,818	-
CASH GENERATED FROM OPERATIONS		7,016,657	3,438,309
Interest paid		(1,282,710)	(1,073,424)
Income tax paid		(1,964,365)	(2,216,474)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		3,769,582	148,411

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(4,645,610)	(6,448,031)
Increase of prepaid land lease payments		(83,454)	(40,966)
Increase of investment properties		(245,991)	-
Purchase of intangible assets		(134,036)	(37,254)
Purchase of mining rights		(33,544)	(15,754)
Purchase of exploration and evaluation assets		(22,272)	(3,569)
Purchase of available-for-sale investments		(22,945,480)	(3,104,125)
Purchase of investments at fair value through profit or loss		(3,489,535)	(8,353,378)
Proceeds from disposal of investments at fair value through profit or loss		5,349,477	5,466,156
Proceeds from disposal of available-for-sale investments		30,196,924	2,998,127
Proceeds from disposal of items of property, plant and equipment		214,232	60,526
Proceeds from disposal of intangible assets		28,518	14,604
Net decrease in cash and cash equivalents from disposal of subsidiaries	51(b)	(1,717,729)	(267,952)
Proceeds from disposal of associates and disposal of partial interests in associates		550,038	1,426,591
Acquisition of subsidiaries	51(a)	(17,165,586)	(7,899,841)
Acquisition of associates		(4,219,889)	(1,307,044)
Acquisition of joint ventures		(251,772)	(1,984,311)
Dividends received from available-for-sale investments	5	1,858,347	221,107
Dividends received from investments at fair value through profit or loss		286,979	291,915
Dividends received from associates		573,757	834,458
Dividends received from joint ventures		10,000	5,000
Shareholder loans repaid from/(provided to) joint ventures and an associate		1,153,856	(583,685)
Decrease/(increase) in pledged bank balances and time deposits with original maturity of more than three months		1,113,224	(619,211)
Decrease/(increase) in restricted cash in escrow account for an investment		425,961	(5,945)
Prepayments for proposed acquisitions		(2,743,264)	(853,654)
Proceeds received from consideration adjustments of a subsidiary acquisition		67,785	-
Interest received		508,443	433,313
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(15,360,621)	(19,772,923)

	Note	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of finance lease rental payments		(99,287)	(72,090)
Capital contribution from non-controlling shareholders of subsidiaries		4,869,580	640,193
New bank and other borrowings		71,636,760	53,688,563
Issuance of convertible bonds		-	3,037,543
Repayment of bank and other borrowings		(43,979,220)	(39,521,951)
Dividends paid to non-controlling shareholders of subsidiaries		(1,389,836)	(1,394,486)
Acquisition of additional interests in subsidiaries		(2,601,632)	(857,251)
Interest paid		(3,271,488)	(2,525,875)
NET CASH FLOWS FROM FINANCING ACTIVITIES		25,164,877	12,994,646
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		13,573,838	(6,629,866)
Cash and cash equivalents at beginning of year		12,601,402	19,231,268
CASH AND CASH EQUIVALENTS AT END OF YEAR		26,175,240	12,601,402
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30	25,952,027	12,601,402
Cash and bank attributable to assets of a disposal group classified as held for sale	34	223,213	-
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS		**26,175,240**	**12,601,402**

FOSUN HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	7,812	8,182
Investments in subsidiaries	18	3,736,189	377,260
Available-for-sale investments	21	-	2,888
Deferred tax assets	25	2,913	-
Total non-current assets		3,746,914	388,330
CURRENT ASSETS			
Cash and bank	30	246,661	65,958
Investments at fair value through profit or loss	31	85,218	111,201
Prepayments, deposits and other receivables	24	16,055	19,935
Due from the holding company	33	34,072	8,931
Due from related companies	33	1,161,831	3,439,288
Total current assets		1,543,837	3,645,313
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	35	397,735	-
Accrued liabilities and other payables	39	5,034	1,230
Due to related companies	33	8	8
Total current liabilities		402,777	1,238
NET CURRENT ASSETS		1,141,060	3,644,075
TOTAL ASSETS LESS CURRENT LIABILITIES		4,887,974	4,032,405
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	35	633,463	396,298
Deferred tax liabilities		-	1,426
Total non-current liabilities		633,463	397,724
Net assets		4,254,511	3,634,681
EQUITY			
Issued capital	49	-	-
Reserves	50	4,254,511	3,634,681
Total equity		4,254,511	3,634,681

1. CORPORATE INFORMATION

Fosun Holdings Limited was incorporated as a company with limited liability in Hong Kong on 18 February 2005.

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

The principal activity of the Company is investment holding. The principal activities of the Group are the manufacture and sale of pharmaceutical and healthcare products, property development, the manufacture and sale of iron and steel products, mining and ore processing of various metals, asset management, operation and investment in insurance business and various other investments.

The holding company and ultimate holding company of the Company is Fosun International Holdings Ltd., which is incorporated in the British Virgin Islands.

2.1 BASIS OF PRESENTATION

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") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements 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. Disposal groups and non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

<u>Basis of consolidation</u>
The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

2.1 BASIS OF PRESENTATION (continued)

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10 HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Company’s first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance, which will be the year ending 31 December 2015. The Group is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the consolidated financial statements.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (continued)

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

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 expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The 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 Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (continued)

HKFRS 15 establishes a new five-step model that will apply to 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. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

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 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 to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Subsidiaries</u>

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

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

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

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)
The results of associates are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates and are treated as non-current assets and are stated at cost less any impairment losses.

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.

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. (Include the definition of joint control if not defined elsewhere in other accounting policy notes) Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

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

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 by 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 that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

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

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
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.

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); and
- (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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the 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	5 to 45 years
Plant and machinery	4 to 16 years
Office equipment	2 to 15 years
Motor vehicles	4 to 12 years
Leasehold improvements	The shorter of the lease terms and their useful lives

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings 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.

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 property under development, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. For a transfer from property under development to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Non-current assets and disposal groups held for sale

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

Non-current assets and disposal groups (other than investment properties, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)
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 lives of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Trademarks
Trademarks with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives of not exceeding 12 years. Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of trademarks are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Medicine licences
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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)
Research and development costs (continued)
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.

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 complete, or additional appraisal work is underway or planned.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mining rights

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

Oil and gas assets

Development expenditure is stated at cost less accumulated depletion and any impairment in value. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the field, on a unit-of-production basis. Costs are amortised only once production begins. Changes in factors such as estimates of proved and probable reserves that affect unit-of-production 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
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 the 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 the 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.

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 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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

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.

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 investments. 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.

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 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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Available-for-sale financial investments(continued)
When the fair value of unlisted 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued 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, 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 investment 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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale financial investments (continued)
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 statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued 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 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 statement of profit or loss.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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, due to the holding company, 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:

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

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 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the 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 statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and commodity derivative contracts, to hedge its foreign currency 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.

None of the Group's derivative financial instruments is qualified for hedge accounting.

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 reporting period and any excess of cost over the net realisable value of an individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling prices in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Completed properties for sale

Completed properties for sale are recognised in the consolidated statement of financial position at the lower of cost and net realisable value. Net realisable value is estimated by the directors based on the prevailing market conditions. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Any excess of cost over the net realisable value of an individual item of completed properties for sale is accounted for as a provision.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and from an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and bank comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the 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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(d) *Insurance income*
Premium income and reinsurance premium income is recognized when the insurance contracts are issued, related insurance risk is undertaken by the Group, it is probable that related economic benefits will flow to the Group and related income can be reliably measured.

(e) *Rental income*
Revenue is recognised on a time proportion basis over the lease terms.

(f) *Interest income*
Revenue is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(g) *Dividend income*
Revenue is recognised when the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

Certain subsidiaries of the Group operate a share incentive scheme and a share option scheme for the purpose of providing incentives and rewards to its 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 52 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. 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.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

The Group provides the post-employment benefits mainly as followings: (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) employee benefits to all eligible employees of the companies in Portugal; (iv) pension scheme for all eligible employees of the companies in Hong Kong; and (v) accommodation benefits for all eligible employees of the companies in Mainland China. Details are set out below.

(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:

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

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 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 statutory retirement age as stipulated by the State Regulations; and

(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 State Regulations. These Qualified SOE Employees are not entitled to early retirement benefits upon reaching statutory retirement age.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(ii) Other employee benefits to Qualified SOE Employees and Qualified Retirees (continued)

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

The Group recognises the liability taken over as a non-current liability at initial recognition, and subsequent payments of the retirement benefits to Qualified SOE Employees and Qualified Retirees are debited against the non-current liability. Payments are made by the Group to Qualified SOE Employees and Qualified Retirees, but the use of the fund is monitored and supervised jointly by the former parent company of the Former SOEs and the union. Except for the payment of the retirement benefits of the Qualified SOE Employees and the Qualified Retirees, the fund cannot be used for any other purpose including the transfer to the Group's 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) Employee benefits to all eligible employees of the companies in Portugal
As per the collective labor 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 labor 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 labor 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(iv) 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.

(v) 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 administrated by government agency are charged to the consolidated statement of profit or loss as and when they are incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 costs 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 proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

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 currency of the Company and PRC subsidiaries is Hong Kong dollars ("HKD") and RMB, respectively. The financial statements are presented in RMB, which is the Group's and Company's presentation currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of 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.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)
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 weighted 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.

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 weighted 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 and recognised under HKAS 39 requirements.

As provided for in HKFRS 4, investment contracts with a discretionary profit sharing component also continue to be classified as insurance contracts .

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.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and investment contracts (continued)

(b) Recognition of income and costs

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 statement of profit or loss.

Premiums written on non-life insurance contracts and their associated acquisition costs are recognised as income and cost over the corresponding risk periods, through the use of the unearned premiums provision.

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.

(c) 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.

(d) 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.

(e) *Mathematical provision for life insurance*

This corresponds to the estimated actuarial value of the insurance company's commitments, including profit sharing payments already distributed and following the deduction of the actuarial value of future premiums, calculated for each policy in accordance with actuarial methods and their respective technical bases.

In the case of life insurance contracts in which the investment risk is borne by the policyholder, this account heading only includes any additional technical provisions which may be set up to cover mortality risks, administrative or other expenditure (e.g. guaranteed payments on maturity or guaranteed redemption values).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and investment contracts (continued)

(f) Profit sharing provision

The profit sharing provision includes amounts payable to policyholders or contract beneficiaries, in the form of a profit sharing scheme, to be or already attributed, provided that such amounts have not been distributed.

Profit sharing provision to be attributed

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 allocated 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 statement of profit or loss, or as a direct charge to the revaluation reserves for adjustments to the fair value of available-for-sale financial assets allocated to life insurance with a profit sharing component, depending on the assets' classification.

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 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 cases in which the said deduction is contractually provided for.

(g) 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, is less than the average weighted technical interest rate used to assess the mathematical provisions for such contracts.

(h) Portfolio stabilisation provision

The portfolio stabilisation provision is set up for annually renewable group insurance contracts, guaranteeing death risk as their principal cover, and it is designed to provide for the heightened risk inherent to the progression of the average age of the insured group, whenever the tariff is based on a single rate, which, owing to contractual commitments is to be maintained over a certain period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and investment contracts (continued)

(i) Provision for unexpired risks

This provision is calculated for all non-life insurance and provides for situations in which premiums to be allocated to following years, on 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 claims, operating costs, ceding and income ratios in accordance with relevant rules.

(j) 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.

(k) 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, 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 the "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 statement of profit or loss for the year.

(l) 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".

(m) Impairment of debtor balances related with insurance and reinsurance contracts

At each financial statement 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 statement of profit or loss for the year.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and investment contracts (continued)

(n) 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 the deferred acquisition costs and related intangible assets is inadequate in the 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 material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

(ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. 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 39.83% equity interest as at 31 December 2014. The remaining 60.17% 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 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 2014 was RMB112,749,000 (31 December 2013: RMB88,781,000). Further details are contained in note 25 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2014 was RMB6,842,031,000 (31 December 2013: RMB3,050,328,000). Further details are given in note 17 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 2014 impairment losses in the amount of RMB286,322,000 (2013: RMB481,534,000) have been recognised as set out in note 7 to the financial statements.

(iii) Impairment of available-for-sale financial investments

The Group classifies certain investments as available-for-sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions 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 2014, impairment losses in the amount of RMB99,783,000 (2013: RMB11,400,000) have been recognised for available-for-sale financial assets as set out in note 7 to the financial statements. As at 31 December 2014, the carrying amount of available-for-sale assets was RMB77,237,813,000 (31 December 2013: RMB10,053,179,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(iv) Estimation of fair value of investment properties

As described in note 11 to the financial statements, investment properties were revalued on 31 December 2014 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 2014 was RMB16,883,890,000 (31 December 2013: RMB9,896,252,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 11 to the financial statements.

(v) Provision for bad debts of loans and receivables

The Group reviews the recoverability and aging of loans and advances and provides impairment losses if the balances are not fully recoverable. The assessments involve estimation of the recoverability of these balances. Any change in the key sources of estimations would affect the carrying amount of the loans and advances, and provision expenses in the period in which such estimate has been changed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(vi) 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 expenditures 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.

(vii) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(viii) Useful lives of intangible assets (other than goodwill)

The Group determines the estimated useful lives for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(ix) 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 2014 was RMB1,562,209,000 (31 December 2013: RMB1,504,016,000). The amount of unrecognised tax losses and deductible temporary difference as at 31 December 2014 was RMB8,978,885,000 (31 December 2013: RMB6,598,552,000). Further details are contained in note 25 to the financial statements.

(x) 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.

(xi) Contingent consideration for acquisition of subsidiaries

The Group estimated the fair value of contingent consideration for acquisition of subsidiaries under the income approach which involves 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.

(xii) Assessment of insurance and reinsurance contracts liabilities

The Group's insurance and reinsurance contracts liabilities are assessed on the basis of the methodologies and assumptions described in Note 2.4. These liabilities reflect a quantified estimate of the impact of future events on the accounts of the Group's insurance companies, based on actuarial assumptions, claims history and other methods accepted in the sector. Owing to the nature of insurance activity, the assessment of claims provisions and other insurance and reinsurance 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.

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 2014 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						
复星国际有限公司 Fosun International Limited	Hong Kong	HKD16,281,011	79.6%	-	79.6%	Investment holding
复星传媒控股有限公司 Fosun Media Holdings Limited	Hong Kong	HKD10	70.0%	-	70.0%	Investment holding
Fosun Investment Holdings Limited	BVI	USD50,000	100.0%	-	100.0%	Investment holding
上海复星高科技(集团)有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.)	PRC/ Mainland China	3,800,000	-	100.0%	79.6%	Investment holding
上海复星产业投资有限公司 (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC/ Mainland China	600,000	-	100.0%	79.6%	Investment holding
复星金融控股有限公司 (Fosun Financial Holdings Limited)	Hong Kong	HKD 11,990,000,000	-	100.0%	79.6%	Investment holding
复星地产控股有限公司 (Fosun Property Holdings Limited)	Hong Kong	HKD1	-	100.0%	79.6%	Investment holding

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 2014 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	
Steel segment						
南京南钢钢铁联合有限公司 (Nanjing Nangang Iron & Steel United Co., Ltd.)	PRC/ Mainland China	3,000,000	-	60.0%	47.8%	Manufacture and sale of iron and steel products
南京钢铁联合有限公司 (Nanjing Iron & Steel United Co., Ltd.)	PRC/ Mainland China	850,000	-	100.0%	47.8%	Manufacture and sale of iron and steel products
南京南钢产业发展有限公司 (Nanjing Iron & Steel Industry Development Co., Ltd.)	PRC/ Mainland China	1,850,000	-	100.0%	40.0%	Manufacture and sale of iron and steel products
南京钢铁股份有限公司 (Nanjing Iron & Steel Co., Ltd.)	PRC/ Mainland China	3,875,752	-	83.8%	40.0%	Manufacture and sale of iron and steel products
南京钢铁集团国际经济贸易有限公司 (Nanjing Iron & Steel Group International Trading Co., Ltd.)	PRC/ Mainland China	1,000,000	-	100.0%	40.0%	International trading
安徽金安矿业有限责任公司 (Anhui Jin'an Mining Co., Ltd.)	PRC/ Mainland China	100,000	-	100.0%	40.0%	Mining and ore processing
Pharmaceuticals and healthcare segment						
上海复星医药(集团)股份有限公司 * (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)	PRC/ Mainland China	2,311,611	-	39.8%	31.7%	Investment holding
上海复星医药产业发展有限公司 (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)	PRC/ Mainland China	2,253,308	-	100.0%	31.7%	Investment holding
锦州奥鸿药业有限责任公司 (Jinzhou Aohong Pharmaceutical Co., Ltd.)	PRC/ Mainland China	107,875	-	93.0%	29.5%	Manufacture and sale of pharmaceutical products
江苏万邦生化医药股份有限公司 (Jiangsu Wanbang Biopharmaceutical Co., Ltd.)	PRC/ Mainland China	440,455	-	95.2%	30.2%	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%	16.2%	Manufacture and sale of pharmaceutical products
重庆药友制药有限责任公司 (Chongqing Yao Pharmaceutical Co., Ltd.)	PRC/ Mainland China	196,540	-	51.0%	16.2%	Manufacture and sale of pharmaceutical products
桂林南药股份有限公司 (Guilin South Pharma Co., Ltd.)	PRC/ Mainland China	285,030	-	95.2%	30.2%	Manufacture and sale of pharmaceutical products
复星实业(香港)有限公司 (Fosun Industrial (HK) Co., Ltd.)	Hong Kong	USD115,320	-	100.0%	31.7%	Investment holding

4. PARTICULARS OF PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES (continued)

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2014 are set out below: (continued)

