FOSUN 复星

復星國際有限公司
FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00656)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL SUMMARY

In RMB million	**For the year ended 31 December**	
	2017	2016 (restated)
Revenue	**88,025.2**	73,966.6
Health Ecosystem	**22,486.3**	18,170.7
Happiness Ecosystem	**11,694.4**	10,445.0
Wealth Ecosystem	**54,504.5**	45,821.4
Insurance and Finance	***27,969.5***	*27,954.7*
Investment	***4,248.6***	*2,920.4*
Hive Property	***22,286.4***	*14,946.3*
Eliminations	**(660.0)**	(470.5)
Profit attributable to owners of the parent[note]	**13,161.3**	10,268.3
Health Ecosystem	**1,371.5**	1,038.5
Happiness Ecosystem	**497.5**	468.9
Wealth Ecosystem	**11,292.3**	8,760.9
Insurance and Finance	***3,902.9***	*2,440.3*
Investment	***5,218.0***	*4,245.4*

Hive Property	***2,171.4***	*2,075.2*
Earnings per share – basic *(in RMB)*	**1.53**	1.19
Earnings per share – diluted *(in RMB)*	**1.53**	1.19
Dividend per share *(in HKD)*	**0.35**	0.21

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

LETTER TO SHAREHOLDERS

Dear distinguished shareholders of Fosun:

2017 marked the 25th anniversary of Fosun and our strongest financial year ever. With the support of our loyal shareholders through these years, Fosun has achieved continuous growth from a college student startup with only RMB38,000 of initial capital, to a Forbes Global Top 500 international industry group making over RMB13 billion of profit attributable to owners of the parent and managing over RMB530 billion in total assets. To this, I would like to express my sincerest gratitude for your ongoing support and confidence in Fosun and I am pleased to announce that the Board has recommended an increase in our dividend this year to HK$0.35 per share, driving shareholders' value continuously.

It's often said that running a business is similar to conquering a mountain. Over the past twenty five years, Fosun has conquered summits of various industries, one after another. I can proudly report to our shareholders that, through these conquests, Fosun has accumulated extensive experiences across a number of industries. We are enjoying leading positions in industries closely related to family life, such as pharmaceuticals and healthcare, tourism and culture, fashion and happiness, insurance and comprehensive financial services. We place great importance to technological research and development, particularly Fosun's pioneering technological products, including the CAR-T treatment that can treat and aims to provide a cure to cancer and artificial intelligence to aid lung cancer screening. Furthermore, our Customer-to-Maker (C2M) is now no longer a concept but reality. Fosun now has increasing points of market entry to reach customers and makers providing Fosun's ecosystem with highly competitive products. In addition, the recently launched Youle Customer Loyalty Program ("**youlè**") will be the glue connecting Fosun's featured products and services. More importantly, with Fosun's more robust financial strength and the best talents, we can be confident and patient in our growth.

As we keep sharpening our capabilities, I deeply believe that Fosun will move forward and advance to a higher level.

Having roots in China, I have full confidence in the Chinese economy

2018 marks the 40th anniversary of China's reform and opening-up, and where China is now the world's second largest economy with a healthier, stable, sustainable and high-quality economic growth. As a result, Chinese companies, including Fosun, are also getting stronger and can now participate in the commercial "World Cup". For this, we are extremely grateful.

Now, as China crosses the threshold into a new era, I am even more confident for the future. In my view, China will continue to present plenty of opportunities for the following reasons:

I. China has the single largest consumer market in the world with an expected middle class of 400 million people in the near future, which is unprecedented in the history of mankind. From this, an unimaginable number of opportunities will arise. I believe that demand in China will certainly flourish, and enterprises will enjoy a variety of excellent opportunities. For example, in just eight years, China has become the largest source of customers for Club Med. Such a trend will persist in more industries.

II. China has one of the best environments for scientific innovation in the world. Recently, China's total investment into research and development has been ranked second in the world, only after the United States. A large amount of investment in science and technology is now being transformed into productive results benefiting industries and customers. Fosun will definitely accelerate and increase its investment in technology and research and development.

III. The future world is a world of artificial intelligence ("**AI**"). The most important thing about artificial intelligence is not the algorithm, but the data processed through deep learning. In this, China enjoys exceptional advantages, in particular, in the amount of data that it possesses. As long as we concentrate on the scientific research and development of this data, China can enjoy a more advantageous leading position in AI.

Of course, all these opportunities are linked to the acceleration of China's economic integration into the world economy. The future will be a future driven by China and the world. Not only will the world's most successful, pioneering and innovative enterprises participate in the development of China in a more active manner, but Chinese companies will also participate more in global development, bringing together the best technologies, brands, and products to bring happiness to families in China and abroad.

This is also our mission.

The mission of Fosun is to create a happy life for a billion families worldwide!

Along the lines of "Self-improvement, Teamwork, Performance and Contribution to Society", Fosun's mission has become clearer – to create a happy life for families worldwide. If we have to set a goal for our mission, I hope to serve a billion families around the world.

This is indeed a very difficult goal. However, Fosun has a profound accumulation of both customers and makers. We have strong confidence in doing the right things, the difficult things, and doing things with patience. This is also the very meaning of Fosun's existence. We are willing to forge ahead amid numerous challenges.

I. Strategy is the first step of broader, higher and deeper development

The most important step in doing the right things, the difficult things, and doing things with patience is to formulate a good strategy. Fosun's strategies are also the "engines" of business development. We now have four important "engines", helping Fosun expand the scope of development to a broader, higher and deeper level:

1) Adhering to globalization to achieve industry development driven by China and the world

Firstly, Fosun benefits from the reform and opening-up in China as well as the globalization pattern in the past decade. Besides, Fosun's globalization strategy has also gained recognition and support from the governments and regulatory authorities from countries around the world.

Secondly, "Growth is Driven by China and the World" evolved from "Combining China's Growth Momentum with Global Resources". Fosun not only integrates and brings the best products to China to meet the needs of Chinese families, but also helps its portfolio companies expand globally. For example, last year, Fosun and Sanyuan Foods jointly acquired St Hubert, a centennial healthy food brand in France. The acquisition will help Sanyuan Foods achieve rapid industrial upgrade in terms of healthy food and product structure, so as to stay ahead of other domestic competitors.

Thirdly, the most important aspect in the globalization of Fosun is talent. Fosun is a global company from China, so we firmly believe in the importance of being Glocal (Global + Local). We do not provide opportunities only to Chinese people. Every Fosuner shares equal opportunities in promotion regardless of their nationalities because the local teams in different countries around the world will present broader prospects for Fosun.

2) Centering around families and focusing on their core needs such as health, happiness and wealth

To make families in the world happier is the mission of Fosun, so the strategy of Fosun also centers on families through building three family-focused ecosystems rooted in China. We pay attention to the needs of every family member at different stages of life and discover that health, happiness and wealth are the common and eternal needs of all people. Therefore, Fosun must achieve breakthroughs in these three areas.

Firstly, with respect to the integration of health, happiness and wealth ecosystems, the most important aspect for Fosun is the competitiveness of our products. I am more and more convinced that good products can speak for themselves, especially in this era of extensive channel development. Good products and content become more precious. Why was Sanya Atlantis Resort packed with people during its soft opening? This is because it offered products that were truly competitive. For example, the huge aquarium tank of the hotel lobby is thrilling to children, while young people are fascinated by new experiences such as enjoying meals at the underwater restaurants and staying in the underwater suites. Therefore, all Fosuners should be product experience officers, and I am of course obliged to become the chief product experience officer of Fosun.

At the same time, I also believe that good products must be created. Fosun will pay more attention to companies that have unique or exceptionally strong capabilities in production, and will continuously enhance the awareness of each brand of Fosun, such as Tsingtao Brewery, Gland Pharma in India, Lanvin[1] in France, and Wolford[1] in Austria, in order to further deepen and expand the "moat" of Fosun in the manufacturing sector.

Secondly, Fosun's competitive edge is the closed-loop system of one-stop services across different boundaries based on verticals. The biggest advantage of Fosun is the profound accumulation of world-class makers. We now also concentrate on accumulating customers, and integrating customer traffic through platforms such as Qinbaobao and Dongjia. Today, Fosun serves over 35 million families around the globe. Fosun will use various platforms as its points of market entry, such as focusing on the special needs of young families, to line up markets to provide targeted products and services, including baby and maternal products, healthcare, and tourism and vacations, to create a closed-loop system of one-stop service across different boundaries for young families.

In addition, Fosun also actively engages in social projects such as the Hangzhou-Taizhou Highspeed Railway project, Besino Environment project, CN-NL Waste Solution and Spring to bring benefit to society. We are committed to building quality infrastructure for a better life of every family.

3) With advanced technology, Fosun will become a leader in global research and development to gain a competitive advantage

[1] Transaction not yet completed.

We firmly believe in the importance of research and development and the role it plays in corporate development since Fosun was founded. Although Fosun hasn't always had strong financials in the past, we have always insisted on increasing our investment into research.

In particular, Fosun has an accumulated investment of nearly RMB4.66 billion over the past five years with respect to the pharmaceutical sector. Nine years ago, Fosun set up a laboratory in Silicon Valley to create a 24/7 research and development network in the United States and China.

The research and development network has achieved initial results. For example, Shanghai Henlius has obtained investigational new drug ("**IND**") approvals for 11 indications of six products in the mainland China, leading the research and development of monoclonal antibody drugs in China. Fosun Pharma has also achieved breakthroughs in various technologies, including the applications for two new type I chemical drugs and obtained a clinical approval from China Food and Drug Administration, and the application of a new drug to the Food and Drug Administration in the United States.

As we move into the future, we promise Fosun will continue to increase its investment in technological innovation.

In particular, Fosun will continue to strengthen cooperation with the top research and development companies in the world, such as Fosun Kite Biotechnology Co., Ltd. (復星凱特生物科技有限公司, "**Fosun Kite**"), whose CAR-T cell immunotherapy aims to provide a cure for cancer, and the joint investment was made with Intuitive Surgical SARL, the owner of the technology and products of Da Vinci surgical robotic system, in establishing a joint venture, namely Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (直觀復星醫療器械技術（上海）有限公司), and completed the relevant business registration, which accelerates the development and popularization of high-end medical technology in China.

At the same time, Fosun will also strengthen the accumulation of independent research and development. For example, the Proxima team is a proprietary project that makes use of artificial intelligence technology to assist in tuberculosis film reading, which greatly enhances the accuracy of lung cancer diagnosis and was awarded first place in the List of "LUNA16".

Fintech is also an area of technological innovation in which Fosun is paying more attention. For example, the Naga Group AG in Germany has become the first listed Fintech company on the German stock exchange. Also, Fosun is actively helping Israeli Fintech company Bond I.T. Ltd. develop a more extensive Chinese market.

Of course, in addition to technological innovation in healthcare and Fintech, Fosun will also continue to pay greater attention to innovation in emerging areas such as big data, artificial intelligence, blockchain and the internet of things. Fosun will never stop learning and always concentrate on creation and innovation.

4) "Industry + Investment" to keep on enhancing the power of Fosun in the industry

I know that for many, the first impression of Fosun is that it is good at investing. Indeed, investment is a very important component of Fosun. However, investment is not the only goal of Fosun, but also an important way to supplement the industrial development of Fosun. Investment is only the first step in value creation, the real value is created from what we do after we invest.

After making an investment, Fosun often formulates a "hundred-day plan" for post-merger integration, involving professional capabilities, human resources, legal affairs, finance and others to achieve mutual empowerment through comprehensive streamlining and coordination.

For Fosun, vertical depth of industrial development and the continuous enhancement of operational capability are now more important than investment. As the operating income from our core business has achieved stable growth, we expect that this will provide one of the most important sources of income for Fosun in the future.

Our strong results in 2017 are a combination of improving core industrial operations and disciplined asset allocation. In 2017, we saw significant growth in core operations including Fosun Pharma, Club Med, Yuyuan, BCP and Nanjing Nangang. Furthermore, we executed our C2M strategy and maintained a disciplined asset allocation strategy, including investments in over 100 new projects balanced with over 50 accretive divestments and 10 successful initial public offerings ("**IPOs**").

Moreover, benefiting from our history and our unique asset accumulation at Fosun, we are now more confident and capable in seizing the ability to turn around a company in the industry.

Fosun not only can make a company better, but also can bring in opportunities of value creation for all companies by leveraging an even broader understanding of the industry, a global platform of talent, and an accumulation of experiences with companies that have encountered difficulties and have found a solution. This is the unique ability of Fosun that differentiates itself from others.

For example, after Club Med entered China, its customers continued to grow. With Fosun, the number of Club Med customers in the Greater China region has increased 10 fold. At the same time, their success in the Chinese market also fostered their development outside China. Last year, we helped Club Med open a new ski resort in Tomamu, Hokkaido, Japan. The resort has become highly popular, not only among local and international visitors, but particularly amongst Chinese tourists.

The above are the core strategies Fosun has built up over the past quarter century and will continue to enhance and implement in the future, so as to continuously enhance Fosun’s business strengths in relevant industries. We are fully confident that through Fosun's core operations, innovative technologies and ONE Fosun ecosystem spanning over 35 million families, our C2M strategy will drive the next stage of operational growth. Our ultimate vision is therefore to significantly enhance the value of any company that enters our C2M ecosystem, helping them gain greater access to customers while producing better products and services.

Of course, our strategy will always align closely and flexibly with business cycles and the macro economy. We will never make the ultimate mistake of setting a rigid strategy that cannot be adjusted to changing conditions.

II youlè, linking up the high-value businesses of Fosun

C2M enables a direct linkage between customers and makers through technological advancement. Specifically, it allows the different needs of customers to be met instantly with personalized design and adaptable manufacturing. As long as we are 0.01 second faster and 0.01% more responsible than others, Fosun will stand out over time.

In the past, Fosun’s ecosystem in which the connections among enterprises and between customers and our makers were weak. Fosun is now tirelessly focused on empowering our ecosystems to build strong connections between our companies. .

Accordingly, we keep on improving customer loyalty and enhancing products produced by our makers. We have set up a C2M front line office, and all companies within the ecosystem of Fosun have also set up C2M front line office. We also take the research and development of “2Link technology” between customers and makers very seriously. We have also officially released the youlè

Fosun is determined to implement its global C2M strategy, where through technology, we can create a happiness ecosystem that serves a billion families worldwide.

I am very excited about our youlè, which was launched less than 6 months ago. Fosun possesses numerous high-value businesses in different industries that make unique products and customer platforms, and over the years, we have searched for the right medium to connect the different businesses. Today, we are proud to present youlè.

Of course, the youlè membership scheme is still at its preliminary development stage. youlè does not cover everything and needs to evolve and improve quickly. Currently, the top priority of youlè is to develop a set of united, recognized standards based on Fosun's ecosystem. By applying this set of standards, the processing functions of the membership schemes of various brands will start sharing information. Hence, the value of youlè will be gradually unlocked. In the coming five to ten years, youlè will become the single most important infrastructure within Fosun, which empowers every single enterprise under our ecosystem by providing insights into family consumption and behavior, providing accurate and important feedback to the companies and a global database on how to make the best products and services.

I sincerely ask for your tolerance and patience with Fosun and your support for the development of youlè. I am more eager than anyone else to see the success of youlè.

III. Continuously consolidating and enhancing our financial strengths

Over the past 25 years, there have been enterprises that have overtaken us in respect of business development. However, enterprises ahead of Fosun are now fewer and fewer. I think this is because of our stable and solid growth and not because of any explosive performance. In other words, Fosun balances speed of development with stability, yet will not lag behind its industry peers. It is vital to maintain such a balance for Fosun.

This can be clearly reflected in our financial performance. In 2017, Fosun recorded very strong results. Profit attributable to owners of the parent jumped to a record high, growing 28% in 2017. More importantly, our 5-year compound annual growth rate ("**CAGR**") for profit attributable to owners of the parent is nearly 30%. I believe our shareholders are satisfied with this result and in order to share the fruits of growth with all shareholders, we are pleased to announce a significant increase of 67% in our dividends this year.

Additionally, Fosun has particularly focused on enhancing its capital strength over the years. The net gearing ratio dropped to 49.7% from 60.3% in the previous year. This improvement was recognized by credit rating agencies and Moody's Investors Service upgraded the Company's rating from "Ba3 Positive" to "Ba2 Stable" in January 2018.