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company Direct	Indirect	Effective	Principal activities
Pharmaceuticals and healthcare segment(continued)						
湖南洞庭药业股份有限公司 (Hunan Dongting Pharmaceutical Co., Ltd.）	PRC/ Mainland China	110,064	-	77.8%	24.7%	Manufacture and sale of pharmaceutical products
上海复星平耀投资管理有限公司 (Shanghai Fosun Pingyao Investment Management Co., Ltd.）	PRC/ Mainland China	10,000	-	100.0%	31.7%	Manufacture and sale of pharmaceutical products
佛山市禅城区中心医院有限公司 (Foshan City Chancheng District Central Hospital Co., Ltd.）	PRC/ Mainland China	50,000	-	60.0%	19.0%	Provision of medical services
Property segment						
复地(集团)股份有限公司 (Shanghai Forte Land Co., Ltd.)	PRC/ Mainland China	505,861	-	99.1%	78.9%	Property development
上海复地投资管理有限公司 (Shanghai Forte Investment Management Co., Ltd.)	PRC/ Mainland China	80,000	-	100.0%	78.9%	Investment holding
武汉中北房地产开发有限公司 (Wuhan Zhongbei Property Development Co., Ltd.)	PRC/ Mainland China	933,000	-	70.0%	55.2%	Property development
长春兆基房地产开发有限公司 (Changchun Zhaoji Real Estate Development Co., Ltd.)	PRC/ Mainland China	50,000	-	100.0%	78.9%	Property development
上海樱花置业有限公司 (Shanghai Yinghua Real Estate Co., Ltd.)	PRC/ Mainland China	USD111,500,000	-	100.0%	78.9%	Property development
山西复地得一房地产开发有限公司 (Shanxi Forte Deyi Real Estate Co., Ltd.)	PRC/ Mainland China	100,000	-	80.0%	63.1%	Property development
长沙复地房地产开发有限公司 (Changsha Forte Real Estate Co., Ltd.)	PRC/ Mainland China	500,000	-	100.0%	78.9%	Property development
上海精盛房地产开发有限公司 (Shanghai Jingsheng Real Estate Co., Ltd.)	PRC/ Mainland China	10,000	-	80.0%	63.1%	Property development
天津申港置业发展有限公司 (Tianjin Shengang Real Estate Co., Ltd.)	PRC/ Mainland China	30,000	-	70.0%	55.2%	Property development
南京复地东郡置业有限公司 (Nanjin Forte Dongjun Real Estate Co., Ltd.)	PRC/ Mainland China	650,000	-	100.0%	78.9%	Property development
无锡地久置业有限公司 (Wuxi Dijiu Real Estate Co., Ltd.)	PRC/ Mainland China	USD149,600,000	-	80.0%	63.1%	Property development
杭州金成品屋置业有限公司 (Hangzhou Jincheng Pinwu Real Estate Co., Ltd.)	PRC/ Mainland China	100,000	-	60.0%	47.4%	Property development

4. PARTICULARS OF PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES (continued)

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2014 are set out below: (continued)

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Mining segment						
海南矿业股份有限公司 (Hainan Mining Co., Ltd.)	PRC/ Mainland China	1,886,670	-	54.0%	43.0%	Mining and ore processing
Roc Oil Company Limited	Australia	USD734,150,000	-	92.6%	73.7%	Oil and gas exploration
Asset management segment						
上海创富投资管理有限公司 (Fosun Capital Investment & Management Co., Ltd.)	PRC/ Mainland China	110,000	-	100.0%	79.6%	Capital investment and management
IDERA Capital Management Ltd.	Japan	JPY100,000,000	-	98.0%	78.0%	Capital investment and management
Insurance segment						
鼎睿再保险有限公司 (Peak Reinsurance Company Limited)	Hong Kong	USD550,000,000	-	85.1%	67.7%	Reinsurance
Fidelidade – Companhia de Seguros, S.A.	Portugal	Euro381,150,000	-	80.0%	63.7%	Underwriting of life and non-life insurance
Associates						
国药产业投资有限公司** (Sinopharm Industrial Investment Co., Ltd.)	PRC/ Mainland China	100,000	-	49.0%	15.5%	Distribution of pharmaceutical products
上海豫园旅游商城股份有限公司** (Shanghai Yuyuan Tourist Mart Co., Ltd.)	PRC/ Mainland China	1,437,322	-	29.91%	23.8%	Retail
天津建龙钢铁实业有限公司** (Tianjin Jianlong Iron & Steel Industrial Co., Ltd.)	PRC/ Mainland China	2,000,000	-	25.7%	20.5%	Manufacture and sale of iron and steel products
上海证大房地产有限公司**@ (Shanghai Zendai Property Limited)	Bermuda/ Mainland China	HKD248,747,000	-	16.3%	12.9%	Property investment and management
上海地杰置业有限公司** (Shanghai Dijie Real Estate Limited)	PRC/ Mainland China	20,000	-	40.0%	31.5%	Property investment and management
永安财产保险股份有限公司@ (Yong'an Insurance Co., Ltd.)	PRC/ Mainland China	2,663,200	-	19.9%	15.8%	Property insurance
Giovanna Group Holdings Limited**@	Cayman Island/ Mainland China	USD5,000	-	17.4%	13.9%	Investment and management in digital media business

4. PARTICULARS OF PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES (continued)

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2014 are set out below: (continued)

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Joint ventures						
上海海之门房地产投资管理有限公司** (Shanghai Haizhimen Property Investment and Management Co., Ltd.)	PRC/ Mainland China	1,000,000	-	50.0%	39.8%	Property investment and management
无锡复地房地产开发有限公司** (Wuxi Forte Real Estate Development Co., Ltd.)	PRC/ Mainland China	195,000	-	50.0%	39.4%	Property development
陕西省建秦房地产开发有限公司** (Shaanxi Jianqin Real Estate Development Co., Ltd.)	PRC/ Mainland China	130,000	-	50.0%	39.4%	Property development

4. PARTICULARS OF 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 2014 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 is able to control over the board of directors as well as the operating and financial policies of this company and 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 39.83% as at 31 December 2014.

** The statutory financial statements of those joint ventures and associates were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

@ 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 2014.

5. 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 receivable from investment properties during the year.

An analysis of revenue, other income and gains is as follows:

	2014 RMB'000	2013 RMB'000
Revenue		
Insurance revenue:		
Gross premiums written	8,832,514	638,725
Less: Premiums ceded to reinsurers and retrocessionaires	(710,430)	(38,415)
Net premiums written	8,122,084	600,310
Change in unearned premium provisions, net of reinsurance	(254,444)	(323,512)
Net earned premiums	7,867,640	276,798
Sale of goods:		
Pharmaceuticals and medical products	10,558,871	9,334,837
Properties	12,075,864	11,672,053
Iron and steel products	27,376,542	26,516,829
Ore products	1,602,138	2,627,054
	51,613,415	50,150,773
Rendering of services:		
Healthcare	1,425,073	638,457
Property agency	382,249	338,745
Property management	174,044	107,405
Leasing from investment property	837,862	255,642
Asset management fee	360,199	218,802
Others	101,952	48,328
	3,281,379	1,607,379
Subtotal	62,762,434	52,034,950
Less: Government surcharges	(1,023,985)	(1,018,067)
	61,738,449	51,016,883

5. REVENUE, OTHER INCOME AND GAINS (continued)

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

	2014 RMB'000	2013 RMB'000
Other income		
Interest income	606,421	570,451
Dividends from available-for-sale investments	1,858,347	221,107
Dividends from investments at fair value through profit or loss	325,103	291,915
Rental income	47,585	60,271
Sale of scrap materials	2,603	11,992
Government grants	269,181	273,860
Consultancy and other service income	37,366	62,783
Exchange gains, net	412,194	148,697
Insurance commissions	1,053,461	-
Others	376,748	177,468
	4,989,009	1,818,544
Gains		
Gain on bargain purchase	61,148	-
Gain on bargain purchase of an associate	-	441,643
Gain on disposal of associates	59,081	666,092
Gain on disposal of partial investments in associates	243,302	15,456
Gain on deemed disposal of partial investments in associates	728,288	473,111
Gain on disposal of items of property, plant and equipment	13,984	3,804
Gain on disposal of available-for-sale investments	3,609,945	1,822,810
Gain on disposal of investments at fair value through profit or loss*	209,183	935,177
Gain on disposal of non-current assets held for sale	51,253	-
Gain on fair value adjustment of investment properties (note 11)	916,662	1,131,002
Gain on fair value adjustment of equity investments at fair value through profit or loss	2,897,849	1,502,800
	8,790,695	6,991,895
Other income and gains	13,779,704	8,810,439
Total revenue, other income and gains	75,518,153	59,827,322

*During the year ended 31 December 2014, gain on disposal of investments at fair value through profit or loss did not included the gain on fair value adjustment of above investments recognised in consolidated profit and loss statement in prior years amounted to RMB 719,952,000.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2014 RMB'000	2013 RMB'000
Interest on bank and other borrowings wholly repayable within five years	4,532,627	3,596,733
Interest on bank and other borrowings not wholly repayable within five years	155,693	164,392
Interest on convertible bonds (note 36)	207,618	21,864
Incremental interest on other long term payables (note 48)	12,681	31,407
	4,908,619	3,814,396
Less: Interest capitalised, in respect of bank and other borrowings (notes 10 and 22)	(1,424,737)	(1,232,304)
Interest expenses, net	3,483,882	2,582,092
Interest on discounted bills	167,152	74,345
Interest on finance leases	50,821	12,408
Bank charges and other financial costs	217,956	112,237
Total finance costs	3,919,811	2,781,082

7. PROFIT BEFORE TAX

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

	2014 RMB'000	2013 RMB'000
Cost of sales	47,122,683	40,658,491
Staff costs :		
Wages and salaries	4,944,963	3,621,513
Accommodation benefits:		
Defined contribution fund	189,401	152,127
Retirement costs:		
Defined contribution fund	453,649	384,399
Equity-settled share-based payments (note 52)	38,360	9,707
Total staff costs	5,626,373	4,167,746

7. PROFIT BEFORE TAX (continued)

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

	2014 RMB'000	2013 RMB'000
Research and development costs	667,275	502,015
Auditors' remuneration	9,800	8,850
Depreciation of items of property, plant and equipment (note 10)	2,102,929	1,605,926
Amortisation of prepaid land lease payments (note 12)	46,296	36,397
Amortisation of mining rights (note 14)	43,298	42,683
Amortisation of intangible assets (note 16)	131,814	73,300
Provision/ (reversal) for impairment of receivables	241,811	(4,481)
Provision for inventories	92,292	102,157
Provision for impairment of goodwill (note 17)	202,500	-
Provision for impairment of oil and gas assets (note 15)	158,340	-
Provision for impairment of items of property, plant and equipment (note 10)	5,853	446,934
Provision for impairment of an investment in an associate	38,134	34,600
Provision for impairment of available-for-sale investments	99,783	11,400
Provision for impairment of intangible assets (note 16)	83,995	-
Operating lease rentals	211,109	135,467
Exchange gains, net	(412,200)	(148,697)
Loss on the settlement of derivative financial instruments	53,438	-
Loss on disposal of subsidiaries (note 51(b))	15,873	-

8. DIRECTOR'S REMUNERATION

No director received any fees or emoluments in respect of his services rendered to the Company during the year (2013: Nil).

9. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 jurisdictions in which the Group operates.

The provision of current income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Fosun Pharma incorporated in Israel, is based on a preferential rate of 16% (2013: 12.5%).

The provision of income tax of Fidelidade - Companhia de Seguros, S.A., Multicare - Seguros de Saúde, S.A. and Cares - Companhia de Seguros, S.A., subsidiaries incorporated in Portugal acquired by the Fosum International Limited during the year, is based on a rate of 31.5%.

The provision for Mainland China current income tax is based on a statutory rate of 25% (2013: 25%) of the assessable profit of the Group 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 are taxed at preferential rates of 0% to 20%.

The major components of tax expenses for the years ended 31 December 2014 and 2013 are as follows:

	2014 RMB'000	2013 RMB'000
Group:		
Current – Portugal, Hong Kong and others	468,179	138,846
Current – Mainland China		
- Income tax in Mainland China for the year	1,182,341	1,521,308
- LAT in Mainland China for the year	631,757	254,230
Deferred	835,329	(16,012)
Tax expenses for the year	3,117,606	1,898,372

9. TAX (continued)

A reconciliation between the tax expenses and the product of profit or loss before tax excluding share of profits and losses of associates and joint ventures multiplied by 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
2014 Group			
Profit before tax excluding share of profits and losses of associates and joint ventures	3,797,953	6,043,511	9,841,464
Tax at the applicable tax rate	1,023,464	1,510,878	2,534,342
Lower tax rate for specific entities	(16,808)	(130,481)	(147,289)
Tax effect of:			
Income not subject to tax	(398,702)	(56,159)	(454,861)
Expenses not deductible for tax	187,964	50,907	238,871
Temporary differences utilised	-	(103,303)	(103,303)
Tax losses not recognised	102,089	460,144	562,233
Tax losses utilised	(5,858)	(4,454)	(10,312)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 25)	-	112,749	112,749
Over provision in prior years	(9,381)	(24,445)	(33,826)
Tax incentives on eligible expenditures	(779)	(32,292)	(33,071)
Subtotal	881,989	1,783,544	2,665,533
Provision of LAT for the year	-	114,460	114,460
Deferred tax effect of provision of LAT (note 25)	-	(28,615)	(28,615)
Prepaid LAT for the year	-	517,297	517,297
Tax effect of prepaid LAT	-	(129,324)	(129,324)
Deferred LAT in deferred tax liability (note 25)	-	(21,815)	(21,815)
Deferred tax effect of deferred LAT in deferred tax liability (note 25)	-	70	70
Tax expenses	881,989	2,235,617	3,117,606

9. TAX (continued)

	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000
2013 Group			
Profit before tax excluding share of profits and losses of associates and joint ventures	2,383,180	5,991,751	8,374,931
Tax at the applicable tax rate	393,225	1,497,938	1,891,163
Lower tax rate for specific entities	(3,772)	(312,462)	(316,234)
Tax effect of:			
Income not subject to tax	(418,614)	(206,241)	(624,855)
Expenses not deductible for tax	47,818	84,215	132,033
Tax losses not recognised	129,703	526,706	656,409
Tax losses utilised	-	(34,231)	(34,231)
Written off of deferred tax assets	-	-	-
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 25)	-	88,781	88,781
Under provision in prior years	178	4,380	4,558
Tax incentives on eligible expenditures	(8)	(34,600)	(34,608)
Subtotal	148,530	1,614,486	1,763,016
Reversal of LAT provision for the year	-	(63,307)	(63,307)
Deferred tax effect of reversal of LAT provision(note 25)	-	15,827	15,827
Prepaid LAT for the year	-	317,537	317,537
Tax effect of prepaid LAT	-	(79,384)	(79,384)
Deferred LAT in deferred tax liability (note 25)	-	(66,577)	(66,577)
Deferred tax effect of deferred LAT in deferred tax liability (note 25)	-	11,260	11,260
Tax expenses	148,530	1,749,842	1,898,372

9. TAX (continued)

According to the tax notices issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 0.5% to 5% on proceeds from the sale and pre-sale of properties from 2004. Prior to 2007, except for this 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 RMB517,297,000 (2013: RMB317,537,000).

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 RMB209,643,000 (2013: RMB79,942,000) 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 RMB95,183,000 (2013: RMB143,249,000) 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 is RMB114,460,000 (2013: net reversal of RMB63,307,000).

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Transportation equipments RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
At 1 January 2013	10,670,525	18,450,609	609,922	797,849	30,709	619,125	5,328,382	36,507,121
Additions	9,466	189,975	50,971	26,107	9,710	377	6,987,497	7,274,103
Transferred from construction in progress	840,210	936,365	36,295	8,849	-	33,858	(1,855,577)	-
Acquisition of subsidiaries (note 51(a))	260,951	106,976	18,744	4,372	-	-	418,336	809,379
Disposal of subsidiaries (note 51(b))	-	-	(4,576)	(4,883)	(4,324)	-	-	(13,783)
Disposals	(209,106)	(500,739)	(51,422)	(80,860)	-	-	-	(842,127)
Exchange realignment	-	-	-	(8,830)	-	-	-	(8,830)
At 31 December 2013 and 1 January 2014	11,572,046	19,183,186	659,934	742,604	36,095	653,360	10,878,638	43,725,863
Additions	544,275	171,205	178,530	56,687	33,786	3,157	4,041,011	5,028,651
Transferred from construction in progress	3,198,167	7,281,654	153,102	69,330	-	637	(10,702,890)	-
Acquisition of subsidiaries (note 51(a))	2,858,718	132,074	388,467	981	-	-	15,466	3,395,706
Disposal of subsidiaries (note 51(b))	(122,866)	(25,218)	(5,504)	(2,859)	(4,307)	-	-	(160,754)
Disposals	(54,019)	(74,234)	(52,738)	(21,691)	(4,393)	-	(73,822)	(280,897)
Exchange realignment	(125,406)	-	(13,828)	1,041	-	-	-	(138,193)
Included in assets of a disposal group classified as held for sale (note 34(ii))	(11,670)	(10,713)	(32,678)	(6,915)	(10,479)	-	(994)	(73,449)
At 31 December 2014	17,859,245	26,657,954	1,275,285	839,178	50,702	657,154	4,157,409	51,496,927

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Transportation equipments RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:								
At 1 January 2013	2,918,481	8,045,494	326,947	238,733	14,838	168,280	-	11,712,773
Charge for the year (note 7)	351,151	1,062,715	86,314	75,180	10,552	20,014	-	1,605,926
Disposal of subsidiaries (note 51(b))	-	-	(2,381)	(1,705)	(3,918)	-	-	(8,004)
Disposals	(62,806)	(199,605)	(50,172)	(15,165)	-	-	-	(327,748)
Exchange realignment	-	-	-	(254)	-	-	-	(254)
At 31 December 2013 and 1 January 2014	3,206,826	8,908,604	360,708	296,789	21,472	188,294	-	12,982,693
Charge for the year (note 7)	454,462	1,425,286	145,962	48,288	6,303	22,628	-	2,102,929
Disposal of subsidiaries (note 51(b))	(13,004)	（14,180）	(2,508)	(1,573)	(2,213)	-	-	(33,478)
Disposals	（15,535）	(32,898)	(8,366)	(16,593)	(4,301)	-	-	(77,693)
Exchange realignment	-	-	598	(2)	-	-	-	596
Included in assets of a disposal group classified as held for sale (note 34(ii))	(2,734)	(7,293)	(13,176)	(3,442)	-	-	-	(26,645)
At 31 December 2014	3,630,015	10,279,519	483,218	323,467	21,261	210,922	-	14,948,402

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Transportation equipments RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Impairment loss:								
At 1 January 2013	56,549	136,086	58	325	-	-	75	193,093
Charge for the year (note 7)	119,988	325,170	1,176	600	-	-	-	446,934
Disposals	(109,250)	(281,141)	(945)	(357)	-	-	-	(391,693)
At 31 December 2013 and 1 January 2014	67,287	180,115	289	568	-	-	75	248,334
Charge for the year (note 7)	2,967	2,614	272	-	-	-	-	5,853
Disposal of subsidiaries (note 51(b))	-	(5,867)		-	-	-	-	(5,867)
Disposals	(1,508)	(1,441)	-	(7)	-	-	-	(2,956)
At 31 December 2014	68,746	175,421	561	561	-	-	75	245,364
Net book value:								
At 31 December 2014	14,160,484	16,203,014	791,506	515,150	29,441	446,232	4,157,334	36,303,161
At 31 December 2013	8,297,933	10,094,467	298,937	445,247	14,623	465,066	10,878,563	30,494,836

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (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 35):

	2014 RMB'000	2013 RMB'000
Buildings	166,764	283,675
Plant and machinery	786,843	644,820
Mining infrastructure	491,490	406,175
	1,445,097	1,334,670

(2) Capitalised interest expenses included in construction in progress of the Group are as follows (note 6):

	2014 RMB'000	2013 RMB'000
Interest expenses capitalised	142,027	158,880

(3) As at 31 December 2014, the Group was in the process of applying for property certificates for plant and office buildings with a net book value of approximately RMB2,773,743,000 (2013: RMB1,232,599,000).

(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 2014 was RMB371,565,000 (2013: RMB405,703,000).

Company

	Office equipments RMB'000
Cost:	
At 1 January 2013	10,208
Exchange realignment	(310)
At 1 December 2013 and 1 January 2014	9,898
Exchange realignment	33
At 31 December 2014	9,931

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Company (continued)

	Office equipments RMB'000
Accumulated depreciation:	
At 1 January 2013	1,361
Charge for the year	401
Exchange realignment	(46)
At 31 December 2013 and 1 January 2014	1,716
Charge for the year	399
Exchange realignment	4
At 31 December 2014	2,119
Net book value:	
At 31 December 2014	7,812
At 31 December 2013	8,182

11. INVESTMENT PROPERTIES

	2014 RMB'000	2013 RMB'000
Cost:		
Carrying amount at 1 January	9,896,252	3,985,000
Additions	245,991	-
Acquisition of subsidiaries (note 51(a))	5,830,453	4,420,252
Transfer from properties under development	974,734	359,998
Transfer from properties held for sale	355,782	-
Gain from fair value adjustments (note 5)	916,662	1,131,002
Disposal of subsidiaries (note 51(b))	(776,000)	-
Exchange realignment	(559,984)	-
Carrying amount at 31 December	16,883,890	9,896,252

The Group's investment property consists of twelve commercial properties, which are located in Beijing, Shanghai, Hangzhou, Chengdu, Tianjin and Chongqing of Mainland China, New York City of the United States of America, Tokyo of Japan and other cities in Portugal. 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's nine investment properties located in China were valued on 31 December 2014 based on valuations performed by DTZ International Property Advisers (Shanghai) Co., Ltd, ("DTZ") an independent professionally qualified valuer, at RMB6,902,000,000. The Group's investment property located in New York City ("New York Property") was valued on 31 December 2014 based on valuations performed by CBRE, Inc., ("CBRE") an independent professionally qualified valuer, at USD738,000,000 (equivalent to RMB4,515,822,000). Selection criteria of the valuer include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Company have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The Group's investment property, Seafort Square Citigroup Center ("Citigroup Center"), in Tokyo, Japan was acquired by an indirectly owned subsidiary of the Company, in August 2014 at a consideration of JPY12,333,206,000 (equivalent to RMB730,348,000) from an independent third party. The directors of the Company are of the opinion that the fair value of the Citigroup Center equalled to the purchase consideration as the Citigroup Center was acquired from an independent third party in an open market and there was no significant change in the commercial property market in Tokyo, Japan between the acquisition date and 31 December 2014.

11. INVESTMENT PROPERTIES (continued)

The Group's investment property, Shinagawa Seaside Park Tower ("Shinagawa Property"), located in Tokyo, Japan was acquired by Fidelidade – Companhia de Seguros, S.A., an indirectly owned subsidiary of the company, in December 2014 at a consideration of JPY20,400,000,000 (equivalent to RMB1,047,969,000) from an independent third party. The directors of the Company are of the opinion that the fair value of the Shinagawa Property as at the year end equalled to that at the acquisition date due to the short-term time difference between the acquisition date and 31 December 2014.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 53 to the financial statements.

At 31 December 2014, the Group's certain investment properties located in Mainland China with a net carrying amount of approximately RMB5,433,000,000 (2013: RMB4,757,000,000) were pledged to secure bank loans, as set out in note 35 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 2014 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties	-	-	16,883,890	16,883,890

	Fair value measurement as at 31 December 2013 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties	-	-	9,896,252	9,896,252

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 (2013:Nil).

DTZ and CBRE adopted the direct comparison approach by assuming sale with the benefit of vacant possession and by making reference to comparable sales and rental evidence as available in the relevant market. In addition, DTZ also adopted direct capitalization approach (term and reversion method, in particular) by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates. CBRE also adopted the discounted cash flow model in the valuation.

11. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

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

	Valuation techniques	Significant unobservable inputs	2014 Range/ weighted average	2013 Range/ weighted average
28 Liberty	direct comparison approach and discounted cash flow approach	Terminal capitalization rate (Year 10)	5.3%	not applicable
		Discount rate	7.8%	
		Market rent:		
		- modified gross(Year 1) (Square Foot/Year)	USD45 to USD70	
		General vacancy/ Credit loss rate(stabilized-Year 6)	6.0%	
Fosun International Center in Beijing	direct comparison approach and direct capitalization approach	Term yield	5.5% to 6.5%	5.5% to 6.5%
		Market rent:		
		- per s.q.m. and per month	RMB238 to RMB277	RMB234 to RMB274
		- per slot of parking space/month	RMB 1,100	RMB 1,100
		Level adjustments	30% to 60%	40% to 50%
		Market yield	6.0% to 7.0%	6.0% to 7.0%
		Reversionary period	From 1 Jan 2015 to 30 August 2054	From 1 July 2013 to 30 August 2054
Chengdu Forte International	direct comparison approach and direct capitalization approach	Term yield	5.5%	5.5%
		Market rent:		
		- per s.q.m. and per month	RMB53 to RMB231	RMB221
		Level adjustments	30% to 60%	40% to 70%
		Market yield	6.0%	6.0%
		Reversionary period	From 1 Jan 2015 to 2 July 2048	From 1 January 2014 to 2 July 2048
Other commercial properties	direct comparison approach and direct capitalization approach	Term yield	3.0% to 6.5%	4.5% to 6.0%
		Market rent:		
		- per s.q.m. and per month	RMB45 to RMB225	RMB68 to RMB200
		- per slot of parking space/month	RMB301 to RMB395	RMB300
		Level adjustments	30% to 70%	30% to 70%
		Market yield	3.5% to 7.5%	3.0% to 6.5%
		Reversionary period	From 1 Jan 2015 to 13 May 2073	From 1 July 2013 to 13 May 2073

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.

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 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.

11. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

The direct capitalization approach is a method by capitalizing 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. Capitalization rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality. DTZ has made reference to the prevailing market yield of the retail market.

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.

Having regard to the nature of the property of the Group which belongs to a category of property mostly held for investment purpose and the prevailing market conditions, DTZ and CBRE have applied higher weight to income approach, which includes direct capitalization approach and discounted cash flow approach. Due to the scarcity of direct en-bloc sales of the same type of properties in the locality and considerable adjustments involved, DTZ and CBRE consider direct comparison approach of less reference and thus have applied less weight. After the application of weight of the fair value arose from each valuation techniques, DTZ comes outs the fair value of the nine investment properties of the Group located in Beijing, Shanghai, Hangzhou, Chengdu Tianjin and Chongqing in Mainland China as at 31 December 2014 is RMB6,902,000,000 and CBRE comes outs the fair value of New York Property as at 31 December 2014 is USD738,000,000(equivalent to RMB4,515,822,000).

12. PREPAID LAND LEASE PAYMENTS

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	2,200,794	1,976,066
Additions	83,454	40,966
Acquisition of subsidiaries (note 51(a))	51,258	251,351
Transfer from properties under development	839,262	-
Included in assets of a disposal group classified as held for sale (note 34)	(582)	-
Disposals	-	(67,589)
At 31 December	3,174,186	2,200,794
Accumulated amortisation:		
At 1 January	206,819	174,829
Amortisation for the year (note 7)	46,296	36,397
Included in assets of a disposal group classified as held for sale (note 34)	(322)	-
Disposals	-	(4,407)
At 31 December	252,793	206,819
Net book value:		
At 31 December	2,921,393	1,993,975
At 1 January	1,993,975	1,801,237
Net book value pledged as security for bank loans (note 35)	587,199	194,687

The leasehold land is held under long term leases and is situated in Mainland China.

As at 31 December 2014, the Group was in the process of applying for the land use certificates for leasehold land with a net book value of approximately RMB49,066,000 (2013: RMB61,030,000).

13. EXPLORATION AND EVALUATION ASSETS

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	5,189	1,620
Additions	22,272	3,569
Acquisition of subsidiaries (note 51(a))	129,385	-
At 31 December	156,846	5,189

14. MINING RIGHTS

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	1,508,285	1,492,531
Additions	33,544	15,754
At 31 December	1,541,829	1,508,285
Accumulated amortisation:		
At 1 January	527,087	484,404
Amortisation for the year (note 7)	43,298	42,683
At 31 December	570,385	527,087
Impairment loss:		
At 1 January	186,562	186,562
At 31 December	186,562	186,562
Net book value:		
At 31 December	784,882	794,636
At 1 January	794,636	821,565

15. OIL AND GAS ASSETS

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	-	-
Acquisition of subsidiaries (note 51(a))	1,670,546	-
At 31 December	1,670,546	-
Impairment loss:		
At 1 January	-	-
Charge for the year (note 7)	158,340	-
At 31 December	158,340	-
Net book value:		
At 31 December	1,512,206	-
At 1 January	-	-

16. INTANGIBLE ASSETS

	Medicine licences RMB'000	Trademarks RMB'000	Business network RMB'000	Patent and technical know-how RMB'000	Others RMB'000	Total RMB'000
Cost:						
At 1 January 2013	265,000	112,388	206,000	654,944	85,987	1,324,319
Additions	-	1,354	-	23,299	12,601	37,254
Acquisition of subsidiaries (note 51(a))	56,000	157,395	314,598	149,620	1,879	679,492
Disposal of subsidiaries (note 51(b))	-	-	-	-	(2,370)	(2,370)
Disposals	-	(4,243)	-	(10,360)	(16)	(14,619)
At 31 December 2013 and 1 January 2014	321,000	266,894	520,598	817,503	98,081	2,024,076
Additions	-	1,188	-	82,025	50,823	134,036
Acquisition of subsidiaries (note 51(a))	174,000	39,000	36,000	126,518	189,951	565,469
Included in assets of a disposal group classified as held for sale (note 34)	-	(75,000)	-	-	(870)	(75,870)
Exchange realignment	-	(795)	-	-	(22,614)	(23,409)
Disposals	-	-	-	(15,947)	(19,558)	(35,505)
At 31 December 2014	495,000	231,287	556,598	1,010,099	295,813	2,588,797
Accumulated amortisation:						
At 1January 2013	-	79	18,311	51,671	9,160	79,221
Provided during the year (note 7)	-	485	18,267	49,937	4,611	73,300
Disposal of subsidiaries (note 51(b))	-	-	-	-	(580)	(580)
Disposals	-	-	-	-	(15)	(15)
At 31 December 2013 and 1 January 2014	-	564	36,578	101,608	13,176	151,926
Provided during the year (note 7)	-	-	18,267	58,090	55,457	131,814
Exchange realignment	-	-	-	-	262	262
Disposals	-	-	-	(338)	(6,649)	(6,987)
At 31 December 2014	-	564	54,845	159,360	62,246	277,015

16. INTANGIBLE ASSETS (continued)

	Medicine licences RMB'000	Trademarks RMB'000	Business network RMB'000	Patent and technical know-how RMB'000	Others RMB'000	Total RMB'000
Impairment loss:						
At 1 January 2013 and 31 December 2013	-	-	-	622	472	1,094
Charge for the year (note 7)	64,000	-	-	19,520	475	83,995
At 31 December 2014	64,000	-	-	20,142	947	85,089
Net book value:						
At 31 December 2014	431,000	230,723	501,753	830,597	232,620	2,226,693
At 31 December 2013	321,000	266,330	484,020	715,273	84,433	1,871,056

During the year, the impairment loss of other intangible assets was mainly composed of RMB80,000,000 recognised in respect of medicine license, patents and technical know-how attributable to Dalian Aleph Biomedical Co., Ltd. ("Dalian Aleph"), which was driven by the lower recoverable amount of these other intangible assets than the carrying amount of them mentioned above resulting in the directors' reassessment of estimated future business performance taking the delay of Dalian Aleph's application of relevant certificates from the government for the manufacture permission of a new vaccine product into consideration. The recoverable amount has been determined based on value-in-use calculation, which is based on certain key assumptions including discount rate and long-term growth rate. The carrying amounts of these intangible assets were determined to be higher than their recoverable amount of RMB157,000,000 in aggregate and impairment loss of RMB80,000,000 (2013: Nil) was recognised. The key assumptions used in value-in-use calculation include discount rate of 14.1% and long-term growth rate of 3%.

17. GOODWILL

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	3,293,136	1,978,868
Acquisition of subsidiaries (note 51(a))	4,255,243	1,324,081
Included in assets of a disposal group classified as held for sale (note 34)	(13,893)	-
Consideration adjustment during the measurement period	(67,581)	-
Others	(179,566)	(9,813)
At 31 December	7,287,339	3,293,136
Accumulated impairment:		
At 1 January	(242,808)	(242,808)
Charge for the year (note 7)	(202,500)	-
At 31 December	(445,308)	(242,808)
Net book value:		
At 31 December	6,842,031	3,050,328

Impairment testing of goodwill

Goodwill acquired through business combinations has been primarily allocated to the following reportable cash-generating units ("CGUs") for impairment testing:

- Health
- Property development and sales
- Investment
- Insurance
- Resources

The carrying amounts of goodwill are as follows:

	Health RMB'000	Property development and sales RMB'000	Investment RMB'000	Insurance RMB'000	Resources RMB'000	Total RMB'000
2014	3,255,042	70,526	33,801	3,322,999	159,663	6,842,031
2013	2,976,039	70,526	3,763	-	-	3,050,328

17. 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 five-year period. The discount rates applied to the cash flow projections range from 9.5% to 17% (2013: 12% to 15%). Cash flows beyond the five-year period are extrapolated using the estimated growth rates.

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2014 and 2013. 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.

During the year, an impairment loss of RMB202,500,000 was recognised in the consolidated statement of profit or loss as other expense, in respect of the goodwill resulted from the acquisition of a subsidiary of the Group, Dalian Aleph. During the impairment test, Dalian Aleph was considered as a separate cash-generating unit ("Dalian Aleph CGU"). The impairment charges are driven by the lower recoverable amount of Dalian Aleph CGU resulting in the directors' reassessment of estimated future business performance taking the delay of Dalian Aleph's application of relevant certificates for the production of a new vaccine product into consideration.

The recoverable amount of Dalian Aleph CGU has been determined based on value-in-use calculation, which is based on certain key assumptions including discount rate, long-term growth rate and budgeted gross margin. The carrying amount of Dalian Aleph CGU was determined to be higher than its recoverable amount of RMB818,696,000 and an impairment loss of RMB202,500,000 (2013: Nil) was recognised. The impairment loss was solely allocated to goodwill, as a result, the carrying amount of goodwill was reduced. The key assumptions used in value-in-use calculation include discount rate of 14.1%, long-term growth rate of 3% and budgeted margin rates which are consistent with market average level and external information sources.

18. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost	(1)	306	304
Shares listed in Hong Kong, at cost	(2)	3,735,883	376,956
		3,736,189	377,260
Market value of listed shares		44,168,566	30,722,075

(1) Investment in unlisted shares of a subsidiary represents the cost of capital contribution in Fosun Media Holdings Limited and Fosun Investment Holdings Limited.

(2) Investment in shares listed in Hong Kong represents the cost of investment in Fosun International Limited which is listed on the Hong Kong Stock Exchange. In May 2014, Fosun International Limited issued 500,884,371 rights shares at the subscription price of HKD9.76 per share. The investment by the Company increased after the completion of the subscription.

Particulars of the Group's principal subsidiaries are set out in note 4 to the financial statements.

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

18. INVESTMENTS IN SUBSIDIARIES(continued)

	2014	2013
Percentage of equity interest held by non-controlling interests:		
Fosun Pharma	68.3%	67.5%
Nanjing Nangang	52.2%	52.6%
Hainan Mining	57.0%	52.6%
Portuguese Insurance Group	36.3%	-

	2014 RMB'000	2013 RMB'000
Profit for the year allocated to non-controlling interests:		
Fosun Pharma	1,814,588	1,373,088
Nanjing Nangang	168,699	323,073
Hainan Mining	210,226	527,579
Portuguese Insurance Group	393,060	-
Dividends paid to non-controlling interests:		
Fosun Pharma	375,562	277,162
Hainan Mining	380,000	262,400
Accumulated balances of non-controlling interests at the reporting dates:		
Fosun Pharma	10,463,552	9,447,341
Nanjing Nangang	3,401,861	3,325,043
Hainan Mining	2,175,571	1,406,471
Portuguese Insurance Group	2,637,169	-

18 INVESTMENTS IN SUBSIDIARIES(continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2014	Portuguese Insurance Group	Fosun Pharma	Nanjing Nangang	Hainan Mining
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	6,690,283	11,938,243	27,272,049	1,589,196
Total expenses	(5,586,079)	(9,568,404)	(26,916,527)	(1,165,146)
Profit for the year	1,104,204	2,369,839	355,522	424,050
Total comprehensive income/(loss)for the year	(478,676)	2,302,150	222,693	424,050
Current assets	33,786,893	8,664,025	13,253,076	3,398,580
Non-current assets	72,216,954	26,615,365	28,287,167	2,712,860
Current liabilities	(24,428,412)	(9,537,320)	(25,438,639)	(1,303,514)
Non-current liabilities	(70,658,895)	(6,695,955)	(6,372,517)	(208,680)
Net cash flows from operating activities	4,550,754	1,200,214	4,137,439	482,114
Net cash flows used in investing activities	(4,321,425)	(2,478,337)	(1,093,602)	(433,704)
Net cash flows from/(used in) financing activities	76,858	1,863,070	(2,367,603)	949,411
Net increase in cash and cash equivalents	306,187	584,947	676,234	997,821

18. INVESTMENTS IN SUBSIDIARIES(continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations: (continued)

2013	Fosun Pharma RMB'000	Nanjing Nangang RMB'000	Hainan Mining RMB'000
Revenue	9,921,487	26,425,290	2,654,396
Total expenses	(7,521,539)	(25,918,685)	(1,650,479)
Profit for the year	2,399,948	506,605	1,003,917
Total comprehensive for the year	2,795,178	639,265	1,003,917
Current assets	6,986,544	11,420,679	2,218,829
Non-current assets	22,431,759	26,593,994	2,593,125
Current liabilities	(5,278,121)	(20,776,433)	(1,065,532)
Non-current liabilities	(6,532,555)	(8,007,449)	(380,055)
Net cash flows from operating activities	1,011,633	2,452,732	941,516
Net cash flows used in investing activities	(1,803,451)	(2,576,298)	(443,028)
Net cash flows used in financing activities	(932,108)	(589,015)	(671,259)
Net decrease in cash and cash equivalents	(1,723,926)	(712,581)	(172,771)

19. INVESTMENTS IN JOINT VENTURES

	2014 RMB'000	2013 RMB'000
Share of net assets	4,430,550	3,317,916
Loans to joint ventures	3,158,600	3,152,118
	7,589,150	6,470,034

Loans to joint ventures of RMB3,158,600,000 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 Company's net investments in joint ventures.