IV. Our staff, the most valuable asset of Fosun

Another reason for the continuous growth and evolution of Fosun in the past 25 years is the contribution made by our staff, our most valued asset at Fosun.

We are delighted that our global partner[2] system has been operating for three years. This year, there were ten new global partners, including two overseas partners from Japan and Germany, respectively. Fosun attaches great importance to our global teams in carrying out their functions in organizations of different localities. Our new global partners also include the chief technology officer of Fosun, and the leader of Shanghai Henlius, which is a leading company in monoclonal antibody. By having them join our global partnership scheme, the technological background and knowledge of Fosun's global partner team will be greatly enhanced.

Apart from global partners, Fosun is establishing a multi-layer partnership system. From my point of view, every Fosuner is a partner of Fosun. To become a Fosun partner, the basic requirement is to agree with the cultural value and strategic direction of Fosun. On such basis, we are willing to provide more opportunities for those who are eager to learn, willing to take responsibilities and harbour entrepreneurship. Fosun is not only a platform for entrepreneurs to show their own talents, it is, in a sense, a business school where you can find a full array of real-life commercial cases.

Fosun especially prizes training young talents. One of my rules in manpower management is that young people should take up more tasks, if they are able to bear the related responsibilities, despite the fact that they may lack experience. Fosuners, including myself, are willing to provide recommendation and assistance to young people, helping them grow faster in Fosun. For young people with outstanding performance and high potential, Fosun also offers them a series of incentives such as expediting the promotion process and granting of share options. The reason is simple – they are the future of Fosun.

I have discussed quite a lot about the development of Fosun. What is equally as important, and most important to me, are the efforts Fosun has been taking to give back to society.

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[2] It is different from the legal concept of "partner" under partnership.

I came from a village in Dongyang, Zhejiang province. Ah Wang (Wang Qunbin, CEO of the Company) also came from a village but his family was slightly better off than mine. We were admitted to study at Fudan University due to our hard work. Leveraging opportunities arising from the reform and opening-up, we established Fosun. Therefore, education is the most important factor that changed our lives.

Hence, we always believe that, for a society, fair process and fair chances are more important than fair results. It entails that people should have a fair chance to enjoy education and medical services as well as to innovate and start up their own businesses. The charity work of Fosun is directed towards achieving this goal.

On the last business day of 2017, Fosun commenced a charity campaign called “Village Doctors”. Our global partners joined this campaign. It is proposed to offer assistance to village doctors in 100 counties during the next 10 years, helping them lead a more decent life and protect the health of rural citizens. That is to say, Fosun protects county doctors, which in turn protects the citizens.

At the beginning of 2018, the Protechting Innovation Competition was held after its success for the previous two consecutive years. Through this event, we hope to support young people in realizing their innovation dreams with strong personal growth and bringing more commercial power together to make the world better.

Despite the fact that Fosun has been working hard to support different charity activities, we know that our contribution to society doesn’t surpass the support society has given to Fosun. Therefore, I, together with Fosun’s global partners, will place more efforts in charity works in the future. More attention will be paid to people’s practical needs. Therefore, our charity also work to fulfil the mission of helping our family customers live in a healthier, happier and wealthier life.

Lastly, I would like to extend my gratitude to all shareholders and everyone who has offered support and assistance to Fosun. Fosun has built its success with stability and consistency and I am proud to announce that over the past five years, we have managed to grow our profit on average by nearly 30% every year. I am however, even more excited about what the future holds, as we continue to pursue our C2M strategy, to grow our core industrial operations, to develop our pioneering technology and innovation platform so we can become not just a global company with Chinese roots, but a global operator of world-class products and services. 2017 was a great year, but the future will be even better.

Thank you! I wish all of you a prosperous Year of the Dog!

Guo Guangchang
27 March 2018

BUSINESS OVERVIEW

Board recommends 67% increase in dividend to HKD0.35 per share following strong financial year

In 2017, the revenue of the Group reached RMB 88.03 billion, up 19% from the previous year. Net profit attributable to the owners of the parent stood at a record RMB 13.16 billion, up 28% from the previous year. Earnings per share is RMB 1.53 (approximately HKD 1.77), an increase of 29% from the previous year and represents a 5-year CAGR of 21%.

Adjusted Net Asset Value (Adjusted NAV) as at 31 December 2017 was HKD33.28 per share, an increase of 28% from HKD26.01 as at 31 December 2016. Adjusted NAV includes the market value of listed investments held by the Group, fair value of unlisted investments utilizing recent transactions or comparable companies method minus the Group's net debt.

Over the past five years, the Group has focused on strengthening its balance sheet and continued to optimize its financial position. At the end of 2017, the Group's net gearing ratio had optimized to 49.7% from 86.0% in the end of 2013. The Group's average cost of funding was 4.72% and in January 2018, Moody's acknowledged Fosun's improvements by raising its rating to Ba2 Stable from Ba3 Positive.

In line with the strong financial results the Company achieved in 2017, the Board recommends the dividend per share for 2017 to be increased to HKD0.35, up 67% from 2016.

Stronger core operations, turnaround success and disciplined asset allocation

In 2017, the Group saw stronger growth from its core operations and achieved successes in several turnaround companies [1]. The Group has been increasingly disciplined in its asset allocation by balancing capital investments with capital realization. In 2017, Fosun executed over 100 investments matched with over 50 divestments, including the disposal of Ironshore to Liberty Mutual Group Inc. for USD2.94 billion. The Group also took part in 10 IPOs in global exchanges. Other major highlights in the Group's three ecosystems include:

➢ **Health Ecosystem**

- The Health Ecosystem accounting for 10.4% of net profit attributable to the owners of the parent saw year-on-year growth of 32.1%, the fastest growing ecosystem.

[1] Please refer to the diagram on page 15 for more information.

- The Group continued to make progress in the innovation and globalization of world-class health services and products, including approved IND applications for 11 indications of 6 new products in the mainland China, among which 3 projects entered into the 3rd stage of clinical tests. In 2017, Fosun Kite will bring Kite Pharma's FDA-approved CAR-T cancer treatment into China. The Company also developed its own proprietary health technology platforms, achieving new records in lung cancer diagnostic imaging and was awarded first place in the List of "LUNA16" by Fosun's FONOVA and the creation of a new AI medical imaging company called Proxima.
- The Group announced over 40 health-related investments in 2017 including the acquisition of stakes in leading French health food company St Hubert through the Group and the acquisition of controlling stakes in India's largest generics company Gland Pharma through Fosun Pharma.

➢ **Happiness Ecosystem**

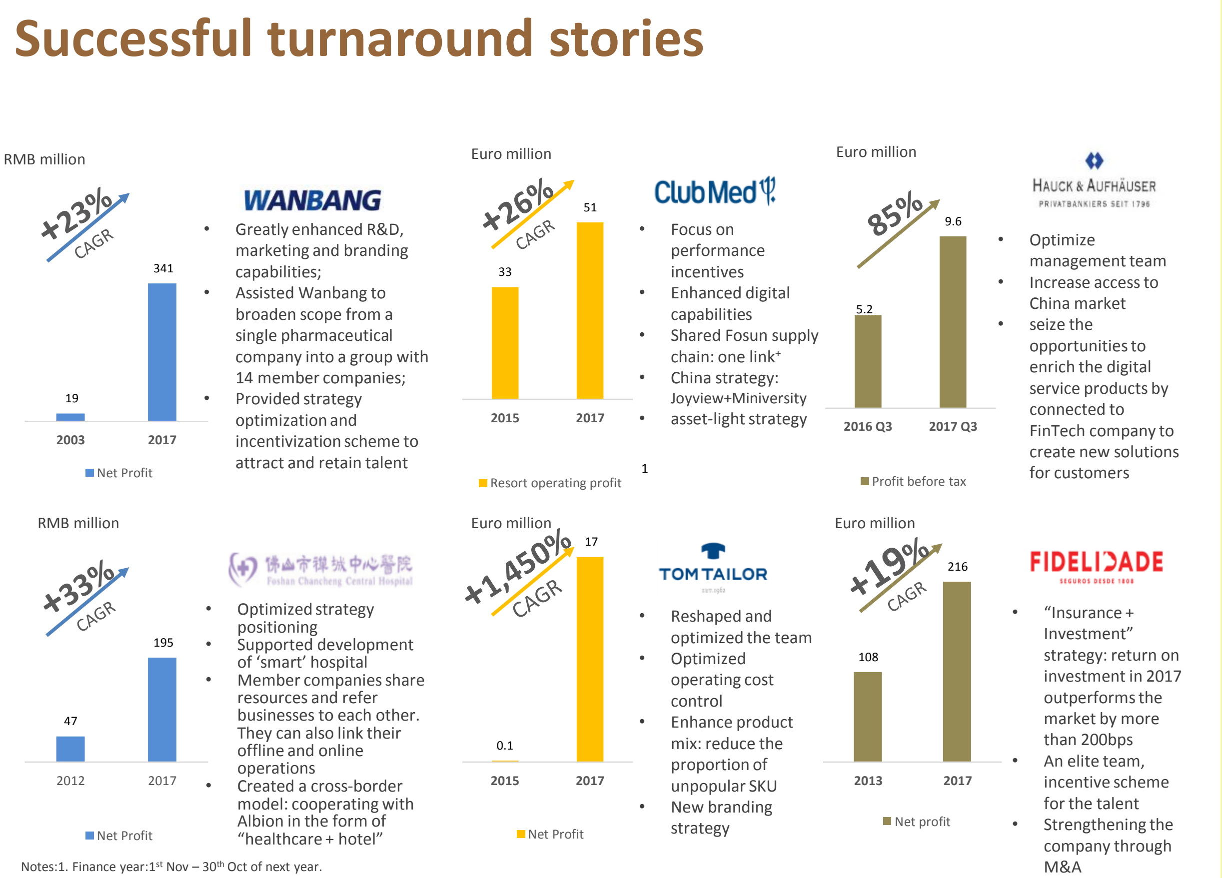
- In 2017, the Happiness Ecosystem accounted for 3.8% of net profit attributable to the owners of the parent and saw year-on-year growth of 6.1%. Club Med and Yuyuan recorded a significant profit growth as operations improved.
- In Club Med, new village openings include Grand Massif Samoëns Morillon in France, Tomamu Hokkaido in Japan and a new concept brand in China, Joyview with two new resorts opening in Anji and Beidaihe in January 2018.
- In fashion, German fashion house Tom Tailor successfully turned around its business and announced net income increased to EUR 17.1 million in 2017. At the beginning of 2018, the Group also announced the investment into French fashion house Lanvin and Austrian fashion house Wolford. Both deals are pending completion.
- The Yuyuan restructuring has been conditionally approved by China Securities Regulatory Commission, which upon completion will increase the Group's stake in Yuyuan from 26.45% to 68.25%.
- At the Company's Atlantis resort in Sanya, construction completed during the year. The Atlantis resort was soft launched in February 2018 and will officially open in the first half of 2018.
- Other key investments include a HKD6.6 billion investment by the Group and a fund managed by it into Tsingtao Brewery for a 17.99% stake in December 2017. The transaction was completed in March 2018.

➢ **Wealth Ecosystem**

- The Group divides the Wealth Ecosystem into three segments: Insurance and Finance, Investment and Hive Property. In terms of profit attributable to the owners of the parent, Insurance and finance accounted for RMB3.90 billion, Investment accounted for RMB5.22

billion and Hive Property accounted for RMB2.17 billion. This represented year-on-year growth of 59.9%, 22.9% and 4.6% respectively.

- Benefiting from the “insurance + investment” strategy, Fosun Insurance Portugal also reported a total investment yield at 3.6% in 2017, which is above market average. BCP announced a recovery from a loss in the previous year to a net profit of EUR186 million. It has also improved its overall business position with a total of 5.4 million active customers, representing an increase of 6% over the previous year, and 2.5 million digital customers, representing an increase of 16% from the previous years.



MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

As at the end of the Reporting Period, net assets attributable to owners of the parent of the Group amounted to RMB100,960.8 million, representing an increase of 9.3% from the end of 2016. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB13,161.3 million, representing an increase of 28.2% over the same period in 2016.

ASSET ALLOCATION OF THE GROUP

Unit: RMB million

Segment	**Total assets as at 31 December 2017**	**Total assets as at 31 December 2016 (Restated)**	**Change from the end of 2016**
Health Ecosystem	76,034.4	56,963.7	33.5%
Happiness Ecosystem	39,557.5	30,207.3	31.0%
Wealth Ecosystem	431,186.6	411,669.7	4.7%
Insurance and Finance	241,578.0	241,019.9	0.2%
Investment	73,461.7	70,730.8	3.9%
Hive Property	116,146.9	99,919.0	16.2%
Eliminations	(12,990.4)	(12,061.2)	N/A
Total	533,788.1	486,779.5	9.7%

Corporate Structure[1] (as of 31 December 2017)

Health Ecosystem			Happiness Ecosystem			Wealth Ecosystem				
Pharmaceutical	Medical Services & Health Management	Health Products	Tourism & Leisure	Fashion	Consumer & Lifestyle	Insurance and Finance		Investment		Hive Property
Fosun Pharma 37.94%	Fosun United Health Insurance[2] 20.00%	Silver Cross 87.23%	Club Med[6] 90.10%	Lanvin[8]	Yuyuan 26.45%	Fosun Insurance Portugal[15] 84.9861%	Fosun Hani Securities 100%	Fosun Capital 100.00%	Nanjing Nangang 60.00%	Forte 100.00%
Sinopharm	Chancheng Hospital	Sanyuan Foods[4] 20.45%	Atlantis 99.81%	Tom Tailor[9] 28.89%	Tsingtao Brewery[14] 17.99%	AmeriTrust 100%	H&A 99.91%	IDERA 98.00%	Koller[16] 84.50%	28 Liberty 100.00%
Gland Pharma	Luz Saúde[3] 98.79%	St Hubert[5] 98.12%	Thomas Cook[7] 11.22%	Wolford[10]	AHAVA 99.46%	Peak Reinsurance 86.93%	BCP 27.06%	Focus Media 5.00%	Besino Environment[17] 100.00%	Bund Finance Center 50.00%
Sisram	United Family			Caruso[11] 73.90%		Pramerica Fosun Life Insurance 50.00%	Mybank 25.00%	Cainiao 6.77%	ROC 100.00%	
We Doctor	Starcastle Senior Living 50.00%			St. John[12] 70.00%		Yong'an P&C Insurance 40.68%			Hainan Mining 51.57%	
				Folli Follie[13] 13.89%						

Notes:

1. This simplified corporate structure illustrates the key investments of the Group only. The equity percentage reflects the total direct shareholdings held by the Group, associates, joint ventures and funds managed by the Group as at 31 December 2017. The companies marked in the dotted box are invested by Fosun Pharma. For specific information, please refer to the disclosure of Fosun Pharma. The companies marked in the shadow box are the projects remained to be completed as at the end of the Reporting Period.
2. It is listed under the segment of "Insurance and Finance" when accounting treatment is processed.
3. Fidelidade, a subsidiary of the Group held 98.79% equity interest in Luz Saúde. Therefore, the Group held 83.96% effective equity interest in Luz Saúde.
4. The Group through its wholly-owned subsidiary, and Shanghai Fosun Chuanghong Equity Investment Fund Partnership (L.P.) ("**Fosun Chuanghong**"), a fund under management of the Group held 16.67% and 3.78% equity interest, respectively, in Sanyuan Foods. The Group held Fosun Chuanghong general partnership interest and limited partnership interest of totally 36.22%, thus, the Group held 18.04% effective equity interest in Sanyuan Foods.
5. The Group co-invested with Sanyuan Foods in St Hubert in July 2017, the transaction was completed in January 2018. St Hubert is held as to 98.12% by an associate (the Group held 51% equity interest in such associate). Therefore, the Group held 50.04% effective equity interest in St Hubert.
6. Club Med is held as to 68.99% by a wholly-owned subsidiary of the Group, as to 19.53% by Fidelidade, a subsidiary of the Group, and as to 1.58% by a subsidiary (the Group held 61.88% equity interest in such subsidiary). Therefore, the Group held 86.57% effective equity interest in Club Med.
7. The Company and Fidelidade, a subsidiary of the Group held 3.996% and 7.225% equity interest in Thomas Cook, respectively. Therefore, the Group held 10.14% effective equity interest in Thomas Cook.
8. The Group signed an agreement in February 2018 to purchase a majority stake in Lanvin. As at the date of this announcement, the transaction remained to be completed.
9. Tom Tailor was held as to 14.33% by the Company, as to 10.49% by Fidelidade, a subsidiary of the Group, and as to 4.07% by a company of Fidelidade (Fidelidade held 51% equity interest in such company). Therefore, the Group held 25.01% effective equity interest in Tom Tailor.
10. The Group signed an agreement in March 2018 to purchase a majority stake in Wolford and intended to launch a tender offer to acquire the whole equity interest in Wolford. The project remained to be completed as at the date of this announcement.
11. The Group held 43.50% equity interest in Caruso. The joint venture established by the Group and Pramerica-Fosun China Opportunity Fund managed by the Group held 30.40% equity interest in Caruso (the Group held 17.00% equity interest in the joint venture). Therefore, the Group held 48.67% effective equity interest in Caruso.
12. The joint venture established by the Group and Pramerica-Fosun China Opportunity Fund managed by the Group held 70% equity interest in St. John (the Group held 19.70% equity interest in the joint venture). Therefore, the Group held 13.79% effective equity interest in St. John.
13. The Group held 10% equity interest in Folli Follie through its wholly-owned subsidiary. In addition, Pramerica-Fosun China Opportunity Fund managed by the Group held 3.89% equity interest.
14. During the Reporting Period, the Group and the fund managed by the Group signed agreements to purchase 17.99% equity interest in Tsingtao Brewery. This transaction was completed in March 2018. The Group held 14.29% effective equity interest in Tsingtao Brewery.
15. The Group held 84.9861% equity interest in Fidelidade, 80% equity interest in Multicare and 80% equity interest in Fidelidade Assistência through its wholly-owned subsidiary.
16. Nanjing Nangang, the company's joint venture company, held 84.50% equity interest in Koller.
17. The Group and Nanjing Nangang jointly purchased 100% equity interest in Besino Environment, as to 50% held by the Group.

Health Ecosystem

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

Unit: RMB million

	2017	2016 (restated)	Change year-on-year
Revenue	22,486.3	18,170.7	23.8%
Profit attributable to owners of the parent	1,371.5	1,038.5	32.1%

During the Reporting Period, the increase in revenue of the Health Ecosystem was mainly attributable to the continuous and steady growth of Fosun Pharma's revenue. The increase in profit attributable to owners of the parent was mainly due to the increase of Fosun Pharma's profit and the investment gain related to medical services and health products.

The Group's Health Ecosystem business includes three major parts: Pharmaceutical, Medical Services & Health Management and Health Products.

Pharmaceutical

Fosun Pharma

Fosun Pharma is a leading healthcare group in China. As of 31 December 2017, the Group held 37.94% equity interest in Fosun Pharma.

Fosun Pharma was established in 1994, the principal activities of Fosun Pharma and its subsidiaries (the "**Fosun Pharma Group**") consist of the manufacture and sale of pharmaceutical products and medical equipment and the provision of consulting and investment management services.

During the Reporting Period, the revenue of Fosun Pharma Group increased by 26.58% as compared to 2016 to RMB18,362 million, and excluding the impacts of the contributions from the new acquisition of enterprises in 2017 and the acquisitions of enterprises in 2016 as comparable factors, the revenue would have increased by 20.09% on the same basis as compared to 2016. The revenue from pharmaceutical manufacturing and research and development segment of Fosun Pharma Group amounted to RMB13,043 million, representing an increase of 28.50% as compared to 2016, and 22.16% on the same basis as compared to 2016. The revenue from healthcare service business amounted to RMB2,087 million, representing an increase of 24.52% as compared to 2016, and 14.97% on the same basis as compared to 2016.

During the Reporting Period, Fosun Pharma Group recorded total profit of RMB4,062 million and profit attributable to shareholders of Fosun Pharma of RMB3,124 million, representing an increase of 13.72% and 11.36%, respectively, as compared to 2016.

During the Reporting Period, Fosun Pharma Group has focused on innovation and research and development in the long run and continued to increase investment in research and development, the total research and development investment amounted to RMB1,529 million, representing an increase RMB423 million of 38.26% as compared to the same period in 2016.

As at the date of the Reporting Period, Fosun Pharma Group continued to increase its research and development investment in monoclonal antibody biopharmaceutical innovative drugs and biosimilars and small molecular innovative drugs and pushed forward consistency evaluation. Including 10 small molecular innovative drugs, 8 biopharmaceutical innovative drugs, 14 biosimilars, 98 generic drugs with international standards, 39 consistency evaluation projects and 2 traditional Chinese medicine drugs. During the Reporting Period, Fosun Pharma Group consecutively completed the acquisitions of equity interests in Gland Pharma and Tridem Pharma S.A.S., which continued to facilitate the industrial upgrade of its pharmaceutical manufacturing business, and the construction of the international marketing platform selling pharmaceutical products, and accelerate the internationalization.

For more information, please refer to the 2017 annual results announcement of Fosun Pharma published on the Hong Kong Stock Exchange's website on 26 March 2018.

Medical Services & Health Management

Fosun United Health Insurance

Fosun United Health Insurance, co-established by the Group and other shareholders, was incorporated in Guangzhou, Guangdong Province in January 2017 under the formal approval of the China Insurance Regulatory Commission. The registered capital of Fosun United Health Insurance is RMB500 million, of which 20% equity interest was contributed by the Group.

Fosun United Health Insurance actively operates in medical insurance, illness insurance, disability income insurance, health care insurance and accident insurance markets in the PRC. As at the end of the Reporting Period, Fosun United Health Insurance has launched 36 short-term insurance products and 13 long-term insurance products. The new product of Kang Le launched in 2017 ranked first in premium income among all the 49 insurance products, representing 58% of the total premium income. As of 31 December 2017, Fosun United Health Insurance had commenced operations in Guangdong, and set up branches in Foshan, Dongguan and Jiangmen with more than 200 contracted agencies or brokers and more than 20 cooperative e-commerce platforms, serving more than 65,000 group and individual customers. Fosun United Health Insurance's unaudited insurance income amounted to RMB59.00 million in 2017, with an investment gain of RMB21.93 million and a total investment return of 5.55%.

In 2018, Fosun United Health Insurance will attempt to establish an online health consultation service and launching healthcare newsletters to help customers manage chronic illnesses, and to provide high quality health products to more individuals and families through the integrated youlè, a proprietary Fosun Loyalty Program that commenced in February 2018.

Star Healthcare

Star Healthcare is a wholly-owned subsidiary established by the Group through an initial capital injection of RMB50 million in 2014. Star Healthcare integrates the Group's internal and external eminent medical resources to provide one-stop and whole-process health management services and third-party insurance services for mid- to high-end members and corporate customers.

As at the end of the Reporting Period, Star Healthcare launched different one-stop healthcare management products targeting mid- to high-end customers, including planning products for employee healthcare benefits that target corporate customers, innovative products targeting insurance customers and healthcare service products focused on mothers and their children.

At the end of 2017, the revenue of Star Healthcare amounted to RMB3.25 million, representing a year-on-year increase of 50%. The direct billing network resources of Star Healthcare in China were mainly concentrated in 30 provinces, including 119 cities with approximately 500 cooperative medical and checkup institutions. By leveraging the leading insurance claim core system within the industry, Star Healthcare provided professional direct payment of medical management and claim settlement services for insurance companies.

Luz Saúde

Luz Saúde is a leading private healthcare provider group in Portugal with 98.79% of its equity interests held by the Group as of 31 December 2017. Luz Saúde owns twelve private hospitals, one national health service hospital under a public private partnership, nine private ambulatory clinics and two senior residences.

As at the end of the Reporting Period, Luz Saúde's operating revenue was EUR483.8 million, representing an increase of 7.3% compared to the same period in 2016.

By the end of 2017, Luz Saúde provided 1,500 beds and continued its growth in the Portuguese private healthcare market through the acquisition of a hospital in the Madeira archipelago and the British Hospital Group in Lisbon. Luz Saúde opened the expanded area of Hospital da Luz Arrábida in the Oporto region and a new building in Hospital da Luz Oeiras, doubling its capacity and expanding the portfolio of services. Meanwhile, a new private hospital in Vila Real is under construction in order to strengthen Luz Saúde's presence in the North of Portugal.

In 2017, Luz Saúde recorded EBITDA of EUR53.7 million and an EBITDA margin of 11.1%; profit attributable to owners of the parent was EUR17.0 million, compared to EUR17.4 million in 2016.

Starcastle Senior Living

Starcastle Senior Living was established in July 2012. Starcastle Senior Living's first high-end senior living project for Chinese senior citizens commenced its operations in May 2013, providing one-stop and whole process services to Chinese seniors, from independent living to hospice care.

In Phase I, Starcastle Senior Living had 219 units, with an occupancy rate of 97% as of 31 December 2017. In Starcastle Senior Living's Pujiang Community there were a total of 395 units, with an occupancy rate of 31% as of 31 December 2017. Together, Phase I Starcastle Senior Living and Pujiang Community had a total of 614 units, accommodating approximately 1,200 seniors. Additionally, Phase II of Starcastle Senior Living began construction in April 2017. It will have 900 units and is expected to commence its operations in 2019.

Health Products

Fosun's health products department focuses on world-class health-care companies and in-depth industrial operations. It strives to provide families around the world with safe, high-quality and innovative health consumption platforms, products and services, including healthy foods, maternal and nursery goods, personal healthcare, senior living products and new retail.

Silver Cross

Fosun acquired Silver Cross in 2015 and held its 87.20% equity interest as at the end of the Reporting Period. Established in 1877, Silver Cross is one of the oldest and most iconic maternal brands in the UK.

Silver Cross is renowned for its meticulous design, high-end craftsmanship, excellent materials and attention to detail. Its traditional hand-made baby prams, travel accessories, safety seats and furniture are well-recognised and highly rated by customers worldwide. Silver Cross has international distribution channels with businesses spanning the UK, US, Europe, Russia, the Middle East and the Asia-Pacific region.

In 2017, Silver Cross acquired Micralite, a baby pram brand with a multitude of patents. The company also has a long-term authorising partnership with Aston Martin and has been licensed by Marie Chantal for product design. The first phase of the Marie Chantal jointly designed product line will be rolled out in 2018.

During the Reporting Period, Silver Cross reported operating revenue of approximately GBP48.51 million and a profit before tax of GBP5.85 million.

Sanyuan Foods

The Group is the second largest shareholder of Sanyuan Foods with 20.45% equity interest, acquired through an injection of RMB2 billion by way of a non-public issuance in 2015.

Sanyuan Foods is one of the most renowned state-owned brands in the Chinese dairy industry, it is well-regarded for its quality and product safety and has extensive sales channels. Sanyuan Foods enjoys significant market advantages in Beijing and peripheral markets.

After acquiring shares in Sanyuan Foods, Fosun utilised its global resources to enhance the leading position of Sanyuan Foods in the Chinese dairy industry by optimising corporate strategies and introducing merger and acquisition targets. In January 2018, Fosun and Sanyuan Foods completed joint acquisition of St Hubert in France, through which they will leverage the strengths of both parties in innovative high quality healthy food products.

As of 30 September 2017, Sanyuan Foods recorded revenue of RMB4,686.2 million, and profit attributable to the shareholders of the listed company of RMB123.5 million.

Juewei Food

In March 2011, the Group invested RMB104 million in Juewei Food Co., Ltd. ("**Juewei Food**"). In March 2017, Juewei Food was listed on the SSE (stock code 603517). As at the end of the Reporting Period, the Group held 7.02% equity interest in Juewei Food.

Juewei Food mainly engages in the research and development, production and sales of braised foods, and is a leader in the braised food products industry. Juewei Food accounts for approximately 9% of China's braised products market as at the end of the Reporting Period. Benefiting from the rapid development of the Chinese fast moving consumer goods market, Juewei Food is well positioned to enjoy significant growth in the braised foods market.

Juewei Food has an established direct sale and franchise sales network covering 29 provinces/municipalities. As at the end of the Reporting Period, Juewei Food had more than 3,000 franchisees and approximately 9,000 offline stores nationwide, leading the Chinese market in terms of both the number of stores and sales network coverage. As of 31 December 2017, Juewei Food has recorded revenue of RMB3,862.77 million, an increase of 17.98% year-on-year, and profit attributable to shareholders of the listed company of RMB503.43 million, with a year-on-year growth of 32.38%.

Proxima

A stand-alone entity since September 2017, Shanghai Proxima Information Technology Ltd ("**Proxima**") is the first company incubated by Fosun that focuses on the development of medical imaging AI.

By using artificial intelligence to scan medical images, Proxima's products allow for early screening and diagnosis of diseases. It is a scalable technology that significantly improves the efficiency of diagnosis and treatment by doctor through reduction in human error. This is especially applicable to primary healthcare and early screening of certain diseases.

In 2017, Proxima launched the first AI-based diagnostic product which is able to detect lung diseases. This was also the first AI product that combined deep learning and evidence-based medicine. Furthermore, for the second time, Proxima won the first place in the renowned "LUNA16" competition, an internationally recognized analysis competition in the field of early pulmonary nodule detection for lung cancer and one of the highest profile projects related to diagnostic imaging analysis. As at 31 December 2017, Proxima's product was already able to diagnose 8 types of diseases.

Proxima is a major milestone in the Group's efforts in medical field of intelligent technology. Proxima will continue to explore new business opportunities and to build near 100 artificial intelligence models in disease area to detect various types of business model.

Happiness Ecosystem

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

Unit: RMB million

	2017	2016 (restated)	Change year-on-year
Revenue	11,694.4	10,445.0	12.0%
Profit attributable to owners of the parent	497.5	468.9	6.1%

During the Reporting Period, the increase in revenue of the Happiness Ecosystem was mainly due to the revenue growth as a result of business expansion of Club Med. The increase in profit attributable to owners of the parent was mainly attributable to the good performance of Club Med in 2017, and also to the investment gain related to Happiness Ecosystem. Additionally, the expense before opening of Atlantis was partially offset against the increase in profit attributable to owners of the parent of Happiness Ecosystem.

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

Tourism & Leisure

Fosun Tourism and Culture Group is dedicated to delivering quality leisure and travel experiences to its global customers. It is primarily engaged in the development, management and operation of premium leisure hotels, resorts and tourism destinations, and the provision of travel products, entertainment, and other tourism and culture related services.

Development, management and operation of premium leisure hotels, resorts and tourism destinations

Club Med

The Group privatized Club Med in February 2015. As of 31 December 2017, the Group held approximately 86.57% effective equity interest in Club Med.

Club Med was founded in 1950 and is one of the world's largest leisure vacation chains with approximately 69 resorts located in 26 countries and regions. It sells and markets services in more than 40 countries and regions, including more than 20 resorts providing ski services in the winter. For the year ended 31 October 2017, Club Med recorded an annual customer base of more than 1.3 million visitors, which increased by approximately 6.6% compared to that in 2016 and is the highest since 2009. Customers from Europe, the Middle East and Africa (EMEA), Americas and Asia increased by approximately 3.0%, 19.6% and 3.9%, respectively, compared to those in 2016.

During the year ended 31 October 2017, revenue of Club Med increased by approximately 4.4% year-on-year and village operating profits increased by approximately 16.6% year-on-year. The growth in results was mainly attributable to the performance of ski resorts in terms of resorts performance, and the increase in the number of tourists for long-haul travel destinations in Europe, Asia and the Americas in terms of tourist's type.

As a leading premium all-inclusive vacation resorts service provider, Club Med continues to innovate and provide exciting new vacation experiences to its customers. Club Med opened

Club Med Grand Massif Samoëns Morillon Resort in the French Alps and Club Med Tomamu Resort in Hokkaido, Japan in December 2017. In addition, Club Med has launched the new brand "Joyview", offering premium excursion resorts in China. Club Med Joyview Changli Golden Coast and Club Med Joyview Anji opened in January 2018. Club Med will continue to open new resorts, including Joyview resorts, and to make extensions/renovations of existing resorts.

Club Med continues to benefit from globalization and the increasing number of international travellers. In the future, Club Med will leverage digital platforms and improved service delivery to drive future growth and provide further upgraded facilities and enhanced experiences to its customers.