The Group's amounts due from joint ventures and amounts due to joint ventures are disclosed in note 33 to the financial statements.

Particulars of the Group's principal joint ventures are set out in note 4 to the financial statements.

19. INVESTMENTS IN JOINT VENTURES (continued)

Shanghai Haizhimen Property Investment and Management Co., Ltd. ("Haizhimen") is considered a material joint venture of the Group, which principally engaged in investment and development of the Bund Finance Centre ("BFC") located in Shanghai, and is accounted for using the equity method.

The following table illustrates the summarised financial information of Haizhimen adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

	2014 RMB'000	2013 RMB'000
Cash and bank	394,369	402,606
Other current assets	2,083,360	12,520,828
Current assets	2,477,729	12,923,434
Non-current assets	13,825,574	2,032
Financial liabilities, excluding trade and other payables	(800,000)	(900,000)
Other current liabilities	(9,883,682)	(11,025,466)
Current liabilities	(10,683,682)	(11,925,466)
Non-current liabilities	(2,498,741)	-
Net assets	3,120,880	1,000,000
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the joint venture, excluding goodwill	1,560,440	500,000
Goodwill on acquisition (less ccumulative impairment)		-
Loans to the joint venture	2,892,249	2,892,249
Carrying amount of the investment	4,452,689	3,392,249
Revenues		-
Profit for the year	2,120,880	-
Other comprehensive income	-	-
Total comprehensive income for the year	2,120,880	-
Dividend received	-	-

19. INVESTMENTS IN JOINT VENTURES (continued)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2014 RMB'000	2013 RMB'000
Share of the joint ventures' profit/(loss) for the year	66,739	(118,653)
Share of the joint ventures' other comprehensive income	-	4,978
Share of the joint ventures' total comprehensive income/(loss)	66,739	(113,675)
Aggregate carrying amount of the Group's investments in the joint ventures	3,136,461	3,077,785

20. INVESTMENTS IN ASSOCIATES

	2014 RMB'000	2013 RMB'000
Share of net assets	24,640,468	18,000,955
Goodwill on acquisitions	2,511,914	2,506,605
	27,152,382	20,507,560
Provision for impairment	(175,978)	(137,844)
	26,976,404	20,369,716
Market value of listed shares to be disclosed:	6,223,704	4,144,483

Particulars of the Group's principal associates of the Group are set out in note 4 to the financial statements.

The Group's amounts due from associates and amounts due to associates are disclosed in note 33 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.

20. 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:

	2014 RMB'000	2013 RMB'000
Current assets	110,497,256	89,569,259
Non-current assets	18,405,163	15,845,111
Current liabilities	(86,112,925)	(70,982,107)
Non-current liabilities	(5,874,166)	(5,499,139)
Net assets	36,915,328	28,933,124
Net assets attributable to the Group	16,033,447	13,720,829
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	7,856,389	6,723,206
Goodwill on acquisition (less cumulative impairment)	-	-
Carrying amount of the investment	7,856,389	6,723,206
Revenues	200,313,355	166,866,146
Profit for the year	4,554,592	3,579,897
Other comprehensive income	10,980	2,839
Total comprehensive income for the year	4,565,572	3,582,736
Dividend received	147,000	245,000

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2014 RMB'000	2013 RMB'000
Share of the associates' profit for the year	815,172	718,854
Share of the associates' other comprehensive income	158,109	93,723
Share of the associates' total comprehensive income	973,281	812,577
Aggregate carrying amount of the Group's investments in the associates	19,120,015	13,646,510

21. AVAILABLE-FOR-SALE INVESTMENTS

Group

	2014 RMB'000	2013 RMB'000
Listed equity investments, at fair value		
Hong Kong	3,303,341	206,752
United States	1,718,614	335,508
Singapore	11,164	-
Europe	4,150,944	-
Japan	80,001	-
Africa	17,520	-
Mainland China	3,948,718	2,110,436
	13,230,302	2,652,696
Listed debt investments, at fair value		
Hong Kong	613,875	718,796
United States	443,093	280,304
Singapore	648,372	224,004
Australia	11,158	-
Europe	49,702,946	-
Mainland China	54,172	-
	51,473,616	1,223,104
Listed investments, at fair value	64,703,918	3,875,800
Unlisted equity investments, at cost	9,494,888	6,177,379
Unlisted equity investments, at fair value	3,039,007	-
Unlisted equity investments	12,533,895	6,177,379
Total	77,237,813	10,053,179
Portion classified as current assets	(16,388,314)	-
Non-current portion	60,849,499	10,053,179

21. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Company

	2014 RMB'000	2013 RMB'000
Unlisted equity investments	-	2,888

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB2,235,085,000 (2013: gross loss of RMB19,015,000), of RMB1,883,168,000 (2013: RMB455,892,000) was recycled from other comprehensive income to the consolidated statement of profit or loss for the year on the date of disposal.

At 31 December 2014, the Group's available-for-sale investment with a carrying amount of RMB 802,922,000 (2013:Nil) was pledged to secure bank loans, as set out in note 35 to the financial statements.

The unlisted 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.

22. PROPERTIES UNDER DEVELOPMENT

	2014 RMB'000	2013 RMB'000
Land Cost	28,412,805	23,033,300
Construction costs	6,410,667	6,490,549
Capitalised financial costs	2,278,322	1,336,093
	37,101,794	30,859,942
Portion classified as current assets	(23,429,966)	(20,331,229)
	13,671,828	10,528,713

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2014 RMB'000	2013 RMB'000
Net book value pledged (note 35)	12,847,293	10,963,972

Additions to properties under development include:

Interest expense capitalised in respect of bank and other borrowings (note 6)	1,282,710	1,073,424

The Group's properties under development are all situated in Mainland China and Hong Kong.

23. LOANS RECEIVABLE

	Notes	2014 RMB'000	2013 RMB'000
Loans receivable		2,140,063	3,261,103
Portion classified as current	(1)	(843,086)	(100,000)
Non-current portion	(2)	1,296,977	3,161,103

(1) As at 31 December 2014, the current portion of loans receivable comprised of

- an entrusted bank loan of RMB700,000,000 provided to Shanxi Jianqin Real Estate Development Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 11.0% per annum and is repayable in August 2015;

- an entrusted bank loan of RMB41,500,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 12.0% per annum and is repayable in December 2015;

- an entrusted bank loan of RMB32,600,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 10.0% per annum and is repayable in May 2015;

- an entrusted bank loan of RMB45,656,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 5.6% per annum and is repayable in January 2015; and

- an entrusted bank loan of RMB23,330,000 provided to Wuhu XingYan Properties Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 17.22% per annum and is repayable in September 2015.

(2) As at 31 December 2014, the non-current portion of loans receivable comprised of:

- a shareholders' loan of RMB1,112,164,000 provided to Haizhimen, which is unsecured, bears interest at a fixed interest rate of 13.8% per annum and has no fixed terms of repayment;

- an entrusted bank loan of RMB144,813,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 12.0% per annum and is repayable in 2018; and

- an entrusted bank loan of RMB40,000,000 provided to a third party, which is unsecured, interest free and has no fixed terms of repayment.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2014 RMB'000	2013 RMB'000
Prepayments consist of:		
Prepayments for purchase of raw materials of steel	92,972	554,011
Prepayments for purchase of pharmaceutical materials	135,932	201,561
Prepayments for purchase of construction materials	63,046	15,892
Prepayments for purchase of equipment and others	579,031	832,302
Deposits	1,165,633	825,668
Other receivables consist of:		
Funding provided to third parties	2,457,450	1,868,621
Tax recoverable	866,831	893,456
Deferred cost of acquisition of insurance customers	173,135	58,334
Others	2,908,061	1,813,491
Prepayments for the proposed acquisitions of equity interests	1,676,626	528,577
Others	-	3,907
Prepayments for the acquisition of the land	1,379,994	321,170
	11,498,711	7,916,990
Portion classified as current assets	7,636,100	7,063,336
Non-current portion	3,862,611	853,654

Company

	2014 RMB'000	2013 RMB'000
Other receivables consist of:		
Funding provided to third parties	9,596	7,063
Others	6,459	12,872
	16,055	19,935

25. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

Group

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	Post-employment benefits 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 2013	1,188,309	277,887	-	7,984	455,011	283,387	2,212,578
Acquisition of subsidiaries (note 51(a))	6,988	8,904	-	-	-	11,854	27,746
Disposal of a subsidiary (note51(b))	(77,738)	-	-	-	-	(467)	(78,205)
Deferred tax credited/(charged) during the year	386,457	81,061	-	(327)	(71,601)	87,603	483,193
Gross deferred tax assets at 31 December 2013 and 1 January 2014	1,504,016	367,852	-	7,657	383,410	382,377	2,645,312
Acquisition of subsidiaries (note 51(a))	30,699	892,373	110,129	-	24,427	632,336	1,689,964
Disposal of subsidiaries (note 51(b))	-	(23)	-	-	(28,297)	(5,207)	(33,527)
Deferred tax charged to reserve during the year	-	-	(84,715)	-	-	-	(84,715)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	28,303	231,374	-	274	28,615	114,777*	403,343
Exchange realignment	(809)	(167,685)	(13,569)	-	-	(66,281)	(248,344)
Gross deferred tax assets at 31 December 2014	1,562,209	1,323,891	11,845	7,931	408,155	1,058,002	4,372,033

* Includes deferred tax assets charged to tax expenses amounted to RMB70,000 for reversal of deferred LAT in deferred tax liability (note 9).

25 DEFERRED TAX (continued)

Group

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from available-for-sale investments RMB'000	Revaluation of investment properties RMB'000	Deemed disposal of associates RMB'000	Deferred LAT RMB'000	Withholding taxes RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2013	856,806	185,187	460,175	146,945	879,397	219,789	229,088	208,362	3,185,749
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(92,241)	(1,603)	(88,644)*	282,751	148,740	(66,577)	88,781	107,330	378,537
Deferred tax credited to reserve during the year	-	-	(29,964)	-	-	-	-	-	(29,964)
Acquisition of subsidiaries	235,420	-	-	-	-	-	-	-	235,420
Gross deferred tax liabilities at 31 December 2013 and 1 January 2014	999,985	183,584	341,567	429,696	1,028,137	153,212	317,869	315,692	3,769,742
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(80,208)	462,703	(177,538)*	310,418	129,539	(21,815)	112,749	325,286	1,061,134
Deferred tax credited to reserve during the year	-	-	82,231	-	-	-	-	-	82,231
Acquisition of subsidiaries (note51(a))	323,439	-	1,190,760	122,768	-	97,709	-	344,917	2,079,593
Exchange realignment	-	(1,608)	(155,140)	(92,758)	-	-	-	(25,438)	(274,944)
Included in assets of a disposal group classified as held for sale (note 34)	(18,852)	-	-	-	-	-	-	-	(18,852)
Disposal of subsidiaries (note 51(b))	(99,840)	-	-	(11,250)	-	(3,079)	-	(9,995)	(124,164)
Gross deferred tax liabilities at 31 December 2014	1,124,524	644,679	1,281,880	758,874	1,157,676	226,027	430,618	950,462	6,574,740

*During the year ended 31 December 2014, deferred tax liability amounted to RBM177,538,000 was credited to other income and gains of the consolidated statement of profit or loss together with the gain of disposal of the available-for-sale investments.

25. DEFERRED TAX (continued)

As at 31 December 2014, the deferred tax assets were recognised for certain entities within the Group which suffered accumulated losses as at the end of 2014. 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 2014.

Company

Deferred tax assets

	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013 and 1 January 2014	-	-	-
Deferred tax (charged)/credited to the statement of profit or loss during the year	2,950	(37)	2,913
Gross deferred tax assets at 31 December 2014	2,950	(37)	2,913

Deferred tax liabilities

Company

	Others RMB'000
At 1 January 2013	-
Deferred tax charged to the statement of profit or loss during the year	1,426
Gross deferred tax liabilities at 31 December 2013 and 1 January 2014	1,426
Deferred tax credited to the statement of profit or loss during the year	(1,426)
Gross deferred tax liabilities at 31 December 2014	-

25. DEFERRED TAX (continued)

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:

Group

	2014 RMB'000	2013 RMB'000
Tax losses	6,927,828	6,500,825
Deductible temporary differences	139,228	97,727
	7,067,056	6,598,552

Company

	2014 RMB'000	2013 RMB'000
Tax losses	-	-

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.

26. INVENTORIES

	2014 RMB'000	2013 RMB'000
Raw materials	2,228,307	2,779,761
Work in progress	1,383,902	1,424,087
Finished goods	2,300,210	2,009,607
Spare parts and consumables	576,388	472,010
	6,488,807	6,685,465
Less: Provision for inventories	(148,202)	(163,972)
	6,340,605	6,521,493
Portion classified as non-current assets	(87,722)	(207,541)
	6,252,883	6,313,952
Net book value of inventories pledged as security for bank loans (note 35)	-	435,928

27. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED CONTRACTS

	2014 RMB'000	2013 RMB'000
Financial assets designated at fair value through profit or loss:		
Debt instruments	4,531,247	-
Equity instruments	33,973	-
Investment funds	127,877	-
Term deposits	419,894	-
Sight deposits	206,980	-
Others	(14,065)	-
	5,305,906	-
Portion classified as current assets	(1,535,931)	-
Non-current portion	3,769,975	-

The above assets are held for policyholders of unit-linked products.

28. INSURANCE AND REINSURANCE DEBTORS

	2014 RMB'000	2013 RMB'000
Amounts due from insurance customers and suppliers	2,533,734	341,333
Less : Provision for impairment	(401,716)	-
	2,132,018	341,333
Portion classified as current assets	(2,063,919)	(341,333)
Non-current portion	68,099	-

The following is an ageing analysis of the amounts due from insurance customers:

	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	1,077,831	331,203
Past due but not impaired	1,054,187	10,130
Past due and impaired	401,716	-
	2,533,734	341,333

28. INSURANCE AND REINSURANCE DEBTORS (continued)

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 RMB401,716,000 (31 December 2013: Nil). Various actions have been taken to recover the debts, but these debts have not been recovered and hence impairment is provided.

Movement in the allowance for impaired debts:

	2014 RMB'000	2013 RMB'000
At 1 January	-	-
Acquisition of subsidiaries	398,931	-
Provision for impairment losses	55,569	-
Exchange realignment	(52,784)	-
At 31 December	401,716	-

29. 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.

	2014 RMB'000	2013 RMB'000
Life insurance contract liabilities	80,033	-
Unearned premium provisions	228,784	-
Provision for outstanding claims	797,452	-
	1,106,269	-
Portion classified as current assets	(624,909)	-
Non-current portion	481,360	-

30. CASH AND BANK AND TERM DEPOSITS

Group

	Notes	2014 RMB'000	2013 RMB'000
Cash on hand		63,675	20,573
Cash at banks, unrestricted		25,888,351	12,580,829
Cash and cash equivalents		25,952,026	12,601,402
Pledged bank balances	(1)	4,317,944	2,152,021
Time deposits with original maturity of more than three months	(2)	9,516,527	516,491
Restricted presale proceeds	(3)	507,413	515,423
Restricted cash in escrow account for an investment	(4)	-	425,961
Required reserve deposits	(5)	329,598	276,224
		40,623,508	16,487,522
Portion classified as current assets		(40,475,693)	(16,487,522)
Non-current portion – Term deposits		147,815	-

Notes:

It mainly comprises as follows:

	2014 RMB'000	2013 RMB'000
(1) Pledged bank balances to secure notes payable	3,438,172	1,883,016
Pledged bank balances to secure bank loans (note 35)	46,721	30,291
Bank balances as various deposits	335,503	158,234
(2) Time deposits with original maturity of more than three months pledged to secure bank loans (note 35)	3,486	3,387

(3) 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 amount of presale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and the payments of construction fee of the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

30. CASH AND BANK AND TERM DEPOSITS (continued)

Notes: (continued)

(4) The amount represents a deposit placed by Billion Infinity Investment Limited, an indirect subsidiary of the Company, into an escrow account for a potential investment in a third party. This deposit in the escrow account is not available for use in the Group’s daily operation. As at 31 December 2014， there is no such deposit.

(5) Required reserve deposits amounting to RMB329,598,000 (2013: RMB276,224,000) are placed by Shanghai Fosun High Technology Group Finance Co., Ltd. (“Finance Company”), an indirect subsidiary of the Company, with the People's Bank of China (“PBOC”). The reserve deposits with the PBOC are not available for use in the Group’s daily operations.

In the preparation of the consolidated statement of cash flows, pledged bank balances, time deposits with original maturity of more than three months, restricted presale proceeds of properties, restricted cash in an escrow account for an investment 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.

Company

	2014 RMB’000	2013 RMB’000
Cash at banks, unrestricted	246,661	65,958

31. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 RMB'000	2013 RMB'000
Group		
Listed investments, at fair value		
Hong Kong	7,637,863	5,672,745
United States	2,540,341	1,825,218
Mainland China	1,748,222	4,148,031
Europe	2,551,495	1,838,625
Japan	92,750	92,561
	14,570,671	13,577,180
Unlisted investments, at fair value	381,741	-
	14,952,412	13,577,180

At 31 December 2014, the Group's investments at fair value through profit or loss with a carrying amount of RMB2,922,103,000 (2013: RMB1,353,888,000) were pledged to secure bank loans, as set out in note 35 to the financial statements.

	2014 RMB'000	2013 RMB'000
Company		
Listed investments, at fair value		
Hong Kong	85,218	111,201

The above investments at 31 December 2014 and 2013 were, upon initial recognition, designated by the Group as financial assets as at fair value through profit or loss.

32. TRADE AND NOTES RECEIVABLES

	2014 RMB'000	2013 RMB'000
Trade receivables	3,610,965	2,839,919
Notes receivable	2,760,038	1,844,280
	6,371,003	4,684,199

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

	2014 RMB'000	2013 RMB'000
Within 90 days	2,794,853	2,436,446
91 to 180 days	517,066	234,822
181 to 365 days	288,425	191,460
1 to 2 years	87,219	19,656
2 to 3 years	10,537	7,501
Over 3 years	23,498	26,169
	3,721,598	2,916,054
Less: Provision for impairment of trade receivables	(110,633)	(76,135)
	3,610,965	2,839,919

32. TRADE AND NOTES RECEIVABLES (continued)

The movements in the provision for impairment of trade receivables are as follows:

	2014 RMB'000	2013 RMB'000
At 1 January	76,135	77,014
Amount written off as uncollectible	(12,155)	(30,685)
Provision for impairment losses	46,653	29,806
At 31 December	110,633	76,135

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	777,151	875,756
Within 90 days past due	515,141	540,845
91 to 180 days past due	123,867	76,803
Over 180 days past due	83,036	30,157
	1,499,195	1,523,561

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 2014, the Group's trade and notes receivables with a carrying amount of approximately RMB1,155,019,000 (2013: RMB610,243,000) were pledged to secure bank loans, as set out in note 35 to the financial statements.