<u>Atlantis</u>

The Atlantis Resort Zone project is located in Haitang Bay National Coast of Sanya in Hainan Province. The resort commenced construction in 2013 and aims to provide a one-stop leisure and vacation experience for families worldwide. Under the operating management of Kerzner International Management Limited, Sanya Atlantis Resort includes:

- 1,314 luxury guest rooms with full ocean views;
- One of China's largest natural seawater aquariums;
- A waterpark with a total area of approximately 200,000 square meters;
- High quality food and beverages services with top restaurant designs;
- Shows and an interactive bay with dolphins; and
- Over 5,000 square meters space for MICE (Meetings, Incentives, Conferences and Exhibitions professionals) activities.

Sanya Atlantis Resort had its soft opening in February 2018 and will officially open in the first half of 2018. Atlantis also includes approximately 1,000 saleable residential vacation units, named Tang Residence, which already generated approximately RMB5,416 million in pre-sales proceeds as of 31 December 2017.

<u>Lijiang International Resort Project</u>

The Group has acquired land use rights of a total area of approximately 700,000 square meters in Bai Sha Village of Lijiang, by acquiring the equity interest of Li Jiang De Run Real Estate Development Company Limited with a total cost of approximately RMB480 million in the second half of 2017. It is planned that the land will be developed into a leisure and vacation zone.

<u>Albion</u>

The Group provides design, technical, operational and management services for tourism destinations in the PRC through its subsidiary, Shanghai Fosun Albion Tourism Development

Company Limited ("**Albion**"). For the year ended 31 December 2017, the revenue of Albion was approximately RMB18 million.

<u>Entertainment and other tourism and culture related services</u>

The Group has been developing its culture and performing arts business, for example organizing the Avatar-inspired show "Toruk" performed by Cirque du Soleil in Sanya in early 2018. In addition, the Group has established a joint venture with Mattel, Inc., a global leader in learning and development through play and the owner of the copyrights and trademarks of Thomas the Tank Engine and Barbie, among others. The joint venture will provide one-of-a-kind learning and playing clubs for kids in both the leisure zones and modern cities.

<u>Travel products and related services</u>

The Group has started to establish online distribution and service platforms for offering comprehensive travel products. These will be dedicated to providing tailor-made travel products and services based on customers' interest and will include a united customer loyalty program.

During the Reporting Period, Kuyi International Travel Agency (Shanghai) Co., Ltd. ("**KUYI**"), a joint venture established by the Group and Thomas Cook, an investee company of the Group, has developed its business operations to offer differentiated and premium tourism products as well as a number of unique packages, including sports-related travel packages. Thomas Cook is one of the world's leading leisure travel groups with a strong position in the European tourism market. As at the end of the Reporting Period, the Group held a 51% equity interest in KUYI.

<u>Thomas Cook</u>

The Group invested in British travel and leisure group Thomas Cook in March 2015. As of 31 December 2017, the Group held approximately 11.22% equity interest in Thomas Cook. For the twelve months ended 30 September 2017, Thomas Cook recorded revenue of GBP9,007 million, representing an increase of 15% over the same period last year. After eliminating the effects of exchange rates and oil prices, comparable revenue increased by 9%. The underlying EBIT was GBP330 million, representing an increase of 9.3% over the same period of last year.

Fashion

<u>Tom Tailor</u>

The Group made a strategic investment in the German fashion group Tom Tailor in 2014. As of 31 December 2017, the Group held a 28.89% stake in Tom Tailor.

Founded in 1962 and headquartered in Hamburg, Germany, Tom Tailor is an international, vertically integrated fashion company focusing on casual wear in the medium price segment through its brands TOM TAILOR and BONITA, complemented by an extensive range of fashionable accessories and home textiles. It is represented in more than 30 countries with its core markets being Germany, Austria, Switzerland, South-Eastern Europe and Russia.

During 2017, the business was restructured based on the “RESET” cost and process optimisation program encouraged by Fosun, which laid the foundations for healthy growth. A new brand strategy of “modern, provocative and differentiating” was implemented, the product offering was refocused and reduced by almost a third, lines such as BONITA Men have been discontinued and non-performing stores were closed. There have also been investments in key projects such as a new e-Shop and software upgrade. Notable collaborations were established too: supermodel Naomi Campbell designed Tom Tailor’s pre-Christmas collection, and will continue to support the brand in the future, whilst in January 2018, Tom Tailor launched its new collection in collaboration with German rock band Revolverheld. In 2018, Tom Tailor will continue to optimise and modernise its brands in this way.

As a result of these initiatives, Tom Tailor considerably exceeded its profitability targets for the fiscal year of 2017 and achieved the best after-tax result in the company’s history. Net profit increased to EUR17.1 million, from loss of EUR73.0 million in 2016. EBITDA increased to EUR83.1 million, from EUR10.3 million in 2016. Due to consolidation of the company’s product, country and store portfolio in favor of profitability, gross profit increased by 3.8 percentage points compared to 2016.

<u>Folli Follie</u>

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

Founded in 1982, Folli Follie Group designs, produces and markets its own fashion brand Folli Follie and jeweler Links of London, and holds a leading position in the Greek and Balkan retail and wholesale market through department stores, sales and distribution. It is headquartered in Athens, Greece and operates in 31 countries with more than 900 points of sale worldwide.

During the first 3 quarters of 2017, Folli Follie realized sales revenue of EUR1,040.6 million, with EBITDA of EUR215.3 million and net profit of EUR134.9 million, showing a year-on-year growth of 8.8%, 11.9% and 20.2% respectively.

Kutesmart

The Group invested in Kutesmart in 2015 and owned 16.19% equity interest at the end of 2017.

Kutesmart is a leading enterprise in the fields of transformation and upgrading and intelligent manufacturing of the domestic textiles and garment industry. It utilizes an innovative business ecosystem that is based on "mass customization" through intelligent manufacturing, by directly linking the customers to the makers and the designers through the internet.

Kutesmart can customize clothes starting from an order size of just one piece of clothing. Kutesmart's customization production cycle is only 7 working days, whilst traditionally in the industry it is 20-50 working days. In only 7 seconds Kutesmart can use their proprietary database of customer body proportions to match a customer's data to more than a hundred trillion style combinations and a thousand trillion design combinations. One single Kutesmart production unit produces approximately 1.5 million custom-made outfits per year. It dedicates to providing high cost performance and personalized mass customization.

Aside from production, Kutesmart has also formed a digitization methodology from the experience of its own factory improvements and exported this methodology to other enterprises, which could realize the production of personalized products by means and in efficiency of industrialization. Currently, more than 70 enterprises in different industries have entered into contracts with Kutesmart.

In 2018, with increasing orders and further releasing of capacity, Kutesmart will continue growing its products into an international and personalized custom-made fashion brand.

Consumer & Lifestyle

Yuyuan

In November 2002, the Group became the largest shareholder of Yuyuan. As of 31 December 2017, Yuyuan had a market value of RMB15.43 billion and the Group held a total of 26.45% equity interest in it.

Yuyuan is a major platform in the Group's Happiness Ecosystem as it owns a range of industries with unique competitive advantages targeting the emerging middle-class consumption patterns. These include two gold and jewelry brands, "Laomiao Gold" and "Yayi Jewelry", commercial, retail and recreational real estate and popular food and beverage businesses. As at the end of the Reporting Period, the number of jewelry stores belonging to Laomiao Gold and Yayi Jewellery was 1,953. Yuyuan also holds part of the equity interest in Zhaojin Mining Industry Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code 01818).

During the Reporting Period, Yuyuan recorded revenue of RMB17.11 billion representing a year-on-year increase of 9.39%; profit before tax of RMB869.2 million, representing a year-on-year increase of 21.33%; and profit attributable to the shareholders of the listed company of RMB700.2 million, representing a year-on-year increase of 46.24%.

As at the date of this announcement, Yuyuan are currently undergoing a material asset restructuring whereby the Group will sell 24 target companies to Yuyuan for a total consideration of approximately RMB22.36 billion (subject to adjustment, if any), in exchange for shares in Yuyuan. The Group will hold approximately 68.25% equity interest in Yuyuan upon completion of the transaction. The transaction is yet to be completed.

Cirque du Soleil

The Group invested in Canada's Cirque du Soleil in July 2015. After co-investments by Yuyuan and two Fosun-managed funds, China Momentum Fund, L.P. and Hangzhou Zhejiang Momentum Equity Investment Fund Partnership LLP, they jointly held 24.81% equity interest in Cirque du Soleil at the end of the Reporting Period.

Cirque du Soleil is a Quebec-based company headquartered in Montréal, providing high-quality artistic theatre entertainment. In 2017, Cirque du Soleil launched "Volta", a new touring show, and the show "Kooza" went on its China tour in October 2017. The company also launched the National Football League Experience Times Square in New York, the first interactive and immersive attraction of its kind. Cirque du Soleil also created a new show, "Crystal", which explores the artistic attributes of ice.

In July 2017, Cirque du Soleil completed the acquisition of Blue Man Group, a global live entertainment company best known for the award-winning Blue Man Group show, performed in over 20 countries and watched by more than 35 million people worldwide since 1991. The acquisition of Blue Man Group has considerably widened Cirque du Soleil's audience, adding to their portfolio of six resident productions established across the United States and Germany, as well as a North American and a World Tour. Furthermore, as part of Fosun's Happiness Ecosystem, the Group, together with TPG VII CDS Holdings and Cirque du Soleil, will cooperate to drive the future development of Cirque du Soleil in Greater China.

Studio 8

Studio 8, LLC ("**Studio 8**") is an investment made by the Group in the entertainment industry. Studio 8 is a film production company led by professional filmmakers with the aim of developing and producing quality films with commercial value and unique visual experiences. As at the end of the Reporting Period, the Group held 80% equity interest in the Class A shares of Studio 8.

During the Reporting Period, Alpha and White Boy Rick (starring Matthew McConaughey), the first two projects developed independently by Studio 8, were in their post production stage. Their world premiere is expected by the end of 2018. Additionally, Studio 8 has around 40 projects in the pipeline.

Tsingtao Brewery

In December 2017, the Group and a fund under its management entered into an agreement with Asahi Group Holdings, Ltd. to acquire approximately 17.99% equity interest in Tsingtao Brewery with a total consideration of HKD6,617 million. The acquisition was completed in March 2018, upon which the Group and the fund holds 243,108,236 H-Shares in total, representing 37.11% in aggregate of the issued H-Shares and 17.99% in aggregate of the total issued shares of Tsingtao Brewery.

Founded in 1903 by German and British merchants, Tsingtao Brewery is one of China's oldest brewers, with a brand value as high as RMB129.762 billion. Today it is sold in more than 100 different countries and regions, producing both middle and high-end products in 60 breweries across China for Tsingtao Brewery's various brands, including *Tsingtao*, *Laoshan* and *Hans*. In the first three quarters of 2017, Tsingtao Brewery recorded total revenue of RMB23.38 billion and a net profit of RMB1.87 billion.

The Group will be able to bring valuable resources to Tsingtao Brewery in terms of deal-making expertise and a highly international footprint, whilst the Fosun ecosystems could allow for a variety of synergies, such as promotion through other happiness assets including sports and music.

AHAVA

The Group invested RMB539 million into Israeli cosmetic company AHAVA Dead Sea Laboratories Ltd. ("**AHAVA**") in September 2016 and the Group held 99.46% equity interest in AHAVA as of 31 December 2017.

AHAVA (Hebrew for "love") is a Dead Sea beauty and wellness brand with nearly thirty years of history. AHAVA sells its products in over twenty countries and regions and has branches in the US, Germany and China. AHAVA is the only cosmetics company with research and development and manufacturing facilities located along the shores of the Dead Sea. The company manufactures cosmetics products with unique natural resources such as water, salt and mud from the Dead Sea in addition to plants growing near the Dead Sea, which are highly rated by consumers worldwide.

In 2017, AHAVA's revenue in Israel grew by 19%. The trust of Fosun's management team, in addition to a new incentives scheme, have contributed to improving execution and to this significant growth in Israel's domestic business. Furthermore, Israel's stable political situation over the past year and an increasing number of foreign visitors also contributed to this growth. Ever since AHAVA was acquired by the Group, Fosun's post-investment team worked closely with the Israeli management team and has helped the company enter into the Chinese market.

In 2017, AHAVA's net sales grew 21%, seeing positive growth for the first time in three years and is a record growth rate since AHAVA's creation. At the end of 2017, 55 Stock Keeping Units ("**SKU**s") received China Food and Drug Administration approval and 10,000 Chinese customers were recorded in six months. In 2018, AHAVA expects further opportunities for sustainable growth in Israel with new products to be launched. Furthermore, AHAVA expects expansion opportunities in Asia, especially in China. Also, AHAVA expects that approximately 20 SKUs will be approved by the China Food and Drug Administration to enter China market in 2018 and will be sold through both online and offline channels.

Wealth Ecosystem

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

Insurance and Finance

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

Unit: RMB million

	2017	2016 (restated)	Change year-on-year
Revenue	27,969.5	27,954.7	0.1%
Profit attributable to owners of the parent	3,902.9	2,440.3	59.9%

Overall, during the Reporting Period, the revenue of the Insurance and Finance segment remained flat compared to the same period of last year. Even though the revenue of Fosun Insurance Portugal, Peak Reinsurance, and Fosun Hani Securities increased substantially, this was partially off-set by the disposal of the 100% equity interest in Ironshore that was completed in May 2017. The increase in profit attributable to owners of the parent was mainly caused by the increase in the profit of the insurance and finance subsidiaries, the profit share of the associates of BCP and the investment income related to insurance and finance.

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

Fosun Insurance Portugal

In 2014, the Group acquired a controlling stake in Fosun Insurance Portugal, consisting of Fidelidade, Multicare and Fidelidade Assistência. The Group owns 84.9861% equity interest in Fidelidade and 80.00% equity interest in Multicare and Fidelidade Assistência respectively. This platform facilitates business development in Europe and Portuguese-speaking countries and strengthens access to high-quality, long-term capital.

Fosun Insurance Portugal is a global operator in the Portuguese insurance market, selling products in all key lines of business and benefiting from the largest and most diversified insurance sales network in Portugal, including exclusive and multi-brand agents, brokers, own branches, internet and telephone channels and a strong distribution system with the post office and Caixa Geral de Depósitos S.A., a leading Portuguese bank. It also has an international presence in seven countries, with products distributed in three continents (Europe, Asia and Africa).

In December 2017, Fosun Insurance Portugal controlled a total market share in Portugal of 30.7%. In the non-life business, there was a market share increase of 0.2 percentage points over December 2016 to 27.2%. During the Reporting Period, Fosun Insurance Portugal recorded total premium income of EUR3,790.5 million, non-life business combined ratio of 99.0% and net profit of EUR232.5 million. Net assets totalled EUR2,894.1 million with investable assets of EUR14,970.4 million, and total investment return was 3.6%. Fosun Insurance Portugal's international business recorded overall premiums of EUR237.7 million, an increase of 4.2% when compared to 2016 reflecting a favorable performance from both life and non-life insurance business. In terms of non-life business, the international business accounts for 11.1% of total non-life premiums.

Fidelidade's property, life and health insurance markets are ranked first in Portugal, with premiums enjoying a fourth of the market share. In 2017, Fosun Insurance Portugal won several distinguished awards, such as the Marca de Confiança 2017 (2017 Most Trusted Brand), Escolha do Consumidor 2017 (2017 Consumer's Choice), Marktest Reputation Index 2017 (2017 Most Reputed Insurance Company) and Best Big Insurance Company (both in Life and Non-Life business, by Revista Exame).

AmeriTrust (Original MIG)

In July 2015, the Group privatized MIG by acquiring 100% of its equity interest with an aggregate transactional value of approximately USD439.0 million. As the Group's first wholly-owned property insurance company in North America, MIG established an important stand point in the North American property insurance market. In October 2017, the company officially changed its name from "Meadowbrook Insurance Group, Inc." to "AmeriTrust Group, Inc.".

AmeriTrust is a professional property and casualty insurer and an insurance administration services company focusing on niche markets. AmeriTrust markets and underwrites property and casualty insurance programs and products in the admitted and non-admitted markets through a broad and diverse network of independent retail agents, wholesalers, program administrators and general agencies that have specialized knowledge and focused expertise.

During the Reporting Period, AmeriTrust recorded premium income of USD672.2 million, net profit of USD25.1 million, combined ratio of 103.3%, investable assets of USD1,610.9 million, total investment return of 4.3%, solvency adequacy ratio of 442.9% (risk-based capital ratio, local statutory solvency ratio), and net assets as of 31 December 2017 of USD590.3 million.

In November 2016, the Group had appointed a new management team to implement a strategy of enabling innovation, optimizing operations, reducing cost, and improving performance level.

Peak Reinsurance

Based at the heart of the Asia Pacific region in Hong Kong and authorized by the Insurance Authority of Hong Kong, Peak Reinsurance is one of the few locally established reinsurance companies in Asia Pacific, underwriting both life and non-life reinsurance business.

Peak Reinsurance strives to provide innovative and forward-looking reinsurance services for customers in the Asia Pacific, Europe, Middle East and Africa and the Americas. It tailors risk transfer and capital management solutions to best fit clients' needs.

In 2012, the Group and International Finance Corporation established Peak Reinsurance. As of 31 December 2017, the Group owned 86.93% equity interest and International Finance Corporation owned the remaining 13.07% equity interest.

On 13 February 2018, Peak Reinsurance announced that a wholly-owned subsidiary of U.S.-headquartered Prudential Financial, Inc. ("**PFI**"), has signed definitive agreements to purchase a minority stake in Peak Reinsurance Holdings Limited ("**Peak Reinsurance Holdings**"), the sole and direct shareholder of Peak Reinsurance via an issuance of new shares. Prior to the transaction, the shares of Peak Reinsurance Holdings held by International Finance Corporation were purchased by the Group. Following the closing of the transaction, the Group and PFI, will hold 86.9% and 13.1% of Peak Reinsurance via Peak Reinsurance Holdings, respectively.

In 2017, Peak Reinsurance continued the global market expansion with a subsidiary established in Zurich which was licensed to accept reinsurance business from January 2017. For further market expansion in Asia, Peak Reinsurance was granted the license to carry out general reinsurance business in and through the Labuan insurance market by the Labuan Financial Services Authority (Labuan FSA) in July 2017. Meanwhile, it was authorised as a Life and General Reinsurer by the Monetary Authority of Singapore to carry on reinsurance business with effect from November 2017.

Peak Reinsurance was awarded "Asian Reinsurer of the Year" for the second consecutive year by Asian Banking and Finance magazine in 2017 and is now ranked 43 on A.M. Best's annual ranking, by gross written premium.

Since the launch of Peak Reinsurance, it has delivered a track record of year-on-year premium growth and generated a 2017 premium income of USD1,098.3 million. Peak Reinsurance continues to make consistent profit starting from the first year of operations. During the Reporting Period, net profit increased to USD29.8 million (with technical combined ratio of 105.1%), despite 2017 being one of the most difficult years for reinsurance industry. As of 31 December 2017, Peak Reinsurance's total investment return was 7.1% with investable assets and net asset grew to USD1,539.9 million and USD910.8 million respectively. Solvency remains strong with solvency adequacy ratio of 431.0%. Peak Reinsurance has steadily delivered stable and sustainable returns since its establishment.

Peak Reinsurance is an example of a successful reinsurance company that is rooted in Asia but global in nature, fully cooperating with global insurance companies. Peak Reinsurance pays more attention to risk control in the underwriting segment, actively allocates investment portfolio and steadily enhances the level of profitability. Meanwhile, taking advantages of its professional skills, Peak Reinsurance actively carried on vertical acquisition on top of its organic growth.

Pramerica Fosun Life Insurance

In September 2012, the Group worked with The Prudential Insurance Company of America to set up Pramerica Fosun Life Insurance, which marked the Group's first step into China's domestic life insurance market. As of 31 December 2017, the Group held 50% equity interest in Pramerica Fosun Life Insurance. Pramerica Fosun Life Insurance conducts sales through multiple channels including tied agency, worksite marketing, bancassurance, health insurance and intermediary channels.

In April 2017, Pramerica Fosun Life Insurance increased its registered capital of RMB1,362.1 million to RMB2,662.1 million. During the Reporting Period, Pramerica Fosun Life Insurance recorded premium income of RMB661.9 million with 470.4% year-on-year growth. Total net asset was RMB2,014.0 million, an increase of 165.7% from the start of year of 2017. Pramerica Fosun Life Insurance recorded net loss of RMB122.4 million, indicating 27.8% year-on-year reduction, solvency adequacy ratio of 682.4%, investable assets of RMB3,774.8 million, total investment return of 7.1%.

In recent years, the premium received by Pramerica Fosun Life Insurance has been growing rapidly with launches of the Beijing branch, Shandong branch, Jiangsu branch, 12 sales offices and 2 sub-branches. Pramerica Fosun Life Insurance has followed the strategy of "Sticking to the Tradition with Innovation", positioning itself with the long-term strategy of combining the rapid growth of regular-pay premium and new business value, and formed its business model dominated by regular-pay premium, with Annualized New Premium achieving 461.6% year-on-year growth during the Reporting Period.

Yong'an P&C Insurance

In 2007, the Group invested in Yong'an P&C Insurance and introduced a new management team and market-oriented management mechanisms. This marked the Group's first investment in the insurance industry. As of 31 December 2017, the Group's equity interest in Yong'an P&C Insurance was 40.68%.

Yong'an P&C Insurance is a national insurance company headquartered in Xi'an, with 27 branches throughout China. It operates all types of non-life insurance business.

During the Reporting Period, Yong'an P&C Insurance recorded premium income of RMB8,501.3 million, net profit of RMB157.4 million, investable assets of RMB10,652.5 million and net asset of RMB4,707.6 million as at the end of the Reporting Period. Yong'an

P&C Insurance recorded a combined ratio of 104.4%, total investment return of 7.4% and solvency adequacy ratio of 241.4% as at the end of the Reporting Period.

<u>Ironshore</u>

As of 30 April 2017, Ironshore recorded net assets of USD2,112.8 million, for the period ended 30 April 2017, Ironshore recorded net profit of USD28.0 million. The Ironshore disposal transaction was completed on 1 May 2017 generating about USD2.94 billion of proceeds for the Group.

<u>Fosun Hani Securities</u>

Fosun Hani Securities is an integrated financial platform and the wholly owned investment institution of the Group based in Hong Kong since September 2014. In 2017, the company completed several projects, including serving as the joint global coordinator, joint bookrunner and joint lead manager to Sisram, the first ever listing of an Israeli company on the main board of the Hong Kong Stock Exchange. At the end of 2017, the net asset, total revenue and net profit of the company amounted to HKD1,247.9 million, HKD189.3 million and HKD83.1 million, respectively.

<u>H&A</u>

Fosun acquired 99.91% equity interest in H&A in September 2016 with a consideration of EUR210 million. H&A is a fully licensed private bank in Germany, offering financial services such as private banking, asset management and servicing as well as investment banking. H&A is a market leader in custodian banking services and capital market services for small and mid-sized institutional clients in German speaking countries.

Founded in 1796, H&A is headquartered in Frankfurt with offices in Munich, Düsseldorf, Hamburg and Cologne, branches in Luxembourg and London, a subsidiary in Zurich and a representative office in Paris.

With Fosun's support, H&A acquired a Luxembourg-based company Oppenheim in December 2017, reaching an important strategic milestone in its growth strategy. The acquisition gives H&A the opportunity to expand its products and services in the European Union. Furthermore, H&A's Investment Banking division reached the No. 1 position for IPO's and capital increases in the Small and Mid Cap segment[1] in Germany. Additionally, H&A has also gained the recognition of the public. H&A's asset management was also named among the top 3 most dynamic asset managers in the segment of EUR10 to 100 million assets under management due to above-average net new money growth, in part enabled by synergies with Fosun.

[1] Market capitalization ≤ EUR 750 million

In 2018, H&A will continue to expand its business by embedding FinTech technology and other third-party solutions into its value chain to enrich its digital service products offering and meet changing customer demands. It will also further strengthen its cooperation with Fosun to expand its institutional and corporate customers.

As at the end of the third quarter of 2017, H&A's assets under control reached EUR74 billion, representing a year-on-year increase of 28%, whilst the business volume grew to EUR3,745 million. H&A also recorded a gross income of EUR99 million by the end of the third quarter, which corresponds to an increase of 12.3% compared to the same period in 2016. Profit before tax at the end of the third quarter stood at EUR9.6 million, representing an increase of EUR4.4 million compared to the same period last year.

BCP

In November 2016 the Group invested in BCP. As of 31 December 2017, the Group's shareholding in BCP reached 27.06%. BCP is the largest Portuguese listed bank with a market capitalization of approximately EUR4.1 billion as of 31 December 2017. BCP is a distinguished leader in various areas of financial business in Portugal with 17.5% market share in loans and 17.3% market share in deposits.

Established in 1985, BCP offers banking products and financial services in Portugal and abroad, including retail banking, corporate and investment banking, private banking, and owns a leading internet bank called ActivoBank. BCP also holds a prominent position in Poland, Switzerland, Mozambique and Angola, and has operated in Macau Special Administration Region through a fully-licensed branch and the Chinese mainland market through its Guangzhou representative office since 2010.

In 2017, BCP improved its capital structure and finalized a process of restructuring. It has also improved its overall business position with a total of 5.4 million active customers, representing an increase of more than 6% over the previous year, and 2.5 million digital customers, representing an increase of 16% from the previous years. Furthermore, rating agencies have improved their outlook on the bank to positive, as at the end of the Reporting Period the stock price had increased by 47% (and increased by 97% since the rights issue date) and BCP won awards including "Consumer Choice Bank" in Portugal and "Best Consumer Digital Bank" in Portugal and Poland by Global Finance. With Fosun's support, BCP also signed a memorandum of understanding for Membership License with UnionPay International Co., Ltd, which could make BCP the first non-Chinese issuer of UnionPay cards in Europe (except Russia).

As of 31 December 2017, BCP's net profit was EUR186.4 million (EUR23.9 million in 2016). Active customer amounted to 5.4 million as at 31 December 2017, an increase in excess of 300,000 customers from the same period of last year.

Mybank

In May 2015, the Group, as one of the founders, injected registered capital of RMB1,000 million to acquire 25% equity interest in Mybank.

Commencing operations in June 2015, Mybank is a joint-stock commercial bank which provides financial services to small and micro enterprises, individual entrepreneurs and individual consumers on the internet, through a cloud-based financial platform. Mybank's mission is provide inclusive finance and it is committed to using technology, data and internet innovations to help small and micro enterprises, individual entrepreneurs, and farmers solve issues linked to financing difficulties and a lack of rural financial services.

As of October 2017, Mybank has provided loans to 4.97 million small business enterprises across 32 provinces, municipalities and autonomous regions of China. Cumulatively, Mybank has issued RMB441,295.6 million worth of loans, RMB348.396.5 million of which were issued between January and October 2017. Between January and October 2017, the average amount of each loan was RMB8,000, the loan balance of each household was RMB28,000, and the non-performing loan ratio remained at around 1%.

In June 2017, Mybank began to expand its offline micro-business. After 6 months, the loan service for micro-operators covered 1.55 million merchants, and the amount of loans has exceeded RMB10 billion. The average loan issued was RMB7,615.

Investment

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

Unit: RMB million

	2017	2016	Change year-on-year
Revenue	4,248.6	2,920.4	45.5%
Profit attributable to owners of the parent	5,218.0	4,245.4	22.9%

During the Reporting Period, the increase in revenue and profit attributable to owners of the parent of the Investment segment were mainly due to the continuous expansion of investment scale and increase in investment income.

In 2017, the Group split the previous category of "Investment" into their respective ecosystems to allow for greater transparency and simpler understanding of the Group for investors. The Investment segment includes primary market investments, asset management and others.

Primary market investments

Cainiao

In May 2013, the Group invested RMB500 million into Cainiao as one of the founding shareholders. Cainiao is the official logistics partner for Alibaba with a vision to develop a smart logistics network that can help deliver online shopping within 24 hours to all cities across China and 72 hours worldwide.

Cainiao has currently developed five key networks, including express delivery, warehouse distribution, cross-border logistics, and urban and rural last mile logistics. Cainiao achieved rapid growth in 2017, including network coverage, product penetration, package volume and timeliness of delivery. The brand awareness of Cainiao Alliance has also witnessed significant enhancement. Cainiao has already brought in over 100 logistics partners and intends to better serve merchants within the e-commerce ecosystem by building an open platform.

Cainiao processed 812 million logistic orders generated on Singles Day in 2017 from Alibaba China retail marketplaces. The delivery of the first 100 million orders only took 2.8 days, more efficient than during the same period last year, where it took 3.5 days. Singles day, celebrated on 11 November, is China's biggest shopping day and is comparable to Black Friday. Alibaba's e-commerce business recorded online sales of almost USD25.3 billion in 24 hours on 2017 Single's Day, representing a 39% increase compared to last year's sales.

Asset Management

The asset management business of the Group mainly targets domestic and international high-end large institutional clients and high net worth individuals, and actively seeks institutional investors, large enterprises and family capital to become limited partners for long term cooperation. During the Reporting Period, the management fee derived from the asset management business amounted to RMB384 million. As at the end of the Reporting Period, the scale of the asset management business of the Group reached RMB117,871.3 million and net assets attributable to the Group of RMB6,404.0 million. The asset management of the Group includes equity funds, real estate funds and asset management platforms:

Equity Fund

As at the end of the Reporting Period, the scale of the equity funds managed by the Group amounted to RMB29,081.0 million, invested in 81 projects. 6 projects, namely Poten Environment (stock code: 603603), Jinneng Science & Technology (stock code: 603113), Eurocrane (stock code: 603966), Shenzhen Megmeet (stock code: 002851), Dongzhu Landscape (stock code: 603359) and Yunda (stock code: 002120) completed their IPOs in 2017.

Shanghai Fosun Capital Investment Management Co., Ltd. ("**Fosun Capital**") is an equity investment and management company, established and wholly owned by the Group. Established in April 2007, the current total paid-in capital is RMB600.0 million.

For a decade, based on the global vision and industrial background of the Group, Fosun Capital has provided high-quality equity investment and management services for investors such as well-known family funds, insurance companies, listed companies, large investment institutions and high net worth individuals across the world. Assets being launched and managed include fund of funds, private equity funds, venture capital funds, industrial funds of listed companies and equity investment funds covering industries such as advanced manufacturing, energy and environmental protection, modern services, fashion consumption, healthcare and information technology.

In 2017, Fosun Capital was selected among "China's Top 10 Private Equity Investment Institutions" by the Zero2IPO Group. During the Reporting Period, a total of six investees were listed on the A-share market through initial public offerings, while an investment successfully exited due to the merger and acquisition by another listed company. At the end of the Reporting Period, assets under management (AUM) were RMB12,833.8 million.

Real Estate and Asset Management Platform

As at the end of the Reporting Period, the scale of the real estate fund and asset management platform under management of the Group, amounted to RMB88,790.3 million, including the Japan real estate asset management company IDERA, the French listed real estate fund management company Paris Reality Fund SA, the European real estate asset management company Resolution Property Investment Management LLP, the Russian real estate asset management company Fosun Eurasia Capital Limited Liability Company, and the Brazil fund asset management company Rio Bravo. The highlights of IDERA, the subsidiary of the Group, are stated below.

IDERA

In May 2014, the Group had completed the acquisition of IDERA, a Japanese real estate capital management company, at a consideration of JPY6,811.0 million. As at the end of the Reporting Period, the Group held 98% equity interest in IDERA. IDERA is a leading Japanese independent real estate capital management and fund platform. As at the end of the Reporting Period, it managed over JPY260,468.3 million (representing approximately

RMB15,075.9 million) assets. During the Reporting Period, IDERA recorded unaudited revenue of JPY3,040.0 million (approximately RMB183.2 million) according to the Japanese Accounting Standards.

<u>Others</u>

ROC

The Group offered to acquire ROC, an Australian oil and gas company, in August 2014. In January 2015, ROC was wholly-owned by the Group and officially delisted from the Australian Securities Exchange.

The Group intends to utilise ROC as its strategic platform in the oil and gas sector. Leveraging ROC's leading operational and management capabilities and business development potential, together with its existing business bases in the PRC, Southeast Asia and Australia, the Group is posed to capture new investment opportunities in the global oil and gas industry.