Credit terms granted to the Group's customers are as follows:

	Credit terms
Steel segment	0 to 90 days
Resources segment	0 to 90 days
Health segment	90 to 180 days
Property development and sales segment	30 to 360 days

33. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2014 RMB'000	2013 RMB'000
Group			
Due from the holding company	(iii)	34,072	8,931
Due from related companies:			
Associates	(i)	2,273,745	1,194,377
Joint ventures	(ii)	3,052,455	2,057,474
Non-controlling shareholders of subsidiaries		-	253
Other related companies	(iii)	202,302	45,858
		5,528,502	3,297,962
Company			
Due from the holding company	(iii)	34,072	8,931
Due from related companies:			
Subsidiaries	(iii)	955,511	3,313,828
Joint ventures	(ii)	79,904	79,615
Other related companies	(iii)	126,416	45,845
		1,161,831	3,439,288

33. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES (continued)

Notes:

(i) As at 31 December 2014, the balances due from associates included the amount of RMB2,052,131,000 (2013: RMB803,650,000), which is 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 2014, the balances due from joint ventures included the amount of RMB 3,052,006,000 (2013: RMB2,044,445,000), which is unsecured, interest-free and repayable on demand. The remaining balances due from joint ventures are trade in nature, interest-free and repayable on demand.

(iii) As at 31 December 2014, the balances due from the holding company, subsidiaries and other related companies are unsecured, interest-free and repayable on demand.

	Notes	2014 RMB'000	2013 RMB'000
Group			
Due to related companies:			
Associates	(iv)	2,088,139	1,189,879
Non-controlling shareholders of subsidiaries	(v)	208,200	820,368
Joint ventures	(vi)	822,054	539,713
Other related companies	(vii)	8	8
		3,118,401	2,549,968
Portion classified as current		(3,118,401)	(2,392,117)
	(v)	-	157,851
Company			
Due to other related companies	(vii)	8	8

33. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES (continued)

Notes: (continued)

(iv) As at 31 December 2014, the balances due to associates included the amount of RMB2,017,007,000 (2013: RMB1,114,427,000), 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.

(v) As at 31 December 2014, the balance due to non-controlling shareholders of subsidiaries comprised of:

- an amount of RMB169,129,000, all among the current portion being the payables for purchase of low grade ore products from Hainan Iron and Steel Co., Ltd., which is interest-free and is estimated to be repayable during the year of 2015.

- The remaining balances due to non-controlling shareholders of subsidiaries are trade in nature, interest-free and repayable on demand.

(vi) As at 31 December 2014, the balances due to joint ventures included the amount of RMB822,054,000 (2013: RMB501,543,000), which were non-trade in nature, unsecured, interest-free and repayable on demand.

(vii) The balances due to other related companies are unsecured, interest-free and repayable on demand.

34. NON-CURRENT ASSETS/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Notes	2014 RMB'000	2013 RMB'000
Carrying amount of available-for-sale investments before classification as held for sale	(i)	239,229	212,293
Carrying amount of the assets of a disposal group	(ii)	990,341	-
Carrying amount after impairment		1,229,570	212,293
Liabilities directly associated with the assets classified as held for sale	(ii)	589,118	-

(i) As at 31 December 2014, the non-current assets held for sale represented the Group's available-for-sale investments in Baixiang Food Co., Ltd. ("Baixiang Food") and Zhejiang Yoyu Bamboo Industry Co., Ltd. ("Zhejiang Yoyu") amounting to RMB229,436,000, and RMB9,793,000, respectively.

On 28 March 2014, the Group through its subsidiary, Shanghai Fosun Industrial Investment Co., Ltd. ("Fosun Industrial Investment"), entered into a disposal agreement with the original shareholder of Baixiang Food, an independent third party, for the disposal of the Group's partial equity interest of 9.6% in Baixiang Food for a cash consideration of RMB308,777,000. As at 31 December 2014, RMB19,143,000 has been received by the Fosun Industrial Investment. The remaining consideration will be received by instalments in 2015 and the disposal is expected to be completed in 2015.

In November 2012, the Group through its subsidiaries, Shanghai Fosun Venture Capital Investment Management Co., Ltd., entered into a disposal agreement with the original shareholder of Zhejiang Yoyu, an independent third party, for the disposal of the Group's entire equity interest of 6.9% in Zhejiang Yoyu for a cash consideration of RMB13,786,000. As at 31 December 2014, RMB4,000,000 has been received by the Group, the remaining consideration will be received by instalments in 2015 and the disposal is expected to be completed in 2015.

34. NON-CURRENT ASSETS/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE(continued)

(ii) On 10 December 2014, the Group through its subsidiary, Fosun Pharma entered into certain equity transfer agreements with Sinopharm Holding GuoDa Drug Store Co., Ltd.("Guoda Drug Store"), pursuant to which, Fosun Pharma agreed to sell and Guoda Drug Store agreed to purchase 53.13% equity interest in Beijing Golden Elephant Pharmacy Medicine Chain Company Limited ("Golden Elephant Pharmacy"), 97% equity interest in Shanghai Fosun Pharmaceutical Company Limited ("Fosun Pharmaceutical") and 99.76% equity interest in Shanghai For Me Yixing Pharmacy Chain-Store Company Limited ("For Me Pharmacy") for aggregate considerations of approximately RMB414,356,000. Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy mainly engaged in pharmaceutical distribution and retail business. Fosun Pharma has decided to dispose of these interests for the purpose of optimising the resource allocation of Fosun Pharma and moving forward the transition of business model of retail business of Fosun Pharma. As at 31 December 2014, all the assets and liabilities of Golden Elephant Pharmacy, Fosun Pharmaceutical and For Me Pharmacy were classified as assets of a disposal group held for sale and liabilities directly associated with the assets classified as held for sale in aggregate in the consolidated statement of financial position.

The assets and liabilities of Fosun Pharmaceutical, For Me Pharmacy and Golden Elephant Pharmacy classified as held for sale as at 31 December 2014 are as follows:

34. NON-CURRENT ASSETS/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

	Notes	2014 RMB'000
Assets		
Inventories		252,915
Cash and bank		223,213
Trade and notes receivables		179,233
Prepayments, deposits and other receivables		176,347
Intangible assets	16	75,870
Property, plant and equipment	10	46,804
Due from related companies		19,604
Goodwill	17	13,893
Available-for-sale investments		1,230
Investments in associates		972
Prepaid land lease payment	12	260
Assets of a disposal group classified as held for sale		990,341
Liabilities		
Trade and notes payables		432,217
Accrued liabilities and other payables		123,698
Deferred tax liabilities	25	18,852
Due to related companies		13,676
Tax payable		675
Liabilities directly associated with the assets classified as held for sale		589,118

35. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	Notes	2014 RMB'000	2013 RMB'000
Bank loans:	(1)		
Secured		20,873,950	14,012,290
Unsecured		37,891,742	28,986,986
		58,765,692	42,999,276
Corporate bonds and enterprise bonds	(2)	9,040,838	10,920,027
Private placement note	(3)	4,077,554	1,985,025
Senior notes	(4)	4,012,143	3,989,607
Medium-term notes	(5)	4,577,850	2,582,433
Short-term commercial papers	(6)	2,996,451	-
Other borrowings, secured	(7)	3,944,760	543,876
Other borrowings, unsecured	(7)	6,771,606	3,944,318
Total		94,186,894	66,964,562

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Group (continued)

	2014 RMB'000	2013 RMB'000
Repayable:		
Within one year	46,786,932	31,539,941
In the second year	20,121,549	10,631,747
In the third to fifth years, inclusive	22,761,251	21,531,129
Over five years	4,517,162	3,261,745
	94,186,894	66,964,562
Portion classified as current liabilities	(46,786,932)	(31,539,941)
Non-current portion	47,399,962	35,424,621

Notes:

(1) Certain of the Group's bank loans are secured by:

Certain of the Group's bank loans are secured by the pledge of certain of the Group's buildings amounting to RMB166,764,000 (2013: RMB283,675,000), plant and machinery amounting to RMB786,843,000 (2013: RMB644,820,000), Mining infrastructure amounting to RMB491,490,000 (2013: RMB406,175,000), investment properties situated in Mainland China amounting to RMB5,433,000,000 (2013: RMB4,757,000,000), prepaid land lease payments amounting to RMB 587,199,000 (2013: RMB194,687,000), properties under development amounting RMB 12,847,293,000 (2013: RMB10,963,972,000), completed properties for sale amounting to RMB4,852,833,000 (2013: RMB5,514,314,000), time deposits with original maturity of more than three months amounting to RMB3,486,000 (2013: RMB3,387,000), trade and notes receivables amounting to RMB1,155,019,000 (2013: RMB610,243,000), equity investment at fair value through profit or loss amounting to RMB2,922,103,000 (2013: RMB1,353,888,000), an investment in a joint venture amounting to RMB533,294,000 (2013: RMB540,070,000), an investment in an available-for-sale entity amounting to RMB 802,922,000 (2013: Nil) and investments in subsidiaries.

No inventories (2013: RMB435,928,000) was pledged to secure the interest-bearing bank and other borrowings.

Bank balances amounting to RMB46,721,000 (2013: RMB30,291,000) were pledged to secure the interest-bearing bank and other borrowings.

The bank loans bear interest at rates ranging from 0.52% to 8.50% (2013: 0.96% to 8.80%) per annum.

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Group (continued)

Notes: (continued)

(2) Corporate bonds and enterprise bonds

On 27 February 2009, Nanjing Nangang Iron & Steel United Co., Ltd. issued long-term enterprise bonds with a par value of RMB2,500,000,000 and an effective interest rate of 6.29% per annum (the "2009 Nangang Bond"). According to the offering memorandum of the 2009 Nangang Bond, the bond holders are entitled to redeem the bonds at a redemption price equal to the principal amount by the end of the fourth year since issuance, i.e., 27 February 2013. On 27 February 2013, after the completion of the redemption, the principal amount of RMB30,000,000 of the 2009 Nangang Bond was redeemed by the bond holders. The remaining principal amount of RMB2,470,000,000 will be repaid by Nanjing Nangang equally on 27 February 2015 and 27 February 2016 with no further redemption option for bond holders. The interest will be paid annually in arrears.

On 24 December 2010, 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 10 May 2011, Nanjing Iron & Steel United Co., Ltd. issued long-term enterprise bonds with a par value of RMB4,000,000,000 and an effective interest rate of 5.8% per annum. The principal of the enterprise bonds will be repaid on 10 May 2018. The interest is paid annually in arrears.

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.

(3) Private placement note

On 19 June 2013, Fosun Group issued three-year private placement notes with the par value of RMB2,000,000,000 and an effective interest rate of 6.02% per annum. The interest will be paid annually in arrears and the maturity date is 19 June 2016.

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Group (continued)

Notes: (continued)

(3) Private placement note (continued)

On 19 March 2014, Fosun Group issued one-year private placement notes with the par value of RMB1,000,000,000 and the effective interest rate is 6.82% per annum. The interest is payable at the maturity date which is 19 March 2015.

On 30 May 2014, Fosun Group issued one-year private placement notes with the par value of RMB1,000,000,000 and the effective interest rate is 6.52% per annum. The interest is payable at the maturity date which is 30 May 2015.

(4) Senior notes

On 12 May 2011, Fosun International limited issued five-year senior notes with a par value of USD300,000,000 and an effective interest rate of 7.9% per annum. The interest is paid semi-annually in arrears.

On 30 January 2013, Sparkle Assets Limited, a direct subsidiary of Fosun Industrial Holdings Limited, issued seven-year senior notes with the 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.

(5) Medium-term notes

On 8 November 2010, Fosun Pharma issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.0% per annum. The interest is paid annually in arrears and the maturity date is 10 November 2015.

On 31 March 2011, Fosun Pharma issued five-year medium-term notes with a par value of RMB1,600,000,000 and an effective interest rate of 6.26% per annum. The interest is paid annually in arrears and the maturity date is 31 March 2016.

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.

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Group (continued)

Notes: (continued)

(6) Short-term commercial papers

On 26 September 2014, Fosun Pharma issued short-term commercial paper with a par value of RMB1,000,000,000 and an effective interest rate of 5.15% per annum. The interest is payable at the maturity date which is 26 September 2015.

On 26 December 2014, Fosun Group issued short-term commercial paper with a par value of RMB2,000,000,000 and an effective interest rate of 5.69% per annum. The interest is payable at the maturity date which is 26 December 2015.

(7) Other borrowings

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 2.55% to 11.0% (2013: 2.55% to 11.0%) per annum.

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Company

	2014 RMB'000	2013 RMB'000
Bank loans:		
Secured	633,463	-
Unsecured	397,735	396,298
	1,031,198	396,298
Repayable:		
Within one year	397,735	-
In the second year	633,463	396,298
	1,031,198	396,298
Portion classified as current liabilities	(397,735)	-
Non-current portion	633,463	396,298

The bank loans of the Company bear interest at rates ranging from 2.79% to 3.07% (2013: 1.2% to 3.0%) per annum.

36. CONVERTIBLE BONDS

The Issuer, an indirect subsidiary of the Company issued convertible bonds in the principal amount of HK$3,875,000,000 (equivelant to RMB3,068,225,000) on 22 November 2013 guaranteed by Fosun International Limited and certain other subsidiaries (the "Convertible Bonds"). The Convertible Bonds is convertible into fully-paid ordinary shares of par value HK$0.10 each of Fosun International Limited. The Convertible Bonds bear interests at the rate of 1.5% per annum payable semi-annually in arrears on May 22 and November 22 in each year. The Convertible Bonds will mature on 22 November 2018 ("Maturity Date"). There was no movement in the number of the Convertible Bonds during the year.

The principal terms of the Convertible Bonds are as follows:

(a) The Convertible Bonds are convertible at the option of the bond holders into ordinary shares of by Fosun International Limited during the period on or after the 41st day after the 22 November 2013 and seven days prior to the Maturity Date at an initial conversion price of HK$10 per share (subject to adjustments).

(b) The Issuer will at the option of the bond holder of any Convertible Bond, redeem all or some of that holder's Convertible Bonds on 22 November 2016 at their early redemption amount together with interest accrued and unpaid to, but excluding, such date.

36. CONVERTIBLE BONDS (continued)

(c) At any time after 22 November 2016, the Issuer may, by giving notice to the bond holders, elect to redeem the Convertible Bonds in whole but not in part, if the closing price of by Fosun International Limited's shares traded in Hongkong Stock Exchange for any 20 out of the 30 consecutive trading days immediately prior to the date upon which notice of such redemption is given, was at least 130% of the applicable early redemption amount divided by the conversion ratio then in effect. Conversion ratio means the principal amount of each bond divided by the conversion price then in effect immediately prior to the date upon which the optional redemption notice is given.

(d) Any convertible bonds not previously redeemed, converted or purchased and cancelled will be redeemed by the Issuer on the Maturity Date at 106.65% of its principal amount together with unpaid accrued interest from and including the immediately preceding interest payment 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.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	2014 RMB'000	2013 RMB'000
Liabilities component at the beginning of year	2,319,675	-
Nominal value of convertible bonds issued during the year	-	3,068,225
Equity component	-	(721,171)
Direct transaction costs	-	(30,682)
Liability component at the issuance date	2,319,675	2,316,372
Interest expense (note 6)	207,618	21,864
Interest paid	(46,055)	-
Exchange realignment	4,308	(18,561)
Liability component at 31 December	2,485,546	2,319,675

The effective interest rate of the liability component is 8.93% per annum.

37. LOANS FROM RELATED COMPANIES

	2014 RMB'000	2013 RMB'000
Loans from		
- a joint venture	193,000	196,477
Repayable:		
Within one year	193,000	196,477

Loans from related companies are unsecured. The fair values of these loans as at the date of inception were estimated with reference to the then prevailing interest rates with the same repayment period published by the PBOC. The difference between the amount of loans payable and their fair values as at the date of inception was credited to the consolidated statement of profit or loss. Subsequent to the initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

38. TRADE AND NOTES PAYABLES

	2014 RMB'000	2013 RMB'000
Trade payables	11,700,971	11,309,513
Notes payable	7,889,598	3,618,770
	19,590,569	14,928,283

38. TRADE AND NOTES PAYABLES (continued)

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	2014 RMB'000	2013 RMB'000
Outstanding balances with ages:		
Within 90 days	6,528,179	6,460,949
91 to 180 days	1,010,306	1,952,566
181 to 365 days	1,751,277	1,712,907
1 to 2 years	728,176	748,380
2 to 3 years	669,800	213,014
Over 3 years	1,013,233	221,697
	11,700,971	11,309,513

The trade and notes payables are non-interest-bearing and credit terms granted by the Group's suppliers are as follows:

	Credit terms
Steel segment	0 to 90 days
Resources segment	0 to 90 days
Health segment	0 to 360 days
Property development and sales segment	180 to 360 days

39. ACCRUED LIABILITIES AND OTHER PAYABLES

Group

	2014 RMB'000	2013 RMB'000
Advances from customers	9,065,400	9,335,000
Payables related to:		
Purchases of property, plant and equipment	2,194,750	2,257,428
Deposits received	713,234	544,159
Payroll	827,542	729,665
Business tax	257,069	270,917
Accrued interest expenses	1,005,863	730,921
Value-added tax	137,188	98,155
Accrued utilities	202,736	197,974
Acquisition of subsidiaries	464,006	687,509
Acquisition of a jointly-controlled entity	130,000	-
Current portion of other long term payables (note 48)	90,554	25,984
Financial support for the property development	3,939,779	2,525,376
Other accrued expense	1,077,867	235,311
Others	3,188,538	1,808,487
	23,294,526	19,446,886

Company

	2014 RMB'000	2013 RMB'000
Payables related to:		
Payment on behalf of other company	1,264	843
Accrued interest expenses	3,745	363
Others	25	24
	5,034	1,230

40. FINANCE LEASE PAYABLES

Nanjing Iron & Steel United Co., Ltd. and Fosun Investment Holdings Limited, subsidiaries of the Group, separately signed agreements with leasing companies to lease certain machinery and equipment and transportation equipments which are classified as finance leases.

Total future minimum lease payments under finance leases and their present values are as follows:

	2014 RMB'000	2013 RMB'000
Repayable:		
Within one year	143,680	77,072
In the second year	70,239	74,587
In the third to sixth years, inclusive	207,087	121,938
Total minimum finance lease payments	421,006	273,597
Less: Future finance charges	(22,726)	(23,661)
	398,280	249,936
Portion classified as current finance lease payables	(150,508)	(77,072)
Long-term portion	247,772	172,864

41. DEPOSITS FROM CUSTOMERS

	2014 RMB'000	2013 RMB'000
Demand deposits and current accounts	1,696,120	1,636,739

As at 31 December 2014 and 2013, deposits from customers represented the deposits placed in Finance Company, a subsidiary of the Group. The deposits from the customers carry interest at rates ranging from 0.385% to 3.08 % (2013: 0.385% to 3.08 %) per annum and will be repaid upon demand of the customers

Deposits from customers due to related parties are disclosed in note 56 to the financial statements.