During the Reporting Period, ROC had realized sales revenue of USD130.7 million, net profit of USD38.9 million and net cash inflow from operating activities of USD66.6 million.

Hainan Mining

The Group invested in Hainan Mining in 2007. As of 31 December 2017, the Group held 51.57% equity interest in Hainan Mining through its subsidiaries. The Group engages in iron ore production and operation through Hainan Mining, a subsidiary of the Group which owns an open-pit, high-grade iron ore mine in China. Its core business includes mining and sales of iron ore. By investing in existing mining projects and other mining companies, Hainan Mining aims to accelerate the expansion of its scale and enhance its position in the industry. In 2017, Hainan Mining's profit attributable to owners of the parent was RMB45.5 million.

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

	Finished iron ore output (thousand tons)	Iron ore reserves [Note] (million tons)
2017	4,002.9	264
2016	2,905.8	268
Year-on-year change	37.76%	

Note: According to the "Solid Minerals Geological Prospecting Standards" of the PRC, the figures in 2017 were estimated figures.

Nanjing Nangang

As of 31 December 2017, the Group in total held 60% equity interest in Nanjing Nangang. Nanjing Nangang through its investment in Nanjing Iron and Steel Co., Ltd. ("**Nanjing Iron & Steel**", a company listed on the SSE with stock code 600282) carries out operations in the iron and steel industry and invests in areas such as energy and environmental protection. Located in Eastern China, Nanjing Iron & Steel is an integrated steel company that covers the complete production process including mining, coking, sintering, iron smelting, steel smelting and steel rolling. Nanjing Iron & Steel has the capacity to produce 10 million tons of steel, 9 million tons of iron and 9.4 million tons of steel materials annually. It is the single largest Chinese manufacturer of medium-size plates. In 2017, Nanjing Iron & Steel realised a revenue of RMB39,079.57 million, representing a year-on-year increase of 63.04% and a total profit of RMB4,294.61 million, representing a year-on-year increase of 633.05%. This year's performance is the best amongst the corresponding periods since 2009.

In August 2017, Nanjing Nangang announced that it had completed its investment in Koller Beteiligungs GmbH ("**Koller**"), making it the controlling shareholder. Koller is a German supplier of lightweight parts for the automotive industry, and with Nanjing Nangang as a partner, it will expand its overseas industrial business, especially into Asia. In 2017, the Group and Nanjing Nangang acquired 100% shareholding of Metito-Berlin (Shanghai) Investment Co. Ltd. from Metito China Holdings Limited, which is an indirect subsidiary of Metito Utilities Limited. After the acquisition, Metito-Berlin (Shanghai) Investment Co. Ltd. was renamed to Besino Environment Ltd.

Hangzhou-Taizhou Highspeed Railway

In September 2017, Fosun led the construction of China's Hangzhou-Taizhou Highspeed Railway. As a private consortium, Fosun led the signing with the Zhejiang government on the Hangzhou-Taizhou project, with private capital accounting for 51% of the shares. The project started construction in December 2017.

The railway is from Hangzhoudong to Wenling. Its total length is 269 km and the length of the new main line is 224 km. The target speed of the railway is 350km/h. The estimated total investment is RMB44.89 billion.

As the main railway system in the Big Bay Area, the Hangzhou-Taizhou Line serves to fill the gap between the Hangzhou metropolitan circle and the cities of Wenzhou and Taizhou, creating a 1-hour-high-speed-railway circle between Hangzhou, the provincial capital of Zhejiang, and Taizhou, and integrates the cities of Wenzhou and Taizhou into the Yangtze River economic zone. It is significant in fostering regional economic development and the development of the tourism industry along the line, and setting an example for the reformation of an investment and financing regime to fund railway infrastructure construction.

Hive Property

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

Unit: RMB million

	2017	2016	Change year-on-year
Revenue	22,286.4	14,946.3	49.1%
Profit attributable to owners of the parent	2,171.4	2,075.2	4.6%

During the Reporting Period, the increase in revenue and profit attributable to owners of the parent of the Hive Property segment was mainly due to the property area (booked area) increased compared with the same period of last year.

Forte

In 2017, Forte localised its strategies, and accelerated its destocking drive to cash in on new sales with a sound sales performance over the year. In terms of investment and operation, the Group continued its "dynamic Hive Cities" strategy, and combined it with the Group's first-tier assets such as Club Med to speed up the launch of Hive products in finance, health, culture and tourism. The Group also significantly expanded its premium land bank. In addition, the Group worked on consolidating its foothold in key first and second-tier cities to further expand its business reach. For finance control, Forte actively tapped into the capital markets, and continuously carried out debt restructuring to provide multiple sources of funding for business development. Meanwhile, Forte participated in the restructuring of Yuyuan.

I. Project development

	Total GFA (Unit: sq.m.)			Total Attributable GFA (Unit: sq.m.)		
	2017	2016	Change year-on-year	2017	2016	Change year-on-year
Projects under development	7,052,161.6	6,470,867.6	9.0%	4,577,360.5	4,203,432.1	8.9%
Newly commenced projects	1,453,448.5	2,048,744.3	-29.1%	834,296.4	1,616,797.9	-48.4%
Completed projects	1,320,170.8	1,051,849.5	25.5%	1,016,222.1	606,248.1	67.6%

II. Project reserves

	Total Planned GFA (Unit: sq.m.)			Total Attributable GFA (Unit: sq.m.)		
	2017	2016	Change year-on-year	2017	2016	Change year-on-year
Newly added projects (8)	3,342,412.8	268,089.0	1,146.8%	3,234,607.1	129,445.0	2,398.8%
All projects (64)	13,030,423.2	11,008,181.1	18.4%	9,171,736.1	6,953,351.1	31.9%

III. Property sales

	Contract sales area (Unit: sq.m.)	Contract sales revenue (Unit: RMB million)	Attributable contract sales area (Unit: sq.m.)	Attributable contract sales revenue (Unit: RMB million)
2017	1,274,776.5	26,619.5	986,077.2	19,653.5
2016	1,679,787.2	23,682.0	1,243,226.4	17,917.2

IV. Property booked

	Area booked (Unit: sq.m.)	Amount booked (Unit: RMB million)	Attributable area booked (Unit: sq.m.)	Attributable amount booked (Unit: RMB million)
2017	1,395,792.4	22,331.9	993,857.1	16,379.4
2016	1,110,895.4	15,757.8	804,282.6	11,651.1
	Area sold but not booked (Unit: sq.m.)	**Amount sold but not booked (Unit: RMB million)**	**Attributable area sold but not booked (Unit: sq.m.)**	**Attributable amount sold but not booked (Unit: RMB million)**
2017	1,466,055.2	27,500.8	1,120,409.5	19,538.5
2016	1,587,071.1	23,213.2	1,128,189.4	16,264.4

28 Liberty

In December 2013, the Group acquired a 100% equity stake in 28 Liberty with freehold for investment purposes, at a consideration of USD725 million. Located in the north of the financial district in Lower Manhattan, New York City, 28 Liberty is a 60-storey Grade A landmark office building with a leasable area of 2,200,000 sq.ft. During the Reporting Period, the rental revenue of the 28 Liberty project amounted to USD45 million, on par with that of the previous year. The property valuation has increased by 55%.

The Bund Finance Center

The Bund Finance Center is a high-end complex project located in the core district of the Bund in Shanghai at 600 Zhongshan No.2 Road (E), Shanghai 200010, China. The Bund Finance Center is a comprehensive financial complex in the Bund financial zone and this project comprises of four different types of properties, including Grade A offices, a shopping center, the Fosun arts center and a boutique hotel. Therefore all the functions ranging from finance to commerce, tourism, culture and arts are included.

The Shanghai office of the Group was relocated to The Bund Finance Centre in March 2017.

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

Name of project	Floor	Area (sq.m.)
GFA		425,392
Grade A offices	S1	106,926
	S2	103,092
	N1	21,425
	N2	25,462
	N4	10,410
Shopping center		117,520
Boutique hotel		36,346
Fosun arts center		4,211

Name of project	Usage	Land area (sq.m.)	Total GFA (sq.m.)	Ownership ratio	Land cost (RMB million)	Development progress	Construction and installation costs (RMB million)
The Bund Finance Center	Office, commercial, hotel	45,472	425,392	50%	9,836.2	The north side was completed in 2016, the south side was completed in May 2017	3,519.1

Cloudjet

Shanghai Cloudjet Information Technology Co., Ltd. ("**Cloudjet**") was established in 2015. It is a smart technology innovation platform wholly-owned by the Group. It focuses on the innovations in the four areas of cloud computing, big data, artificial intelligence, and digital customer operations. It is designed to empower the ONE Fosun ecosystem by providing intelligent, context-based and personalized service experiences for global families.

Cloudjet has been developing industrial connectivity and technological capabilities. Firstly, this involves using smart technologies to help companies upgrade their online operations, build digital operating platforms, and redefine their corporate model through smart technology capabilities. For example, Cloudjet's data services enable the creation of business scenarios, in-depth analyses and categorizations of customer profiles. This allows for more accurate marketing and refined operations, and has helped Yuyuan and Yong'an P&C Insurance enhance their product strength. Secondly, it involves the use of industrial connectivity and research in areas such as smart healthcare. As the first company to focus on artificial intelligence medical imaging diagnostics, Proxima for example was incubated by Cloudjet and is now an independent company.

In 2017, Cloudjet completed more than 100 online upgrade projects for bidirectional driving with big data and cloud services, serving more than 80 large and medium-sized enterprises and listed group companies. As at the end of the Reporting Period, their data processing capabilities have reached a level of one petabyte, whilst its database can reach many customers through approximately 700 million independent devices. This will enable the construction of an industry ecosystem and upgrade the families' experience. In the future, Cloudjet will continue to develop the incubation of smart technology innovations and tap into opportunities for industrial upgrading.

RECENT DEVELOPMENT

St Hubert

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

Established in 1904, St Hubert has annual sales of circa 35,000 tons. St Hubert has a leading edge in research and development and innovation and is a pioneer in the industry. Its product lines include vegetable spreads, vegetable yogurts, vegetable drinks and desserts and are free of hydrogenated fats, trans fats and genetically modified ingredients.

St Hubert and its sub-brand Valle' are both leaders of their local spreads market. In 2017, St Hubert's market share reached 44% in France, ahead of the worldwide groups Unilever and Lactalis, while Valle' market share amounted to 70% in Italy.

Upon completion, the Group and Sanyuan Foods will initially assist St Hubert in introducing its existing spread and soy-based product lines into the Chinese market. The Group and Sanyuan expect to establish retail and corporate customer channels in China, as well as sharing logistics resources and jointly developing new health product lines, such as vegetable spreads and other plant-based products.

Hellobike

In December 2017, the Group lead the bike-sharing platform Hellobike's D2 round of financing with total size of RMB1 billion, injecting RMB661.8 million into the start up. The deal was closed in January 2018. The D1 round of financing had been led by Ant Financial.

Hellobike is a leader in the bike-sharing sector across China's second and third-tier cities and completed 6 rounds of funding in 2017. In January 2018, Hellobike signed a cooperation agreement with the Group to promote scenic travel and smart cycling, and integrated this into Fosun's C2M ecosystem. By combining the resources and travel data that each party owns, the plan is to develop a comprehensive smart travel platform - including online tour preparation, user security, bike rental and route planning.

As of January 2018, Hellobike has 90 million registered users in more than 160 cities. It has already rolled out 4.5 million bicycles and has deployed electric bikes in more than 10 cities in the provinces of Shandong, Henan, Fujian and Jiangsu.

Lanvin[Note]

In February 2018 the Group invested in France's oldest luxury couture house, Jeanne Lanvin SAS ("**Lanvin**"), becoming its controlling shareholder. This investment was a major step in developing the Fosun Fashion Group, Fosun's pure-play fashion platform.

Founded in 1889 by Jeanne Lanvin, Lanvin has long been synonymous with Parisian elegance and style. Lanvin operates in more than 50 countries, designing, producing and selling womenswear, menswear, kidswear and accessories including footwear and leather goods.

By combining Lanvin's heritage and Fosun's global resources, the two companies can explore new opportunities in the Chinese market, operational improvements and further global expansion.

Wolford[Note]

In March 2018, Fosun entered into an agreement to purchase a majority stake of 50.87% in Wolford AG ("**Wolford**", stock code: WOL.WBAG) for EUR12.80 per share. Wolford is a well-known Austrian textiles manufacturer focusing on high-end tights, bodysuits and underwear. Upon signing, Fosun has disclosed its intention of launching an anticipatory mandatory takeover offer to the remaining shareholders of Wolford for the acquisition of such remaining shares, up to a 100% stake in the company.

[Note] Transaction not yet completed.

***Guide*[Note]**

In February 2018, the Group signed an agreement to acquire Guide Investimentos ("**Guide**"), a fast-growing Brazilian brokerage and wealth management firm based in Sao Paulo, with more than 50 years of history in the market. It used to be a subsidiary of Banco Indusval S.A., a Brazilian bank that will retain a 0-20% stake in Guide. The Group will pay approximately USD52 million for this acquisition, in addition to a maximum of around USD37 million depending on Guide's future performance.

This deal follows the Group's strategy of investing and building operations in emerging markets, especially in Latin America. It is the second milestone in the creation of a Brazilian Financial Group platform, after the 2016 acquisition of local asset management company Rio Bravo. Rio Bravo will therefore act as a product manufacturer and Guide as a distribution platform for the Group. By combining Guide's technology and innovation capabilities with the Group's global resources, this partnership will aim to offer the best services to Brazil's families.

FINANCIAL REVIEW

NET INTEREST EXPENDITURES

Net interest expenditures, net of capitalized amounts of the Group, increased to RMB5,133.4 million in 2017 from RMB4,433.5 million in 2016. The increase in net interest expenditures in 2017 was mainly attributable to the growth in scale of borrowings. The interest rates of borrowings in 2017 were approximately between 0.81% and 8.33%, as compared with approximately between 0.13% and 8.50% for the same period of last year.

TAX

Tax of the Group increased to RMB6,175.0 million in 2017 from RMB3,594.6 million in 2016. The increase in tax was mainly resulted from the increase in taxable profit from the Group.

CAPITAL EXPENDITURE

The capital expenditure of the Group mainly consists of additions to property, plant and equipment, prepaid land lease payments, exploration and evaluation assets, mining rights, intangible assets, investment properties and oil and gas assets. We have been increasing our investment in the research and development of pharmaceutical products in order to produce more proprietary products with higher gross profit margin. We continued our commitment in property development, but will adjust our strategy according to market conditions. With an aim to further strengthen our leading role in the happiness industry, we have made extra efforts in the Happiness Ecosystem segment. The amount of capital expenditures of the Group during the Reporting Period was RMB10,337.3 million. Details of capital expenditures of each business segment are set out in note 2 to financial statements.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

As at 31 December 2017, the total debt of the Group was RMB150,456.5 million, representing an increase over RMB126,276.8 million as at 31 December 2016, which was mainly due to the increase in borrowings as a result of business expansion of various segments of the Group. As at 31 December 2017, mid-to-long-term debt of the Group accounted for 61.4% of total debt, as opposed to 65.3% as at 31 December 2016. As at 31 December 2017, cash and bank and term deposits increased by 58.4% to RMB82,616.1 million as compared with RMB52,156.4 million as at 31 December 2016.

INTEREST COVERAGE

In 2017, EBITDA divided by net interest expenditures was 6.0 times as compared with 5.4 times in 2016, the increase was mainly due to the 28.9% increase of the Group's EBITDA during the Reporting Period compared with 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
REVENUE	3	88,025,169	73,966,562
Cost of sales	5	(55,874,895)	(48,094,096)
Gross profit		32,150,274	25,872,466
Other income and gains	3	24,529,078	22,609,531
Selling and distribution expenses		(13,167,869)	(11,007,684)
Administrative expenses		(13,472,924)	(12,365,138)
Other expenses		(5,997,454)	(6,709,978)
Finance costs	4	(5,583,752)	(4,845,431)
Share of profits of:			
Joint ventures		1,492,552	106,827
Associates		3,021,090	2,620,224
PROFIT BEFORE TAX	5	22,970,995	16,280,817
Tax	6	(6,174,962)	(3,594,619)
PROFIT FOR THE YEAR		16,796,033	12,686,198
Attributable to:			
Owners of the parent		13,161,275	10,268,185
Non-controlling interests		3,634,758	2,418,013
		16,796,033	12,686,198
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
- For profit for the year (RMB)	8	1.53	1.19
Diluted			
- For profit for the year (RMB)	8	1.53	1.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
PROFIT FOR THE YEAR	**16,796,033**	**12,686,198**
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	10,156,055	11,103,463
Reclassification adjustments for gains/(losses) included in the consolidated statement of profit or loss		
- gain on disposal	(11,759,548)	(2,107,386)
- impairment loss	369,522	1,473,197
- Gain on disposal of a subsidiary	(173,092)	-
Income tax effect	(1,090,261)	(1,040,926)
	(2,497,324)	9,428,348
Change in other life insurance contract liabilities due to potential gains on financial assets	(453,588)	(17,280)
- Income tax effect	133,809	6,821
	(319,779)	(10,459)
Fair value adjustments of hedging instruments in cash flow hedges	(29,724)	(23,794)
- Income tax effect	(1,769)	6,310
	(31,493)	(17,484)
Fair value adjustments of hedging of a net investment in a foreign operation	(1,126,495)	316,497
- Income tax effect	5,095	(69,058)
	(1,121,400)	247,439
Share of other comprehensive income of joint ventures	27,826	67,074
Share of other comprehensive (loss)/income of associates	(93,794)	221,580
Exchange differences:		
Reclassification adjustments for a foreign operation disposed of during the year	(20,812)	-
Exchange differences on translation of foreign operations	612,609	496,236
	591,797	496,236

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
OTHER COMPREHENSIVE INCOME (continued)		
Net other comprehensive (loss)/income to be reclassified to loss or profit in subsequent periods	(3,444,167)	10,432,734
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Revaluation gain upon transfer from owner-occupied property to investment property	359	54,114
- Income tax effect	-	(15,018)
	359	39,096
Actuarial reserve relating to employee benefit	23,619	(74,807)
- Income tax effect	(1,316)	45,369
	22,303	(29,438)
Share of other comprehensive income of associates	-	293,811
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	22,662	303,469
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(3,421,505)	10,736,203
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**13,374,528**	**23,422,401**
Attributable to:		
Owners of the parent	10,113,610	18,331,214
Non-controlling interests	3,260,918	5,091,187
	13,374,528	**23,422,401**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2017

	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	25,413,153	20,672,028
Investment properties	32,438,435	30,493,267
Prepaid land lease payments	2,359,772	2,105,331
Exploration and evaluation assets	174,935	225,731
Mining rights	542,180	531,296
Oil and gas assets	957,612	1,050,517
Intangible assets	10,880,302	6,024,968
Goodwill	15,203,443	9,862,200
Investments in joint ventures	20,418,447	17,662,504
Investments in associates	61,721,901	44,115,608
Available-for-sale investments	111,575,761	105,785,016
Properties under development	22,850,114	9,330,509
Loans receivable	2,393,352	813,210
Prepayments, deposits and other receivables	3,072,337	2,540,614
Deferred tax assets	3,852,666	4,801,141
Inventories	188,918	267,836
Policyholder account assets in respect of unit-linked contracts	858,734	3,112,170
Insurance and reinsurance debtors	152,094	115,473
Reinsurers' share of insurance contract provisions	4,630,070	4,377,481
Term deposits	964,496	348,692
Placements with and loans to banks and other financial institutions	117,035	73,068
Loans and advances to customers	2,543,362	454,502
Derivative financial instruments	363,961	379,652
Finance lease receivables	599,046	288,517
Total non-current assets	324,272,126	265,431,331

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2017

	Note	2017 RMB'000	2016 RMB'000
CURRENT ASSETS			
Cash and bank		81,651,571	51,807,704
Investments at fair value through profit or loss		17,158,173	8,328,696
Derivative financial instruments		1,122,387	445,382
Trade and notes receivables	9	6,349,958	4,321,733
Prepayments, deposits and other receivables		14,081,682	15,977,831
Inventories		4,182,799	2,705,018
Completed properties for sale		8,343,896	7,737,290
Properties under development		18,517,485	22,738,105
Loans receivable		982,891	2,130,688
Due from related companies		12,309,468	11,741,735
Available-for-sale investments		25,116,703	22,390,416
Policyholder account assets in respect of unit-linked contracts		511,285	636,076
Insurance and reinsurance debtors		8,932,147	6,434,748
Reinsurers' share of insurance contract provisions		2,170,922	1,468,553
Placements with and loans to banks and other financial institutions		345	37
Loans and advances to customers		3,803,068	2,904,371
Finance lease receivables		1,749,081	929,759
		206,983,861	162,698,142
Assets of a disposal group classified as held for sale		2,532,067	58,650,003
Total current assets		209,515,928	221,348,145

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2017

	Note	2017 RMB'000	2016 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		58,027,951	43,874,088
Convertible bonds		81,428	-
Trade and notes payables	10	12,368,277	9,569,939
Accrued liabilities and other payables		41,911,579	33,710,957
Tax payable		6,419,801	4,035,686
Finance lease payables		68,323	48,686
Deposits from customers		34,971,708	18,511,530
Due to the holding company		769,062	381,646
Due to related companies		3,922,928	3,647,173
Derivative financial instruments		1,065,674	505,115
Accounts payable to brokerage clients		40,967	68,823
Unearned premium provisions		5,845,267	5,194,018
Provision for outstanding claims		13,325,966	10,518,108
Provision for unexpired risks		384,049	360,623
Financial liabilities for unit-linked contracts		351,138	237,459
Investment contract liabilities		5,856,188	1,382,071
Other life insurance contract liabilities		1,475,431	1,429,933
Insurance and reinsurance creditors		4,896,620	3,109,676
Due to banks and other financial institutions		1,101,553	715,681
Placements from banks and other financial institutions		268,165	270,276
		193,152,075	137,571,488
Liabilities directly associated with the assets classified as held for sale		204,047	40,674,050
Total current liabilities		193,356,122	178,245,538
NET CURRENT ASSETS		16,159,806	43,102,607
TOTAL ASSETS LESS CURRENT LIABILITIES		340,431,932	308,533,938

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2017

	2017 RMB'000	2016 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	92,347,113	82,094,953
Convertible bonds	-	307,730
Finance lease payables	268,911	197,224
Deposits from customers	105,859	68,715
Derivative financial instruments	689,354	802,875
Deferred income	894,450	1,514,423
Other long term payables	5,968,071	4,160,042
Deferred tax liabilities	10,326,318	8,841,545
Provision for outstanding claims	18,291,386	16,764,930
Financial liabilities for unit-linked contracts	1,018,881	3,510,787
Investment contract liabilities	59,649,260	55,370,424
Other life insurance contract liabilities	13,862,939	11,420,408
Insurance and reinsurance creditors	142,034	175,360
Due to banks and other financial institutions	455,075	426,987
Placements from banks and other financial institutions	-	3,707
Total non-current liabilities	204,019,651	185,660,110
Net assets	136,412,281	122,873,828

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2017

	2017 RMB'000	2016 RMB'000
EQUITY		
Equity attributable to owners of the parent		
Share capital	36,485,351	36,157,089
Treasury shares	(108,757)	(93,008)
Equity component of convertible bonds	18,054	68,674
Other reserves	64,566,106	56,234,244
	100,960,754	92,366,999
Non-controlling interests	35,451,527	30,506,829
Total equity	136,412,281	122,873,828

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

1.1 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. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited financial information relating to the year ended 31 December 2017 and the financial information relating to the year ended 31 December 2016 included in this preliminary announcement of annual results for the year ended 31 December 2017 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2016, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The financial statements for the year ended 31 December 2017 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 31 December 2016. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no significant impact on the financial position or performance of the Group.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as the Group has no subsidiary classified as a disposal group held for sale as at 31 December 2017.

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*[1]
Annual Improvements 2015-2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

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

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 4, issued in January 2017, address issues arising from the different effective dates of HKFRS 9 and HKFRS 17. The amendments introduce two options for entities issuing contracts within the scope of HKFRS 4 upon the adoption of HKFRS 9 and before the implementation of HKFRS 17, notably a temporary exemption and an overlay approach. The temporary exemption enables entities whose activities are predominantly connected with insurance to defer the effective date of HKFRS 9. The overlay approach allows entities applying HKFRS 9 to remove from profit or loss some effects arising from the adoption of HKFRS 9 and reclassify the amounts to other comprehensive income for designated financial assets meeting specified criteria. The Group expects to adopt the amendments from 1 January 2018. The Group does not qualify for temporary exemption, however, it elects to use the overlay approach for certain eligible financial assets, the effect of adoption of this amendment is discussed together with effect of adoption of HKFRS 9 below.

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group adopted HKFRS 9 from 1 January 2018. The impacts of the adoption of HKFRS 9 are as follows.

(a) Classification and measurement

HKFRS 9 requires that the Group classifies debt instruments based on the combined effect of application of business model (hold to collect contractual cash flow, hold to collect contractual cash flow and sell financial assets or other business models) and contractual cash flow characteristics (sole payments of principal and interest on the principal amount outstanding or not). Debt instruments not giving rise to cash flows that are sole payments of principal and interest on the principal amount outstanding would be measured at fair value through profit and loss. Other debt instruments giving rise to cash flows that are sole payments of principal and interest on the principal amount outstanding would be measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"), based on their respective business model.

Equity instruments would generally be measured at fair value through profit or loss unless the Group elects to measure at FVOCI (without recycling, i.e. any gain/loss will be recorded in other comprehensive income and will not be reclassified to profit or loss, while the dividend is recognized through profit or loss) for equity investments that are not held for trading.

Amendments to HKFRS 4, issued in January 2017, also permits the Group to apply an 'overlay approach', i.e. allows the Group to designate eligible financial assets which meet both the criteria that (a) it is measured at fair value through profit or loss applying HKFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying HKAS 39 and (b) it is not held in respect of an activity that is unconnected with contracts within HKFRS 4.

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

(b) Impairment
HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at FVOCI, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The recognition and measurement of impairment is intended to be more forward-looking than under HKAS 39, and the resulting impairment charge may be more volatile.

(c) Hedge accounting
The general hedge accounting requirements under HKFRS 9 aim to simplify hedge accounting, creating a stronger link with risk management strategy and permitting hedge accounting to be applied to a greater variety of hedging instruments and risks. However, HKFRS 9 does not explicitly address macro hedge accounting strategies, as a result, HKFRS 9 includes an accounting policy choice to remain with HKAS 39 hedge accounting.

(d) Impact
The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

The Group elected to apply the overlay approach to designate certain eligible financial assets to address the concerns over possible additional accounting mismatches (between those eligible financial assets and related liabilities arising from the insurance contracts and other contracts within scope of HKFRS 17) and volatility in profit or loss, when HKFRS 9 is applied before HKFRS 17.

The Group also elected to continue HKAS 39 hedge accounting.

As a result, based on the Group's assessment, it expected that the adoption of HKFRS 9 did not have a significant impact on the opening balance of total equity as at 1 January 2018 in the consolidated financial statements of the Group.

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

Amendments to HKFRS 9, issued in December 2017, allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of the contract to be measured at amortised cost or at fair value through other comprehensive income, instead of at fair value through profit or loss. The amendments clarify that a financial asset passes the "solely payments of principal and interest on the principal amount outstanding" criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The Group expects to adopt these amendments from 1 January 2019 and to apply the exemption from restating comparative information of prior periods. Any difference between the previous carrying amount and the adjusted carrying amount will be recognised in the opening balance of equity. The adoption of these amendments is not expected to have any significant impact on the Group's financial statements.

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

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

HKFRS 15, issued in July 2014, 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. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of HKFRS 15 will not be material. During 2017, the Group has performed a detailed assessment on the impact of the adoption of HKFRS 15. Based on the assessment, the Group anticipates that the adoption of HKFRS 15 is unlikely to have any significant impact on the revenue recognition except for the presentation and disclosures as follows.

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

As set out in note 2, the principal businesses of the Group include Health Ecosystem, Happiness Ecosystem and Wealth Ecosystem. The Wealth Ecosystem includes the three major segments: Insurance and Finance, Investment and Hive Property. The expected impacts arising from the adoption of HKFRS 15 on the group are summarised as follows：

(a) Presentation and disclosure

The presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by HKFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. Upon adoption of HKFRS 16, certain amounts may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

In January 2018, the HKICPA issued HKFRS 17, a comprehensive new accounting standard for insurance contracts and investment contracts with discretionary participation features, covering recognition and measurement, presentation and disclosure. Once effective, HKFRS 17 will replace the existing HKFRS 4 Insurance Contracts. HKFRS 17 solves the comparison problems created by HKFRS 4 by requiring all insurance contracts and investment contracts with discretionary participation features to be accounted for in a consistent manner. Obligations under such contracts will be accounted for using current values instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. The Group is currently assessing the impact of the standard upon adoption.

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

Amendments to HKAS 28 issued in January 2018 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 January 2019 and the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

1. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The interpretation is not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(i) Health Ecosystem segment engages in the research and development, manufacturing, sale and trading of pharmaceutical and health products and providing medical services and health management;

(ii) Happiness Ecosystem segment comprises principally the operation and investments in tourism and leisure, fashion, consumer and lifestyle industries;

(iii) Insurance and Finance segment mainly engages in the operation of and investment in the insurance businesses, banking and other financial businesses;

(iv) Investment segment comprises, principally, the primary investments, secondary market investments, and investments in asset management companies and other companies of the Group; and

(v) Hive Property segment engages in the development and operation of the hive city properties.

Insurance and Finance segment, Investment segment and Hive Property segment listed above all belong to Wealth Ecosystem sector of the Group.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. During the year, as the management changes the structure of the Group's internal organisation to match its business development strategy in a manner that causes to change the Group's composition of its reportable segments, some entities within the Group were re-allocated to reflect such change.

Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss after tax except that head office and corporate expenses are excluded from such measurement.