42. UNEARNED PREMIUM PROVISIONS

	Notes	31 December 2014 Gross RMB'000	31 December 2014 Reinsurers' share RMB'000	31 December 2014 Net RMB'000	31 December 2013 Gross RMB'000	31 December 2013 Reinsurers' share RMB'000	31 December 2013 Net RMB'000
Life insurance	(i)	11,301	-	11,301	-	-	-
Non-life insurance	(ii)	2,855,944	(7,018)	2,848,926	207,427	-	207,427
		2,867,245	(7,018)	2,860,227	207,427	-	207,427

Notes:

(i) Analysis of movement in the unearned premium provisions for the life insurance business:

	31 December 2014 Gross RMB'000	31 December 2014 Reinsurers' share RMB'000	31 December 2014 Net RMB'000	31 December 2013 Gross RMB'000	31 December 2013 Reinsurers' share RMB'000	31 December 2013 Net RMB'000
At 1 January	-	-	-	-	-	-
Acquisition of subsidiaries(note 51(a))	47,722	-	47,722	-	-	-
Premiums written during the year	1,563,125	(513)	1,562,612	-	-	-
Premiums earned during the year	(1,595,801)	513	(1,595,288)	-	-	-
Exchange realignment	(3,745)	-	(3,745)	-	-	-
At 31 December	11,301	-	11,301	-	-	-

(ii) Analysis of movement in the unearned premium provisions for the non-life insurance business:

	31 December 2014 Gross RMB'000	31 December 2014 Reinsurers' share RMB'000	31 December 2014 Net RMB'000	31 December 2013 Gross RMB'000	31 December 2013 Reinsurers' share RMB'000	31 December 2013 Net RMB'000
At 1 January	207,427	-	207,427	-	-	-
Acquisition of subsidiaries(note 51(a))	2,657,515	4,798	2,662,313	-	-	-
Premiums written during the year	7,309,162	(39,260)	7,269,902	638,725	-	638,725
Premiums earned during the year	(7,073,683)	29,594	(7,044,089)	(315,213)	-	(315,213)
Exchange realignment	(244,477)	(2,150)	(246,627)	(116,085)	-	(116,085)
At 31 December	2,855,944	(7,018)	2,848,926	207,427	-	207,427

43. PROVISION FOR OUTSTANDING CLAIMS

		31 December 2014			31 December 2013		
		Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Life insurance	(i)	923,042	82	923,124	-	-	-
Non-life insurance	(ii)	12,818,569	415,700	13,234,269	318,667	-	318,667
		13,741,611	415,782	14,157,393	318,667	-	318,667
Portion classified as current liabilities				(6,534,777)			(318,667)
Non-current portion				7,622,616			-

Notes:

(i) Analysis of movement in the provision for outstanding claims for the life insurance business:

	31 December 2014			31 December 2013		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	-	-	-	-	-	-
Acquisition of subsidiaries(note 51(a))	929,848	1	929,849	-	-	-
Claims paid during the year	(1,738,324)	-	(1,738,324)	-	-	-
Claims incurred during the year	1,853,618	87	1,853,705	-	-	-
Exchange realignment	(122,100)	(6)	(122,106)	-	-	-
At 31 December	923,042	82	923,124	-	-	-

(ii) Analysis of movement in the provision for outstanding claims for the non-life insurance business:

	31 December 2014			31 December 2013		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	318,667	-	318,667	-	-	-
Acquisition of subsidiaries(note 51(a))	14,303,520	469,835	14,773,355	-	-	-
Claims paid during the year	(4,295,043)	68,421	(4,226,622)	(38,975)	-	(38,975)
Claims incurred during the year	4,362,824	(64,405)	4,298,419	249,555	-	249,555
Exchange realignment	(1,871,399)	(58,151)	(1,929,550)	108,087	-	108,087
At 31 December	12,818,569	415,700	13,234,269	318,667	-	318,667

44. FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

	Notes	2014 RMB'000	2013 RMB'000
Financial liabilities for unit-linked contracts	(i)	5,305,884	-
Investment contract liabilities	(ii)	52,044,306	-
Commissions on the issue of financial products		(71,674)	-
		57,278,516	-
Portion classified as current liabilities		(10,034,697)	-
Non-current portion		47,243,819	-

Notes:

(i) Unit-linked products

	2014 RMB'000	2013 RMB'000
At 1 January	-	-
Acquisition of subsidiaries(note 51(a))	8,653,797	-
Issues	20,734	-
Redemptions	(2,577,413)	-
Profit or loss	116,272	-
Other	(753)	-
Exchange alignment	(906,753)	-
At 31 December	5,305,884	-

(ii) Other investment contract liabilities

	2014 RMB'000	2013 RMB'000
At 1 January	-	-
Acquisition of subsidiaries(note 51(a))	52,317,559	-
Issues	15,464,341	-
Redemptions	(9,898,477)	-
Profit or loss	1,001,277	-
Other	(4,649)	-
Exchange alignment	(6,835,745)	-
At 31 December	52,044,306	-

45. OTHER LIFE INSURANCE CONTRACT LIABILITIES

31 December 2014

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	12,738,942	-	12,738,942
Provision for profit sharing	813,621	443	814,064
Provision for interest rate commitments	55,580	-	55,580
Provision for portfolio stabilisation	182,678	-	182,678
	13,790,821	443	13,791,264
Portion classified as current liabilities			(1,561,511)
Non-current portion			12,229,753

Analysis of movement 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	-	-	-	-	-
Acquisition of subsidiaries(note 51(a))	14,800,847	1,021,868	68,045	203,174	16,093,934
Liabilities originated in period and interest attributed	(296,843)	229,973	(4,367)	4,855	(66,382)
Amount attributable to insured from sharedholders' equity	-	(292,530)	-	-	(292,530)
Change in deferred acquisition costs	(249)	-	-	-	(249)
Other movements	5,402	-	-	-	5,402
Income distributed	5,918	(29,859)	-	-	(23,941)
Exchange alignment	(1,776,133)	(115,831)	(8,098)	(25,351)	(1,925,413)
At 31 December	12,738,942	813,621	55,580	182,678	13,790,821

46 INSURANCE AND REINSURANCE CREDITORS

	2014 RMB'000	2013 RMB'000
Amounts due to insurance customers and suppliers	765,224	67,895
Amounts due to insurance intermediaries	279,508	-
Deposits retained from reinsurers/retrocessionaires	282,957	-
Prepaid premiums received	125,578	-
	1,453,267	67,895

46. INSURANCE AND REINSURANCE CREDITORS (continued)

The following is an ageing analysis of the amounts due to insurance customers:

	2014 RMB'000	2013 RMB'000
Amounts due to insurance customers and suppliers:		
within 90 days	995,095	58,549
91-180 days	81,030	9,346
181-365 days	161,751	-
1-2 years	55,751	-
2-3 years	70,097	-
Over 3 years	89,543	-
	1,453,267	67,895

47. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2014 RMB'000	2013 RMB'000
Special purpose fund for technology improvement	311,683	233,864
Government grants for property development	-	293,000
	311,683	526,864

48. OTHER LONG TERM PAYABLES

	Notes	2014 RMB'000	2013 RMB'000
Payables for rehabilitation	(i)	200,378	32,919
Payables for employee benefits	(ii)	353,241	159,439
Payables for restructuring provisions		388,839	-
Payables for the acquisition of subsidiaries		27,720	83,756
Payables for acquisition of additional interests in subsidiaries		291,642	-
Loans from non-controlling shareholders of subsidiaries		1,928,294	2,875,265
Others		754,677	68,970
		3,944,791	3,220,349

Notes:

(i) The movements of payables for rehabilitation are set out below:

	2014 RMB'000	2013 RMB'000
At 1 January	32,919	36,432
Additions	3,913	1,353
Acquisition of subsidiaries	223,234	-
Payment made	(8,899)	(4,866)
Classified as current portion (note 39)	(50,789)	-
At 31 December	200,378	32,919

Payables for rehabilitation are in relation to the costs of the Group's obligations for land reclamation.

48. OTHER LONG TERM PAYABLES

Notes: (continued)

(ii)The movements of payables for employee benefits are set out below:

	2014 RMB'000	2013 RMB'000
At 1 January	159,439	171,870
Additions	35,875	-
Acquisition of subsidiaries	232,609	-
Interest increment (note 6)	12,681	31,407
Payments made	(26,695)	(17,854)
Classified as current portion (note 39)	(39,765)	(25,984)
Exchange realignment	(20,903)	-
At 31 December	353,241	159,439

Payables for employee benefits are based on estimates of future payments made by management and are discounted at rates in the range of 6.4% to 10.5% (2013: 5.70% to 7.83%).

49. SHARE CAPITAL

	2014 RMB'000	2013 RMB'000
Authorised: (note (i))		
Ordinary shares of HKD1.0 each (note (ii))	-	11
Issued and fully paid:		
1 (2013: 1) ordinary shares	-	-

Notes:

(i) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members of the Company as a result of this transition.

50. RESERVES

Group

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.

Company

	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2013	(195,509)	3,312,309	3,116,800
Total comprehensive income for the year	(103,727)	621,608	517,881
At 31 December 2013 and 1 January 2014	(299,236)	3,933,917	3,634,681
Total comprehensive income for the year	9,522	610,308	619,830
At 31 December 2014	(289,714)	4,544,225	4,254,511

(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 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 profits after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the SSR until such 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.

(c) Distributable reserves

For dividend purposes, the amount which the PRC subsidiaries can legally distribute by way of a dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with the applicable PRC accounting standards and regulations.

In accordance with the Company Law of the PRC, profits after tax of the PRC subsidiaries can be distributed as dividends after the appropriation to the SSR as set out above.

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(i) Acquisition of subsidiaries accounted for as business combination

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

In May 2014, Millennium Gain Limited, an indirect subsidiary of the Company, completed acquisition of shares representing 80% of the share capital and voting rights of Portuguese Insurance Group at a consideration of Euro1,037,654,000, equivalent to RMB8,823,480,000. The acquisition was undertaken to further develop the global insurance business of the Group.

In May 2014, Galaxy Wonder Limited, an indirect subsidiary of the Company, acquired a 100% equity interest in Marble Holding Co., Ltd. at a consideration of JPY6,811,000,000, equivalent to RMB410,261,000. The major assets of Marble Holdings Co., Ltd. is the investment of 98% equity interest in IDERA Capital Management Ltd. (“IDERA”). The acquisition was undertaken to further develop the asset management business in Japan.

In March 2014, Shanghai Forte Land Co., Ltd. (“Forte”), through its wholly-owned subsidiary Shanghai Forte Investment Management Co., Ltd. (“Forte Investment”) acquired the remaining 49% equity interest in Chengdu Honghui Land Co., Ltd. (“Chengdu Honghui”) at a consideration of RMB792,808,000. Before the acquisition, Forte Investment held 51% equity interest in Chengdu Honghui, which was accounted for as a joint venture. The major assets of Chengdu Honghui are properties under development and completed properties for sale located in Chengdu, PRC.

In the fourth quarter of 2014, Fidelidade - Companhia de Seguros, S.A., an indirect subsidiary of the Company, acquired 98.22% of the equity interests in Luz Saúde (formerly known as ESPÍRITO SANTO SAÚDE - SGPS, SA (ES SAÚDE)) at a consideration of Euro474,065,000, equivalent to RMB3,668,173,000. The acquisition was undertaken to further develop the global healthcare business of the Group.

In August and December 2014, the Group through its indirectly subsidiaries acquired Citigroup Center and Shinagawa Property located in Tokyo, Japan at a consideration of JPY12,333,206,000 (equivalent to RMB730,348,000) and JPY20,400,000,000 (equivalent to RMB1,047,969,000), respectively. Citigroup Center and Shinagawa Property were accounted for as investment properties since acquisition.

In the fourth quarter of 2014, Transcendent Resources Limited, an indirect owned subsidiary of the Company, acquired 92.6% of all Roc Oil Company Limited (“ROC”) shares in issue, and was entitled to compulsorily acquire all of the ROC shares in issue in accordance with relevant laws and regulations, at a total consideration of AUD489,348,000, equivalent to RMB2,565,688,000. The acquisition was undertaken to further develop the global resources business of the Group.

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(i) Acquisition of subsidiaries accounted for as business combination (continued)

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

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows:

	2014 Fair value recognised on acquisition RMB’000
Property, plant and equipment (note 10)	3,395,706
Prepaid land lease payments (note 12)	51,258
Investment in a joint venture	2,500
Investments in associates	455,206
Available-for-sale investments	81,242,162
Intangible assets (note 16)	565,469
Oil and gas assets (note 15)	1,670,546
Exploration and evaluation assets (note 13)	129,385
Investment properties (note 11)	5,830,453
Deferred tax assets (note 25)	1,689,964
Cash and cash equivalents	3,037,180
Term deposits	12,279,183
Investments at fair value through profit or loss	429,435
Trade and notes receivables	787,805
Due from related companies	43,037
Prepayments, deposits and other receivables	1,160,530
Loan receivable	32,816
Inventories	240,814
Completed properties for sale	314,493
Properties under development	884,696
Policyholder account assets in respect of unit-linked contracts	8,653,797
Insurance and reinsurance debtors	1,390,549
Reinsurers' share of insurance contract provisions	1,699,332
Subtotal carried forward	125,986,316

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(i) Acquisition of subsidiaries accounted for as business combination (continued)

The provisional fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows (continued):

	2014 Fair value recognised on acquisition RMB'000
Subtotal brought forward	125,986,316
Interest-bearing bank and other borrowings	(2,026,537)
Trade and notes payables	(522,529)
Accrued liabilities and other payables	(5,813,973)
Tax payable	(265,416)
Due to related companies	(1,190)
Unearned premium provisions (note 42)	(2,710,035)
Provision for unexpired risks	(352,652)
Insurance and reinsurance creditors	(1,385,821)
Derivative financials instruments	(50,523)
Other long term payables	(444,063)
Deferred tax liabilities (note 25)	(2,079,593)
Provision for outstanding claims (note 43)	(15,703,204)
Other life insurance contract liabilities (note 45)	(16,093,934)
Financial liabilities for unit-linked contracts (note 44)	(8,653,797)
Investment contract liabilities (note 44)	(52,317,559)
Finance lease payables	(247,631)
Total identifiable net assets at provisional fair value*	17,317,859
Non-controlling interests	(2,529,920)
Total net assets acquired	14,787,939
Gain on bargain purchase of subsidiaries	(61,148)
Goodwill on acquisition (note 17)	4,255,243
	18,982,034
Satisfied by:	
Cash consideration paid	18,146,546
Investment in an associate	12,460
Investment in a joint venture	404,870
Cash consideration unpaid	418,158
	18,982,034

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries (continued)

(i) Acquisition of subsidiaries accounted for as business combination (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 Portuguese Insurance Group and Luz Saúde is still undergoing and the information of the fair values of the identifiable assets and liabilities is 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 2015.

The fair values of the trade receivables and prepayments, deposits and other receivables as at the dates of acquisition amounted to RMB787,805,000 and RMB1,160,530,000, respectively. The gross contractual amounts of trade receivables and prepayments, deposits and other receivables were RMB787,805,000 and RMB1,160,530,000, respectively.

The Group incurred transaction cost of RMB135,328,000 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 RMB7,612,892,000 to the Group's turnover and net profit of RMB1,311,838,000 to the consolidated profit for the year ended 31 December 2014.

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 2014 would have been RMB69,427,142,000 and RMB10,599,767,000, respectively.

51. 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, Sunhill Global Limited, an indirect subsidiary where Fosun International limited holds a 60% equity interest, acquired 100% equity interest in Clear Water Bay Land Company Limited ("CWB") at a consideration of HKD1,697,603,000, equivalent to RMB1,346,284,000. The major assets of CWB are three pieces 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 are as follows:

	Allocation of purchase cost RMB'000
Cash and cash equivalents	577
Trade and notes receivables	39
Prepayments, deposits and other receivables	11
Properties under development	1,348,181
Trade and notes payables	(36)
Accrued liabilities and other payables	(2,488)
Total purchase costs	1,346,284
Satisfied by:	
Cash consideration paid	1,346,284

51. 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 are as follows :

	RMB'000
Consideration settled by cash	(19,492,830)
Cash and cash equivalents acquired	3,037,757
	(16,455,073)
Payment of unpaid cash consideration as at 31 December 2013	(710,513)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(17,165,586)
Transaction costs of these acquisitions included in cash flows from operating activities	(135,328)
	(17,300,914)

(iv) Acquisition of subsidiaries accounted for as a business combination subsequent to 31 December 2014

In December 2014, after the competing bid for the takeover of Club Méditerranée SA ("Club Med"), a company incorporated under the laws of France, the price of Euro24.6 per share ultimately proposed by the Group was the final offer price and the total investment amount was Euro958 million. The acquisition was undertaken to further develop the global happy lifestyle business of the Group. In March 2015, Club Med delisted from Euronext. Club Med will be accounted for as a subsidiary of the Group since the completion of the acquisition. The information of the fair values of the identifiable assets and liabilities of the above subsidiary as at the date of acquisition is not available at the date of this report, which will be disclosed in the consolidated financial statements of the Group for the year ended 31 December 2015.

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of subsidiaries

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

In August 2014, Wuhan Fujiang Real Estate Co., Ltd. ("Wuhan Fujiang"), a wholly owned subsidiary of Forte, completed the share capital increase from RMB300,000,000 to RMB600,000,000. The share capital increase was paid up by an independent third party. Subsequent to the completion of the share capital injection, Forte's equity interests in Wuhan Fujiang decreased to 50% and Forte lost the control over the board of directors as well as the operating and financial policies decision of Wuhan Fujiang but can exercise jointly control over Wuhan Fujiang. The remaining 50% equity interests in Wuhan Fujiang was accounted for as investment in a joint venture.

In June 2014, Oriental Merchant Real Estate Co., Ltd. ("Oriental Merchant"), an indirectly wholly-owned subsidiary of Forte, entered into an agreement with Shanghai Xingming Investment Management Co., Ltd. ("Shanghai Xingming"), one of the shareholders of Zhejiang Dongyang Woodcarving City Co., Ltd. ("Zhejiang Dongyang"). According to the agreement, Oriental Merchant delegated 10% of its voting rights on Zhejiang Dongyang to Shanghai Xingming and changed the composition of board of directors. Upon the date of the delegation, Oriental Merchant was not able to control the operating and financial policies decision but can exercise significant influence over Zhejiang Dongyang. The remaining 45% equity investment in Zhejiang Dongyang was accounted for as investment in an associate since the completion of the delegation.

51. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of subsidiaries

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

	2014 RMB'000	2013 RMB'000
Net assets disposed of:		
Property, plant and equipment (note 10)	121,409	5,779
Intangible assets	-	1,790
Investments in joint ventures	-	1,748,463
Available-for-sale investments	-	67,620
Loans receivable	-	73,920
Deferred tax assets (note 25)	33,527	78,205
Properties under development	2,629,511	8,148,546
Investment properties (note 11)	776,000	-
Cash and cash equivalents	1,792,329	453,372
Investments at fair value through profit or loss	-	7,000
Trade and notes receivables	8,202	13,380
Prepayments, deposits and other receivables	196,885	2,723,548
Due from related parties	113,985	-
Inventories	14,756	-
Completed properties for sale	17,585	-
Interest-bearing bank and other borrowings	(2,201,883)	(1,791,328)
Trade and notes payables	(171,738)	(1,323,858)
Due to related companies	(230)	-
Accrued liabilities and other payables	(1,613,311)	(6,749,844)
Tax payable	(169,889)	(39,748)
Deferred income	(293,000)	
Other long term payables	(2,490)	-
Deferred tax liabilities (note 25)	(124,164)	-
Non-controlling interests	(311,038)	(2,347,332)
	816,446	1,069,513
Fair value of the retained interests in subsidiaries disposed of	(711,974)	(49,202)
Net gain on disposal of subsidiaries (note 5)	(15,873)	-
	88,599	1,020,311

51. 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:

	2014 RMB'000	2013 RMB'000
Satisfied by:		
Cash	74,600	59,220
Available-for-sale investments	-	961,091
Other receivables	13,999	-
	88,599	1,020,311
Cash consideration	74,600	59,220
Cash and cash equivalents disposed of	(1,792,329)	(453,372)
Receipt of unreceived cash consideration for disposal in previous years	-	126,200
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,717,729)	(267,952)

52. SHARE BASED PAYMENTS

(a) 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.

On 7 January 2014 (the "Date of Grant"), pursuant to the Restricted A Share Incentive Scheme, 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 member of senior management of Fosun Pharma and core technical and management personnel.

52. SHARE-BASED PAYMENTS (continued)

(a) Restricted A share Incentive Scheme by Fosun Pharma (continued)

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") has 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 Restricted Shares and ending on the date on which all the Restricted Shares on 7 January 2014.

Restricted Shares shall be locked up immediately upon granting. All of the Restricted Shares granted to Share Incentive Participants shall be subject to various Lock-up Periods ranging from 1 year, 2 years 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 RMB59,012,000, of which RMB35,087,000 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 amounted to RMB23,925,000. The Group has recognised an amount of RMB21,841,000 as expenses (note 7) for the year ended 31 December 2014.

The fair value of Restricted Shares granted during the year was estimated as at the Date of Grant, using the Black-Scholes model, taking into account the terms and conditions upon which the shares were granted. The following table lists the inputs to the model used:

Unlock period	First unlock Period	Second unlock period	Third unlock period
Risk-free interest rate (%)	4.18	4.33	4.36
Expected volatility (%)	37.22	37.22	37.22
Expected dividend yield(%)	1.10	1.10	1.10
Market price of the Company's shares on the date of grant (RMB)	17.93	17.93	17.93
Fair value of the restricted shares on the date of grant (RMB)	15.60	14.88	14.52

52. SHARE-BASED PAYMENTS(continued)

(a) Restricted A share Incentive Scheme by Fosun Pharma (continued)

The exercise price of the Black-Scholes model was arrived at based on the market price of Fosun Pharma's shares on the Date of Grant. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other feature of the Restricted Shares granted was incorporated into the measurement of fair value.

(b) CML share option

Chindex Medical Limited ("CML") was established as at 31 December 2010 in which Ample Up Limited, an indirect subsidiary of Fosun Pharma, and Chindex Medical Holdings (BVI) Limited, a subsidiary of Chindex International Inc. ("Chindex", listed in the NASDAQ market), held 51% and 49% equity interests respectively. CML was included in the consolidated financial statements of the Group since its establishment.

Certain employees of Chindex, who operates a share option scheme for its employees, provide services to CML. The services agreement between CML and Chindex provides that the full compensation cost of certain Chindex employees will be charged to CML, which will also include the cost of the share-based compensation, if applicable to the individual. In addition, certain former Chindex employees who are now employees of CML still retained the rights to vest the share options granted to them in the prior years, and the cost of these share options for the year of 2011 was charged to staff costs of CML as the incentive and reward for the services provided to CML. For the year ended 31 December 2014, the equity-settled share-based payment expenses amounting to RMB16,519,000(2013: RMB9,707,000) were recognised in the consolidated statement of profit or loss as set out in note 7 to the financial statements.

53. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties, as set out in note 11 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:

Group

	2014 RMB'000	2013 RMB'000
Within one year	444,645	672,721
In the second to fifth years, inclusive	1,593,456	976,708
Over five years	81,483	335,599
	2,119,584	1,985,028

Company

	2014 RMB'000	2013 RMB'000
Within one year	151	143
In the second to fifth years, inclusive	151	-
	302	143

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 and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Group

	2014 RMB'000	2013 RMB'000
Within one year	135,551	83,651
In the second to fifth years, inclusive	274,359	245,377
Over five years	549,531	624,204
	959,441	953,232

54. COMMITMENTS

In addition to the operating lease commitments detailed in note 53 above, the Group and the Company had the following capital commitments at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
Contracted, but not provided for:		
In respect of:		
Plant and machinery	1,701,623	1,430,424
Properties under development	16,374,753	4,749,842
Investments	14,285,765	186,382
	32,362,141	6,366,648
Authorised, but not contracted for:		
In respect of:		
Plant and machinery	126,486	232,540
Investments	2,829,050	693,986
	2,955,536	926,526

Company

	2014 RMB'000	2013 RMB'000
Authorised, but not contracted for:		
Investments	-	-

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

Group

	2014 RMB'000	2013 RMB'000
Contracted but not provided for:		
Properties under development	777,756	1,073,761

55. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
Guaranteed bank loans of:		
Related parties (note 56)	223,000	570,000
Third parties	-	123,400
	223,000	693,400
Qualified buyers' mortgage loans*	2,434,754	2,473,034
	2,657,754	3,166,434

* As at 31 December 2014, the Group provided guarantees of approximately RMB2,434,754,000 (31 December 2013: RMB2,473,034,000) 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.

Owing to the nature of the insurance business, the insurance segment of the Group are 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.

56. 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	2014 RMB'000	2013 RMB'000
Sales of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	710,922	570,052
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 9)	Sales of scrap material	112,265	59,769
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 9)	Sales of utility	78,928	53,786
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	19,446	22,750
Chindex International, Inc. (Notes 2 & 9)	Sales of pharmaceutical products	13,801	-
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	6,204	8,055
Shanghai LONZA Fosun Pharmaceutical Science and Technology Development Ltd. (Notes 3 & 9)	Sales of pharmaceutical products	4,291	1,832
Shanghai Huifeng Forme Pharmacy Co., Ltd. (Notes 3 & 9)	Sales of pharmaceutical products	2,978	3,517
Shanghai Liyi Pharmacy Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	1,712	1,868
Shanghai Yaofang Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	1,136	4,565
Shanghai Lianhua Fosun Pharmacy Chain-store Co., Ltd. (Notes 2 & 9)	Sales of pharmaceutical products	-	18,201
Suzhou Laishi Transfusion Equipment Co., Ltd. (Notes 5 & 9)	Sales of pharmaceutical products	-	6,642
Total sales of goods		951,683	751,037

56. RELATED PARTY TRANSACTIONS (continued)

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Purchases of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	147,494	136,262
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	7,090	8,302
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	6,892	5,537
Shanghai Yaofang Co., Ltd. (Notes 2 & 9)	Purchases of pharmaceutical products	409	3,011
Suzhou Laishi Transfusion Equipment Co., Ltd. (Notes 5 & 9)	Purchases of pharmaceutical products	-	15,282
Tongjitang Chinese Medicines Company (Notes 5 & 9)	Purchases of pharmaceutical products	-	13,272
Total purchases of goods		161,885	181,666
Service income			
Yantai Xingyi Properties Co., Ltd. (Notes 3 & 10)	Consulting services provided to the related company	34,588	20,452
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3 & 10)	Consulting services provided to the related company	14,999	-
Fuyang Furun Property Co., Ltd. (Notes 3 & 10)	Consulting services provided to the related company	4,632	7,148
Shanghai Xingyao Real Estate Development Co., Ltd. (Notes 3 & 10)	Consulting services provided to the related company	-	42,000
Harbin Xinghao Real Estate Development Co., Ltd. (Notes 6 & 10)	Consulting services provided to the related company	-	21,000
Harbin Xingheng Real Estate Development Co., Ltd. (Notes 6 & 10)	Consulting services provided to the related company	-	20,000

56. RELATED PARTY TRANSACTIONS (continued)

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Service income (continued)			
Harbin Xinghan Real Estate Development Co., Ltd. (Notes 6 & 10)	Consulting services provided to the related company	-	18,000
Shanghai Yinping Investment Management Co., Ltd. (Notes 2 & 10)	Consulting services provided to the related company	-	2,133
Wuhu XingYan Properties Co., Ltd. (Notes 3 & 10)	Consulting services provided to the related company	-	1,218
Total service income		54,219	131,951
Interest income			
Haizhimen (Notes 3 & 12)	Interest income	195,957	274,276
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3 & 12)	Interest income	77,000	58,984
Anhui Jinhuangzhuang Mining Co., Ltd. (Notes 2 & 12)	Interest income	14,712	9,810
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 7 & 12)	Interest income	8,826	-
Nanjing Iron & Steel (Group) Co., Ltd. (Notes 4, & 12)	Interest income	4,023	-
Fuyang Furun Property Co., Ltd. (Notes 3 & 12)	Interest income	2,250	1,472
Wuhu XingYan Properties Co., Ltd. (Notes 3 & 12)	Interest income	1,830	-
Harbin Xinghao Real Estate Development Co., Ltd. (Notes 6 & 12)	Interest income	-	7,303
Wuhu Xingshuo Investment Co., Ltd. (Notes 3 & 12)	Interest income	-	3,501
Yantai Xingyi Properties Co., Ltd. (Notes 3 & 12)	Interest income	-	2,200

56. RELATED PARTY TRANSACTIONS (continued)

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Interest income (continued)			
Nanjing Dahua Investment Development Co., Ltd. (Notes 2 & 12)	Interest income	-	4,248
Total interest income		304,598	361,794
Rental Income			
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 10)	Operating lease in respect of office buildings leased to the related company	1,709	1,806
Interest expense			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 3, 12 & 15)	Interest expense	3,892	2,434
Interest paid for deposits from related parties			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 8 & 1)	Interest paid for deposits	5,575	1,612
Shanghai Zendai Bund Int'l Finance Center Real Estate Co., Ltd. (Notes 3 & 1)	Interest paid for deposits	1,839	268
Shanghai Xingjue Investment Management Co., Ltd. (Notes 6 & 1)	Interest paid for deposits	-	4,713
Total interest paid for deposits from related parties		7,414	6,593
Other expenses			
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 11)	Transportation fees	154,247	93,918
Hainan Haigang Group Co., Ltd. (Notes 4, 8 & 11)	Operating lease in respect of land leased from the related company	17,059	16,520
Shanghai Foreal Property Management Co., Ltd. (Notes 2 & 11)	Property management services provided by the related company	6,451	10,253
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 11)	Operating lease in respect of office buildings leased from the related company	3,993	3,705
Total other expenses		181,750	124,396

56. RELATED PARTY TRANSACTIONS (continued)

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Underlying notional interest of loans from related companies			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 3 & 14)	Notional interest	5,791	6,227
Loans from related companies			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 3, 12 & 15)	Loan provided by the related company	193,000	100,000
Deposits from related companies			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 8 & 1)	Deposits from the related company	599,570	147,107
Shanghai Xingyao Real Estate Development Co., Ltd. (Notes 3 & 1)	Deposits from the related company	493,330	-
Haizhimen (Notes 3 & 1)	Deposits from the related company	240,230	-
Zhejiang Dongyang China Woodcarving Cultural Exhibition City Co., Ltd. (Notes 7 & 1)	Deposits from the related company	150,673	-
Zhejiang Dongyang China Woodcarving City Co., Ltd. (Notes 7 & 1)	Deposits from the related company	42,022	-
Sichuan Huanglong Forte Real Estate Development Co., Ltd. (Notes 3 & 1)	Deposits from the related company	21,648	387
Fuyang Furun Property Co., Ltd. (Notes 3 & 1)	Deposits from the related company	15,012	1,680
Shanghai Zendai Bund International Finance Center Real Estate Co., Ltd. (Notes 3 & 1)	Deposits from the related company	8,685	363,568
Shanghai Yinping Investment Management Co., Ltd. (Notes 2 & 1)	Deposits from the related company	7,877	-
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3 & 1)	Deposits from the related company	179	20,076
Chongqing Langfu Properties Co., Ltd. (Notes 2 & 1)	Deposits from the related company	100	28,918
Yantai Xingyi Properties Co. Ltd. (Notes 3 & 1)	Deposits from the related company	38	3,562

56. RELATED PARTY TRANSACTIONS (continued)

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Deposits from related companies (continued)			
Shanghai Xingjue Investment Management Co., Ltd. (Notes 6 & 1)	Deposits from the related company	-	615,085
Total deposits from related companies		1,579,364	1,180,383
Guarantees of bank loans			
Hainan Haigang Group Co., Ltd. (Notes 4 & 13)	Bank loans guaranteed by the related company	380,000	-
Nanjing Iron & Steel (Group) Co., Ltd. (Notes 4, 8 & 13)	Bank loans guaranteed by the related company	140,000	1,289,111
Sichuan Forte Huanglong Property Development Co., Ltd. (Notes 3 & 13)	Guarantees granted for bank loans of the related company	150,000	300,000
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 13)	Guarantees granted for bank loans of the related company	68,000	90,000
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 13)	Guarantees granted for bank loans of the related company	5,000	30,000
Fuyang Furun Property Co., Ltd. (Notes 3 & 13)	Guarantees granted for bank loans of the related company	-	100,000
Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd. (Notes 2 & 13)	Guarantees granted for bank loans of the related company	-	50,000
Total loans guaranteed		743,000	1,859,111
Loans to related companies			
Wuhu XingYan Properties Co., Ltd. (Notes 3, 12 & 16)	Entrusted loan provided to the related company	23,330	-
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3, 12 & 16)	Entrusted loan provided to the related company	-	700,000
Fuyang Furun Property Co., Ltd. (Notes 3, 12 & 16)	Entrusted loan provided to the related company	-	100,000
Yantai Xingyi Properties Co., Ltd. (Notes 3, 12 & 16)	Entrusted loan provided to the related company	-	80,000

56. RELATED PARTY TRANSACTIONS (continued)

Name of related parties	Nature of transactions	2014 RMB'000	2013 RMB'000
Loans to related companies (continued)			
Wuhu Xingshuo Investment Co., Ltd. (Notes 3, 12 & 16)	Entrusted loan provided to the related company	-	75,000
Total loans to related companies		23,330	955,000

Notes:

(1) Interest paid for deposits from related parties represent 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.

(2) They are associates of the Group.

(3) They are joint ventures of the Group.

(4) They are non-controlling shareholders of the subsidiaries of the Group.

(5) As at 30 September 2013, Fosun Pharma acquired Suzhou Laishi Transfusion Equipment Co., Ltd. ("Suzhou Laishi") and Suzhou Laishi was no longer an associate of the Group. As at 30 October 2013, Fosun Pharma disposed of entire equity interest in Tongjitang Chinese Medicines Company ("Tongjitang") and Tongjitang was no longer an associate of the Group.

(6) They were joint ventures of the Group in 2013, but disposed on 31 December 2013.

(7) They were subsidiaries of the Group in 2013, but was accounted for as associates at 31 December 2014.

(8) These transactions constitute connected transaction 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 director considers 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 director considers that the income for consulting services, and rental were determined based on prices available to third party customers.

56. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(11) The director considers that the fees for property management services, transportation services and leasing paid to the related companies were determined based on prices available to third party customers of the related companies.

(12) The director considers that the loans provided by/to the related companies are unsecured, repayable on demand, and 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) As at 31 December 2014, the interest-free and unsecured entrusted bank loan in the amount of RMB93,000,000 was repaid to Wuxi Forte Real Estate Development Co., Ltd. The corresponding notional interest for the year ended 31 December 2014 amounted to approximately RMB5,791,000 (2013: RMB6,277,000).

(15) The entrusted bank loans in the amount of RMB100,000,000 and RMB93,000,000 are provided by Wuxi Forte Real Estate Development Co., Ltd. in 2014. Both of entrusted loans bear interest at a rate of 3.25% per annum and the maturity date is 10 November 2015 and 17 November 2015, respectively. The balance of loans from Wuxi Forte Real Estate Development Co., Ltd. was RMB193,000,000 as set out in note 37 to financial statements.

(16) The balance of entrusted loans provided to Wuhu XingYan Properties Co., Ltd. as at 31 December 2014 was RMB23,330,000 as set out in note 23 to the financial statements.

The balance of entrusted loans provided to Shanxi Jianqin Real Estate Development Co., Ltd. as at 31 December 2014 was RMB700,000,000 as set out in note 23 to the financial statements.

The entrusted loan provided to Fuyang Furun Property Co., Ltd. amounting to RMB100,000,000 were collected on 24 January 2014.

Both of the loans provided to Wuhu Xingshuo Investment Co., Ltd. and Yantai Xingyi Properties Co., Ltd. amounting to RMB75,000,000 and RMB80,000,000 were collected as at 31 December 2013.

56. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(17) Compensation of key management personnel of the Group:

	2014 RMB'000	2013 RMB'000
Short-term employee benefits	47,919	39,081
Pension scheme contributions	343	336
Total compensation paid to key management personnel	48,262	39,417

57. 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:

2014 Group

Financial assets

	Financial assets at fair value through profit or loss				
	Designed as such upon initial recognition RMB'000	Held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	-	-	-	77,237,813	77,237,813
Loans receivable	-	-	2,140,063	-	2,140,063
Cash and bank	-	-	40,475,693	-	40,475,693
Term deposits	-	-	147,815	-	147,815
Investments at fair value through profit or loss	1,759,301	13,193,111	-	-	14,952,412
Trade and notes receivables	-	-	6,371,003	-	6,371,003
Financial assets included in prepayments, deposits and other receivables (note 24)	-	-	6,531,144	-	6,531,144
Due from related companies and the holding company	-	-	5,562,574	-	5,562,574
Insurance and reinsurance debtors	-	-	2,132,018	-	2,132,018
	1,759,301	13,193,111	63,360,310	77,237,813	155,550,535

57. 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:

2014 Group(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	-	94,186,894	94,186,894
Convertible bonds	-	2,485,546	2,485,546
Loans from related companies	-	193,000	193,000
Trade and notes payables	-	19,590,569	19,590,569
Financial liabilities included in accrued liabilities and other payables (note 39)	-	12,925,489	12,925,489
Due to related companies	-	3,118,401	3,118,401
Deposit from customers	-	1,696,120	1,696,120
Financial liabilities included in other long term payables (note 48)	88,019*	3,303,153	3,391,172
Finance lease payables	-	398,280	398,280
Derivative financial instruments	-	65,670	65,670
Investment contract liabilities	-	51,972,632	51,972,632
Insurance and reinsurance creditors	-	1,453,267	1,453,267
	88,019	191,389,021	191,477,040

* The amount includes the share redemption option granted to non-controlling shareholders of a subsidiary amounting to RMB60,299,000(2013: RMB44,364,000), of which fair value change is recognised in other reserve due to the nature of equity transaction with non-controlling shareholder of a subsidiary of the Group.

57. 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)

2013 Group

Financial assets

	Financial assets at fair value through profit or loss - held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	-	-	10,053,179	10,053,179
Loans receivable	-	3,261,103	-	3,261,103
Cash and bank	-	16,487,522	-	16,487,522
Investments at fair value through profit or loss	13,577,180	-	-	13,577,180
Trade and notes receivables	-	4,684,199	-	4,684,199
Financial assets included in prepayments, deposits and other receivables (note 24)	-	4,507,780	-	4,507,780
Due from related companies and the holding company	-	3,306,893	-	3,306,893
Insurance and reinsurance debtors	-	341,333	-	341,333
	13,577,180	32,588,830	10,053,179	56,219,189

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	-	66,964,562	66,964,562
Convertible bonds	-	2,319,675	2,319,675
Loans from related companies	-	196,477	196,477
Trade and notes payables	-	14,928,283	14,928,283
Financial liabilities included in accrued liabilities and other payables (note 39)	-	12,045,477	12,045,477
Due to related companies	-	2,549,968	2,549,968
Deposit from customers	-	1,636,739	1,636,739
Financial liabilities included in other long-term payables(note 48)	99,804	2,928,187	3,027,991
Insurance and reinsurance creditors	-	67,985	67,985
Finance lease payables	-	249,936	249,936
	99,804	103,887,289	103,987,093

57. 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)

2014 Company

Financial assets

	Financial assets at fair value through profit or loss - held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Cash and bank	-	246,661	-	246,661
Investments at fair value through profit or loss	85,218	-	-	85,218
Financial assets included in prepayments, deposits and other receivables	-	12,752	-	12,752
Due from related companies and the holding company	-	1,195,903	-	1,195,903
	85,218	1,455,316	-	1,540,534

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in accrued liabilities and other payables	5,034
Interest-bearing bank and other borrowings	1,031,198
Due to related companies	8
	1,036,240

57. 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)

2013 Company

Financial assets

	Financial assets at fair value through profit or loss - held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	-	-	2,888	2,888
Cash and bank	-	65,958	-	65,958
Investments at fair value through profit or loss	111,201	-	-	111,201
Financial assets included in prepayments, deposits other receivables	-	11,463	-	11,463
Due from related companies and the holding company	-	3,448,219	-	3,448,219
	111,201	3,525,640	2,888	3,639,729

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in accrued liabilities and other payables	1,230
Interest-bearing bank and other borrowings	396,298
Due to related companies	8
	397,536

58. TRANSFERS OF FINANCIAL ASSETS

At 31 December 2014, 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 RMB 3,458,632,000(2013: RMB5,978,209,000). 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 RMB 1,000,164,000(2013: RMB1,556,376,000). The Endorsed Bills and the Discounted Bills had a 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 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.

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

Group

	Carrying amounts		Fair values	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Available-for-sale investments	67,742,925	3,875,800	67,742,925	3,875,800
Loan receivable(non-current portion)	1,296,977	3,161,103	1,296,977	3,161,103
Investments at fair value through profit or loss	14,952,412	13,577,180	14,952,412	13,577,180
	83,992,314	20,614,083	83,992,314	20,614,083

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows: (continued)

Group (continued)

	Carrying amounts		Fair values	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings	94,186,894	66,964,562	94,052,717	66,336,469
Convertible bonds	2,485,546	2,319,675	3,503,939	3,051,095
Due to related companies (non-current portion)	-	157,851	-	157,851
Financial liabilities included in Other long term payables	3,391,172	3,027,991	3,391,172	3,027,991
Finance lease payables	398,280	249,936	398,280	249,936
Derivative financial instruments	65,670	-	65,670	-
	100,527,562	72,720,015	101,411,778	72,823,342

Company

	Carrying amounts		Fair values	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Financial assets				
Investments at fair value through profit or loss	85,218	111,201	85,218	111,201
Financial liabilities				
Interest-bearing bank and other borrowings	1,031,198	396,298	1,032,420	396,244

Management has assessed that the fair values of cash and bank, 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, current portion of 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.

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

The fair values of the non-current portion of due to related companies, financial liabilities included in other long term payables, loan from related companies, finance lease payables and non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for non-current portion of due to related companies, financial liabilities included in other long term payables, loan from related companies, finance lease payables and non-current portion of interest-bearing bank and other borrowings as at 31 December 2014 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 component of the convertible bonds and the fair values of listed bonds and senior notes are based on the quoted market price.

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 2014, the fair values of commodity derivative contracts were measured using quoted market price 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 including 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 investments without a lock-up period are based on quoted market prices. The fair values of listed 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.

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

As at 31 December 2014, the fair value information 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 are 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 because 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 is RMB9,494,888,000 (31 December 2013: RMB6,177,379,000). All of them are unlisted investments in China, North America and other countries held by the Group, which are intended to be disposed by the Group after getting listed in the designated stock exchange in the future.

During the year ended 31 December 2014, the available-for-sale investments whose fair value could not be reliably measured with carrying amount of RMB 960,562,000 were derecognised and the relevant gain on disposal amounted to RMB501,873,000 was recognized 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 2014：

<u>Unobservable inputs and sensitivity analysis for Level 3 assets</u>

The financial assets measured at fair value held by Portuguese Insurance Group which 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, we 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, we do not assess whether applying reasonably possible alternative assumptions would have an impact on the fair value of the Level 3 investment funds.

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2014 (continued):

Unobservable inputs and sensitivity analysis for Level 3 liabilities

As part of the purchases agreement, contingent consideration included in other long-term liabilities is payable, which is dependent on the amount of profit after tax of Foshan City Chancheng District Central Hospital Co., Ltd. (Chancheng Hospital) during the thirteenth months to twenty-fourth months period subsequent to the acquisition. The amount recognised as at 31 December 2014 was RMB27,720,000 (31 December 2013: RMB55,440,000) which was determined using the discounted cash flow model and is under Level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders in 2016. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

As the profit after tax of Chancheng Hospital for the year ended 31 December 2014 was over the profit target of RMB108,000,000, and it is estimated that the projected profit after tax of Chancheng Hospital for the year ended 31 December 2015 is over the profit target of RMB129,600,000, there have been no adjustments to the contingent consideration during the year ended 31 December 2014. Discount rate and discount for own non-performance risk is nil.

A significant decrease in the profit after tax of Chancheng Hospital would result in a significant decrease in the fair value of the contingent consideration liability.

Significant unobservable valuation input for the share redemption option granted to non-controlling shareholders of a subsidiary included in other long-term liabilities of RMB60,299,000 (31 December 2013: RMB44,364,000) is EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) of Alma Lasers in 2014 and cash and bank of Alma Lasers as at 31 December 2014.

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2014 (continued):

Fair value hierarchy
The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Available-for-sale investments:	11,086,712	50,338,046	6,318,167	67,742,925
Investments at fair value through profit or loss	13,159,340	1,766,229	26,843	14,952,412
	24,246,052	52,104,275	6,345,010	82,695,337

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value (continued):

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Available-for-sale investments	2,009,183	1,866,617	-	3,875,800
Investments at fair value through profit or loss	13,532,984	44,196	-	13,577,180
	15,542,167	1,910,813	-	17,452,980

Company

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Investments at fair value through profit or loss	85,218	-	-	85,218

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Investments at fair value through profit or loss	111,201	-	-	111,201

During the year, fair value of the available-for-sale investments in level 2 as at 31 December 2013 amounted to RMB199,248,000 were transferred out to level 1 due to the end of the lock up period for these investments in 2014.

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

	2014 RMB'000	2013 RMB'000
At 1 January	-	-
Addition	6,345,010	-
At 31 December	6,345,010	-

Assets for which fair values are disclosed:

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Loans receivable (non-current portion)	-	1,296,977	-	1,296,977

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Loans receivable (non-current portion)	-	3,161,103	-	3,161,103

The Company did not have financial assets for which fair values are disclosed as at 31 December 2014 (31 December 2013: Nil).

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities measured at fair value:

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Financial liabilities included in other long-term payables	-	-	88,019	88,019
Derivative financial instruments	-	65,670	-	65,670
	-	65,670	88,019	153,689

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Financial liabilities included in other long-term payables	-	-	99,804	99,804

The Company did not have any financial liabilities measured at fair value as at 31 December 2014 (31 December 2013: Nil).

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

	2014 RMB'000	2013 RMB'000
Amounts included in other long-term payables and due to related companies		
At 1 January	99,804	570,389
Total losses recognised in the statement of profit or loss included in finance costs	-	22,109
Addition	15,935	55,440
Reclassification	(27,720)	(548,134)
At 31 December	88,019	99,804

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities for which fair values are disclosed:

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	9,079,979	84,972,738	-	94,052,717
Convertible bonds	3,503,939	-	-	3,503,939
Due to related companies (non-current portion)				
Financial liabilities included in other long-term payables	-	3,303,153	-	3,303,153
Finance lease payables	-	427,490	-	427,490
	12,583,918	88,703,381	-	101,287,299

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	14,465,906	51,870,563	-	66,336,469
Convertible bonds	3,051,095	-	-	3,051,095
Due to related companies (non-current portion)	-	157,851	-	157,851
Financial liabilities included in other long-term payables	-	2,928,187	-	2,928,187
Finance lease payables	-	249,936	-	249,936
	17,517,001	55,206,537	-	72,723,538

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities for which fair values are disclosed: (continued)

Company

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	-	1,032,420	-	1,032,420

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	-	396,244	-	396,244

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, finance lease payables, due from/to related companies, loan receivable and loan 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 deposit 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 equity 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 2014, approximately 49% (2013: 46%) 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 rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Group:

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax RMB'000
2014	75	(237,617)
	(25)	79,206
2013	75	(123,243)
	(25)	41,081

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 and Hong Kong dollar 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.

Group:

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
2014		
If RMB weakens against the United States dollar	5	(1,057,766)
If RMB strengthens against the United States dollar	(5)	1,057,766
If RMB weakens against the Hong Kong dollar	5	(135,671)
If RMB strengthens against the Hong Kong dollar	(5)	135,671
If RMB weakens against the Euro	5	27,203
If RMB strengthens against the Euro	(5)	(27,203)

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Group: (continued)

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
2013		
If RMB weakens against the United States dollar	5	(753,441)
If RMB strengthens against the United States dollar	(5)	753,441
If RMB weakens against the Hong Kong dollar	5	(104,313)
If RMB strengthens against the Hong Kong dollar	(5)	104,313

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 55 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 note 32 and 28 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 loan from related companies. 46% (2013: 45%) of the Group's debts would mature in less than one year as at 31 December 2014 based on the carrying value of borrowings reflected in the financial statements

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payment, is as follows:

2014 Group

	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	-	46,798,808	54,025,339	1,577,440	102,401,586
Convertible bonds	-	-	3,247,527	-	3,247,527
Loans from related companies	-	193,000	-	-	193,000
Trade and notes payables	2,498,888	17,091,681	-	-	19,590,569
Due to related companies	3,118,401	-	-	-	3,118,401
Financial liabilities included in accrued liabilities and other payables	3,411,448	9,514,041	-	-	12,925,489
Other long-term payables	-	-	3,391,172	-	3,391,172
Finance lease payables	-	143,680	277,326	-	421,006
Derivative financial instruments	-	65,670	-	-	65,670
Investment contract liabilities	-	12,326,734	25,015,563	14,630,335	51,972,632
Insurance and reinsurance creditors	1,453,267	-	-	-	1,453,267
	10,482,004	86,133,614	85,956,927	16,207,775	198,780,319

2013 Group

	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	-	31,539,941	37,742,145	3,807,051	73,089,137
Convertible bonds	-	-	3,477,646	-	3,477,646
Loans from related companies	-	196,477	-	-	196,477
Trade and notes payables	1,185,649	13,742,634	-	-	14,928,283
Due to related companies and the holding company	2,392,119	-	176,404	-	2,568,523
Financial liabilities included in accrued liabilities and other payables	4,740,559	4,772,698	-	-	9,513,257
Other long-term payables	-	-	3,027,991	-	3,027,991
Finance lease payables	-	77,072	172,864	-	249,936
Insurance and reinsurance creditors	67,985	-	-	-	67,985
	8,386,312	50,328,822	44,597,050	3,807,051	107,119,235

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 55.

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

2014 Company

	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	-	409,611	660,289	-	1,069,900
Due to related companies	8	-	-	-	8
Accrued liabilities and other payables	5,034	-	-	-	5,034
	5,042	409,611	660,289	-	1,074,942

2013 Company

	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	-	-	419,713	-	419,713
Due to related companies	8	-	-	-	8
Accrued liabilities and other payables	1,230	-	-	-	1,230
	1,238	-	419,713	-	420,951

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual investments classified as trading investments (note 31) and available-for-sale investments measured at fair value (note 21) as at 31 December 2014. The Group's listed investments are listed on Stock Exchange of Hong Kong, Shenzhen, Shanghai, NASDAQ, Athens, Tokyo, Singapore, other countries in Europe and Africa are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 5% change in the fair values of the 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 and 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).

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

		Carrying amount of equity investments RMB'000	Increase in profit before tax RMB'000	Increase in equity RMB'000*
2014 Group				
Investments listed in:				
Hong Kong	– Available-for-sale	3,303,341	-	165,167
	– Held-for-trading	7,637,863	381,893	-
Shenzhen	– Available-for-sale	1,683,078	-	84,154
	– Held-for-trading	-	-	-
Shanghai	– Available-for-sale	2,265,640	-	113,282
	– Held-for-trading	1,748,222	87,411	-
United States	– Available-for-sale	1,718,614	-	85,931
	– Held-for-trading	1,172,918	58,646	-
Europe	– Available-for-sale	4,150,944	-	207,547
	– Held-for-trading	2,541,358	127,068	-
Japan	– Available-for-sale	80,001	-	4,000
	– Held-for-trading	92,750	4,638	-
Singapore	– Available-for-sale	11,164	-	558
	– Held-for-trading	-	-	-
Africa	– Available-for-sale	17,520	-	876
	– Held-for-trading	-	-	-

* Excluding retained profits

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

2013 Group

Investments listed in:				
Hong Kong	– Available-for-sale	206,752	-	10,338
	– Held-for-trading	5,672,745	283,637	-
Shenzhen	– Available-for-sale	1,436,252	-	71,813
Shanghai	– Available-for-sale	674,184	-	33,709
	– Held-for-trading	4,148,031	207,402	-
United States	– Available-for-sale	335,508	-	16,775
	– Held-for-trading	1,825,218	91,261	-
Europe	– Held-for-trading	1,838,625	91,931	-
Japan	– Held-for-trading	92,561	4,628	-

* Excluding retained profits

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

	Carrying amount of equity investments RMB'000	Increase in profit before tax RMB'000	Increase in equity RMB'000*
2014 Company			
Investments listed in:			
Hong Kong –Held-for-trading	85,218	4,261	-
2013 Company			
Investments listed in:			
Hong Kong –Held-for-trading	111,201	5,560	-

* Excluding retained profits

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 2014 and 31 December 2013.

60. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio between 20% and 60%. Net debt includes interest-bearing bank and other borrowings, the liability component of convertible bonds and loans from related companies, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios as at the end of the reporting periods were as follows:

Group

	2014 RMB'000	2013 RMB'000
Interest-bearing bank and other borrowings	94,186,894	66,964,562
Loans from related companies	193,000	196,477
Convertible bonds, the liability component	2,485,546	2,319,675
Less: Cash and cash equivalents	(26,175,240)	(12,601,402)
Net debt	70,690,200	56,879,312
Total equity	76,158,822	64,532,505
Total equity and net debt	146,849,022	121,411,817
Gearing ratio	46%	47%

61. EVENTS AFTER THE REPORTING PERIOD

(a) On 17 August 2014, Fosun International Limited and Mettlesome Investments Limited (the "Purchaser", an indirect subsidiary of the Company) entered into an Equity Purchase Agreement with Ironshore Inc. ("Ironshore"), pursuant to which Ironshore agreed to issue to the Purchaser, its class A ordinary shares, which representing 20% of the total outstanding ordinary shares of Ironshore (on a fully diluted basis, as of the closing of the transaction and after giving effect to the capital return transaction). The acquisition is completed in early 2015 and the final total consideration is USD466,600,000. On 1 May 2015, Fosun International Limited, together with certain of its subsidiaries entered into the merger agreement with Ironshore. pursuant to which Fosun International Limited has agreed to acquire all of the interests in Ironshore that Fosun International Limited does not already own. The consideration will equal to approximately USD1,839,761,000, increased at 8% per annum from 31 December 2014 to the closing date of the transactions. The acquisition is subject to the receipt of regulatory approvals and other customary closing conditions.

(b) In December 2014, after the competing bid for the takeover of Club Med, a company incorporated under the laws of France, the price of Euro24.6 per share ultimately proposed by the Group was the final offer price and the total investment amount was Euro958 million. In March 2015, Club Med delisted from Euronext. Club Med will be accounted for as a subsidiary of the Group since the completion of the acquisition.

(c) On 12 May 2015, the Company, Fosun International Limited and the placing agents entered into the placing and subscription agreement, pursuant to which (i) each of the placing agents has agreed to act as a placing agent to procure purchasers for (or failing which, to purchase itself (other than with respect to Hani Securities (H.K.) Limited)) an aggregate of 465,000,000 placing shares owned by the Company at the placing price of HK$20.00 per placing share (the "Placing"); and (ii) Fosun International Limited has conditionally agreed to issue and allot to the Company, and the Company has conditionally agreed to subscribe for, 465,000,000 subscription shares at the subscription price of HK$20.00 per subscription share (the "Top-Up Subscription"). The Top-Up Subscription is subject to the relevant approvals by Hong Kong Stock Exchange and the completion of the Placing.

62. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform to current year's presentation.

63 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 May 2015.

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