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

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2017

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem				
			Insurance and Finance	Investment	Hive Property	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	22,078,850	11,694,360	27,834,206	4,143,816	22,273,937	-	88,025,169
Inter-segment sales	407,412	-	135,304	104,815	12,440	(659,971)	-
Total revenue	22,486,262	11,694,360	27,969,510	4,248,631	22,286,377	(659,971)	88,025,169
Segment results	4,589,615	698,159	5,770,066	7,100,434	6,938,353	(35,124)	25,061,503
Unallocated expenses							(2,090,508)
Profit before tax	4,589,615	698,159	5,770,066	7,100,434	6,938,353	(35,124)	22,970,995
Tax	(532,257)	(45,686)	(966,341)	(1,023,693)	(3,605,242)	(1,743)	(6,174,962)
Profit for the year	4,057,358	652,473	4,803,725	6,076,741	3,333,111	(36,867)	16,796,033
Segment and total assets	76,034,414	39,557,477	241,577,994	73,461,713	116,146,931	(12,990,475)	533,788,054
Segment and total liabilities	35,897,429	16,880,591	185,079,743	99,756,508	81,827,890	(22,066,388)	397,375,773

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2017 (continued)

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem				
			Insurance and Finance	Investment	Hive Property	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information:							
Interest and dividend income	113,386	36,193	3,425,259	608,581	197,403	(156,197)	4,224,625
Other income and gains (excluding interest and dividend income)	1,551,989	1,166,024	6,175,828	10,302,747	1,340,829	(232,964)	20,304,453
Impairment losses recognised in the statement of profit or loss, net	(65,478)	(87,823)	(764,296)	(1,087,706)	709	-	(2,004,594)
Finance costs	(635,647)	(221,542)	(207,226)	(4,113,081)	(895,558)	489,302	(5,583,752)
Share of profits and losses of							
- Joint ventures	(10,134)	(19,290)	(60,078)	1,350,896	231,158	-	1,492,552
- Associates	1,379,233	255,029	1,097,281	294,157	34,155	(38,765)	3,021,090
Depreciation and amortisation	(1,224,575)	(609,238)	(174,825)	(619,151)	(57,009)	-	(2,684,798)
Research and development costs	(940,533)	-	-	-	-	-	(940,533)
Fair value gains on fair value adjustments of investment properties	-	-	61,070	275	853,301	-	914,646
Fair value gains on investments at fair value through profit or loss	44,072	195,666	84,440	1,165,614	-	-	1,489,792
Investments in joint ventures	1,506,120	3,435	746,914	10,035,810	8,126,168	-	20,418,447
Investments in associates	22,091,572	6,974,895	18,214,054	11,104,543	3,928,562	(591,725)	61,721,901
Capital expenditure*	2,393,191	3,167,617	1,266,734	2,057,853	1,451,914	-	10,337,309

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2016 (restated)

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem				
			Insurance and Finance	Investment	Hive Property	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	17,889,713	10,444,989	27,954,749	2,758,408	14,918,703	-	73,966,562
Inter-segment sales	281,007	-	-	162,009	27,588	(470,604)	-
Total revenue	18,170,720	10,444,989	27,954,749	2,920,417	14,946,291	(470,604)	73,966,562
Segment results	3,736,194	728,157	3,725,057	5,613,001	4,266,229	(31,533)	18,037,105
Unallocated expenses							(1,756,288)
Profit before tax	3,736,194	728,157	3,725,057	5,613,001	4,266,229	(31,533)	16,280,817
Tax	(387,666)	(147,935)	(550,807)	(849,360)	(1,640,709)	(18,142)	(3,594,619)
Profit for the year	3,348,528	580,222	3,174,250	4,763,641	2,625,520	(49,675)	12,686,198
Segment and total assets	56,963,699	30,207,324	241,019,882	70,730,814	99,919,038	(12,061,281)	486,779,476
Segment and total liabilities	21,401,285	12,161,850	186,204,392	93,379,050	69,765,228	(19,006,157)	363,905,648

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2016 (restated) (continued)

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem				
			Insurance and Finance	Investment	Hive Property	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information:							
Interest and dividend income	167,043	72,740	3,776,002	746,561	232,632	(319,731)	4,675,247
Other income and gains (excluding interest and dividend income)	911,253	808,606	5,100,887	9,420,277	1,763,674	(70,413)	17,934,284
Impairment losses recognised in the statement of profit or loss, net	(79,710)	(3,670)	(1,557,062)	(1,444,327)	(373,951)	-	(3,458,720)
Finance costs	(531,014)	(62,482)	(375,869)	(3,361,886)	(807,388)	293,208	(4,845,431)
Share of profits and losses of							
- Joint ventures	938	(9,934)	(126,551)	170,075	72,299	-	106,827
- Associates	1,380,330	167,521	601,749	165,571	375,604	(70,551)	2,620,224
Depreciation and amortisation	(954,515)	(557,201)	(1,055,761)	(525,489)	(84,076)	-	(3,177,042)
Research and development costs	(633,922)	-	-	-	-	-	(633,922)
Fair value gains on fair value adjustments of investment properties	-	-	395,744	90,413	829,303	-	1,315,460
Fair value gains on investments at fair value through profit or loss	12,301	-	81,163	1,228,751	-	-	1,322,215
Investments in joint ventures	249,126	22,725	1,236,651	7,530,518	8,623,484	-	17,662,504
Investments in associates	18,730,116	4,403,877	11,673,872	5,870,132	3,911,404	(473,793)	44,115,608
Capital expenditure*	1,573,961	1,737,817	1,161,514	865,303	935,828	-	6,274,423

2. OPERATING SEGMENT INFORMATION (continued)

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, exploration and evaluation assets, mining rights, intangible assets, investment properties and oil and gas assets.

Geographical information

(a) Revenue from external customers

	2017 RMB'000	2016 RMB'000
Mainland China	43,747,780	29,086,978
Portugal	14,745,074	12,476,766
Other countries and regions	29,532,315	32,402,818
	88,025,169	73,966,562

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

(b) Non-current assets

	2017 RMB'000	2016 RMB'000
Mainland China	139,484,556	88,960,830
Hong Kong	3,585,888	4,012,210
Portugal	19,009,006	20,877,955
Other countries and regions	34,142,099	31,031,414
	196,221,549	144,882,409

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and rights arising under insurance contracts.

Information about a major customer

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2017 and 2016.

3. 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:

	2017 RMB'000	2016 RMB'000
Revenue		
Insurance revenue:		
Gross premiums written	31,088,732	35,804,699
Less: Premiums ceded to reinsurers and retrocessionaires	(4,528,772)	(7,559,376)
Net premiums written	26,559,960	28,245,323
Change in unearned premium provisions, net of reinsurance	(429,394)	(604,608)
Net earned premiums	26,130,566	27,640,715
Sale of goods:		
Pharmaceuticals and medical products	15,916,001	12,527,396
Properties	20,541,619	14,281,657
Ore products	2,641,111	843,498
Oil and gas	881,027	662,682
Others	853,159	482,568
	40,832,917	28,797,801
Rendering of services:		
Tourism	11,269,713	10,356,520
Healthcare	5,684,040	4,967,026
Property agency	453,560	469,266
Property management	737,440	447,041
Leasing from investment properties	799,475	705,671
Asset management	262,703	538,097
Fee and commission income	1,120,904	252,354
Others	1,296,814	361,790
	21,624,649	18,097,765
Subtotal	88,588,132	74,536,281
Less: Government surcharges	(562,963)	(569,719)
	88,025,169	73,966,562

3. REVENUE, OTHER INCOME AND GAINS (continued)

	2017 RMB'000	2016 RMB'000
Other income		
Interest income	703,938	514,755
Dividends and interests from available-for-sale investments	3,092,800	3,200,957
Dividends and interests from investments at fair value through profit or loss	427,887	959,535
Rental income	937,371	645,976
Government grants	317,817	258,545
Consultancy and other service income	223,098	378,231
Fee income relating to investment contracts	641,972	781,217
Others	493,584	489,988
	6,838,467	7,229,204

3. REVENUE, OTHER INCOME AND GAINS (continued)

	2017 RMB'000	2016 RMB'000
Gains		
Gain on disposal of subsidiaries	2,323,121	559,558
Gain on bargain purchase of subsidiaries	234,355	279,589
Gain on bargain purchase of associates	1,239,698	1,276,423
Gain on disposal of associates	419,091	4,790,497
Gain on deemed disposal of investments in associates	56,307	328,640
Gain on disposal of joint ventures	280,594	191,508
Gain on disposal of available-for-sale investments	8,370,800	4,962,845
Gain on disposal of investments at fair value through profit or loss	-	56,899
Gain on disposal of items of property, plant and equipment	85,671	108,619
Gain on disposal of investment properties	330,922	183,685
Reclassification of available-for-sale investment revaluation reserve from other comprehensive income to the statement of consolidated profit or loss upon disposal of a subsidiary	173,092	-
Reclassification of exchange fluctuation reserve from other comprehensive income to the statement of consolidated profit or loss upon disposal of a subsidiary	20,812	-
Gain on settlement of derivative financial instruments	1,225,536	-
Gain on fair value adjustment on investments at fair value through profit or loss	1,489,792	1,322,215
Gain on fair value adjustment on derivative financial instruments	372,159	1,784
Gain on fair value adjustment of investment properties	914,646	1,315,460
Gain on reversal of impairment of completed properties for sale	1,674	-
Exchange gain, net	70,890	-
Gain on reversal of impairment of insurance and reinsurance debtors	81,451	2,605
	17,690,611	15,380,327
Other income and gains	24,529,078	22,609,531
Total revenue, other income and gains	112,554,247	96,576,093

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 RMB'000	2016 RMB'000
Interest on bank and other borrowings (including convertible bonds)	6,049,011	5,108,046
Incremental interest on other long term payables	32,790	35,920
	6,081,801	5,143,966
Less: Interest capitalised, in respect of bank and other borrowings	(963,703)	(733,111)
Interest expenses, net	5,118,098	4,410,855
Interest on discounted bills	7,211	7,700
Interest on finance leases	8,101	14,916
Bank charges and other financial costs	450,342	411,960
Total finance costs	5,583,752	4,845,431

5. PROFIT BEFORE TAX

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

	2017 RMB'000	2016 RMB'000
Cost of sales:		
Cost of inventories sold	22,333,226	17,250,729
Cost of services provided	33,541,669	30,843,367
	55,874,895	48,094,096
Staff costs (including directors' and senior management's remuneration):		
Wages and salaries	11,494,444	8,945,366
Accommodation benefits:		
Defined contribution fund	180,722	99,913
Retirement costs:		
Defined contribution fund	872,910	842,071
Defined benefit fund	163,429	193,554
Equity-settled share-based payments	114,438	123,135
Total staff costs	12,825,943	10,204,039

5. PROFIT BEFORE TAX (continued)

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

	2017 RMB'000	2016 RMB'000
Research and development costs	940,533	633,922
Auditor's remuneration	10,200	9,400
Depreciation of items of property, plant and equipment	1,794,203	1,644,506
Amortisation of prepaid land lease payments	51,227	48,841
Amortisation of mining rights	3,719	18,609
Amortisation of intangible assets	526,357	1,109,249
Amortisation of oil and gas assets	309,292	355,837
Provision for impairment of receivables	340,134	165,361
Provision for inventories	29,336	70,255
Provision for impairment of items of property, plant and equipment	68,477	30,923
Provision for impairment of investments in associates	123,935	524,420
Provision for impairment of available-for-sale investments	1,275,571	2,306,787
Provision for impairment of intangible assets	10,814	3,548
(Reversal)/provision for impairment of completed properties for sale	(1,674)	293,065
Provision for impairment of goodwill	122,959	-
Provision for impairment of loans and advances to customers	35,042	64,361
Operating lease rentals	1,662,530	1,480,725
Exchange (gain)/loss, net	(70,890)	419
(Gain)/loss on the settlement of derivative financial instruments	(1,225,536)	638,471
Loss/(gain) on disposal of investments at fair value through profit or loss	162,030	(56,899)
Ineffectiveness of hedges	218,647	265,792

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Fosun Pharma incorporated in Israel, is based on a preferential rate of 16% (2016: 16%).

The provision for income tax of Fidelidade - Companhia de Seguros, S.A., Multicare - Seguros de Saúde, S.A. and Fidelidade Assistência - Companhia de Seguros, S.A., subsidiaries incorporated in Portugal acquired by the Group, is based on a rate of 29.5% (2016: 29.5%).

The provision for income tax of AmeriTrust Group, Inc. ("AmeriTrust", formerly known as Meadowbrook Insurance Group, Inc.) and its subsidiaries incorporated in the United States acquired by the Group is based on a rate of 35% (2016: 35%).

The provision for income tax of Club Med Holding (formerly known as Holding Gaillon II) and its subsidiaries incorporated in France acquired by the Group, is based on a rate of 34.43% (2016: 38%).

The provision for income tax of Hauck & Aufhäuser Privatbankiers AG ("H&A") and its subsidiaries incorporated in Germany acquired by the Group in 2016, is based on a rate of 32.175% (2016: 32.175%).

The provision for income tax of Gland Pharma Limited, acquired by Fosun Pharma during this year incorporated in India, is based on a statutory rate of 30%.

The provision for income tax of entities incorporated in Mainland China was based on a statutory rate of 25% (2016: 25%) as determined in accordance with the Enterprise Income Tax Law of the People's Republic of China which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which were taxed at preferential rates of 0% to 20%.

The major components of tax expenses for the years ended 31 December 2017 and 2016 are as follows:

	2017 RMB'000	2016 RMB'000
Current - Portugal, Hong Kong and others	1,715,290	1,490,166
Current - Mainland China		
- Income tax in Mainland China for the year	2,001,495	1,242,658
- LAT in Mainland China for the year	2,165,747	690,861
Deferred	292,430	170,934
Tax expenses for the year	6,174,962	3,594,619

6. 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 RMB1,680,098,000 (2016: RMB298,676,000).

In addition, based on the latest understanding of the LAT regulations from the State Administration of Taxation, the Group made an additional LAT provision in the amount of RMB1,033,920,000 (2016: RMB530,101,000) 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 RMB548,271,000 (2016: RMB25,888,000) was reversed to the consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group. The net accrual of LAT provision for the year was RMB485,649,000 (2016: net accrual of RMB504,213,000).

7. DIVIDENDS

	2017 RMB'000	2016 RMB'000
Proposed final – HKD0.35 (2016: HKD0.21) per ordinary share	2,512,496	1,616,101

The proposed final dividend of HKD0.21 per ordinary share for the year ended 31 December 2016 was declared and approved by the shareholders at the annual general meeting of the Company on 6 June 2017.

On 27 March 2018, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2017 of HKD0.35 per ordinary share, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 8,573,396,516 (2016:8,600,742,231) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the share award scheme and the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed vesting or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	13,161,275	10,268,185
Less: Cash dividends distributed to share award scheme	(1,877)	(1,424)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	13,159,398	10,266,761
Interest on convertible bonds	20,647	24,420
Cash dividends distributed to share award scheme	1,877	1,424
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	13,181,922	10,292,605

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	8,573,396,516	8,600,742,231
Effect of dilution – weighted average number of ordinary shares:		
- Share award scheme	7,306,609	4,359,362
- Share option scheme	22,224,298	-
- Convertible bonds	28,216,712	36,900,000
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	8,631,144,135	8,642,001,593
Basic earnings per share (RMB)	1.53	1.19
Diluted earnings per share (RMB)	1.53	1.19

9. TRADE AND NOTES RECEIVABLES

	2017 RMB'000	2016 RMB'000
Trade receivables	5,324,958	3,694,175
Notes receivable	1,025,000	627,558
	6,349,958	4,321,733

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

	2017 RMB'000	2016 RMB'000
Outstanding balances with ages:		
Within 90 days	4,373,772	2,552,417
91 to 180 days	395,662	537,061
181 to 365 days	289,561	592,950
1 to 2 years	450,863	112,707
2 to 3 years	49,340	62,974
Over 3 years	67,354	32,532
	5,626,552	3,890,641
Less: Provision for impairment of trade receivables	(301,594)	(196,466)
	5,324,958	3,694,175

Trade and notes receivables of the Group mainly arose from the Health Ecosystem segment and Hive Property segment. Credit terms granted to the Group's customers are as follows:

	Credit terms
Health Ecosystem segment	90 to 180 days
Hive Property segment	30 to 360 days

10. TRADE AND NOTES PAYABLES

	2017 RMB'000	2016 RMB'000
Trade payables	12,230,295	9,348,109
Notes payable	137,982	221,830
	12,368,277	9,569,939

An ageing analysis of the trade payables as at the end of the reporting period is as follows:

	2017 RMB'000	2016 RMB'000
Outstanding balances with ages:		
Within 90 days	6,020,166	2,196,510
91 to 180 days	764,742	1,319,954
181 to 365 days	1,402,636	2,134,960
1 to 2 years	1,898,174	2,070,265
2 to 3 years	760,955	288,259
Over 3 years	1,383,622	1,338,161
	12,230,295	9,348,109

11. EVENTS AFTER THE REPORTING PERIOD

(1) On 22 January 2018, Fortune Star (BVI) Limited, an indirect subsidiary of the company, issued three-year senior notes with a par value of USD250 million and an interest rate of 5.375% per annum and five-year senior notes with a par value of USD450 million and an interest rate of 5.950% per annum.

(2) Shanghai Yuyuan Tourist Mart Co., Ltd. (“Yuyuan”), an associate of the Group with an equity interest of 26.45% as at 31 December 2017, is currently undergoing a material asset restructuring whereby the Group will sell 24 target companies to Yuyuan for a total consideration of approximately RMB22.36 billion (subject to adjustment, if any), in exchange for shares in Yuyuan. The Group will hold approximately 68.25% equity interests in Yuyuan upon completion of the transaction. The transaction was conditionally approved by the China Securities Regulatory Commission in January 2018.

(3) In December 2017, the Group together with a fund under its management entered into agreements with Asahi Group Holdings, Ltd. to acquire equity interest in Tsingtao Brewery Company Limited ("Tsingtao", stock code 00168.HK, 600600.SH) with a consideration of HKD6,617 million. The acquisition was completed on 19 March 2018, upon which the Group together with a fund under its management holds 243,108,236 H-Shares in total, representing 37.11% in aggregate of the issued H-Shares and 17.99% in aggregate of the total issued shares of Tsingtao.

CORPORATE GOVERNANCE

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

MODEL CODE

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

No incident of non-compliance of the above-mentioned written guidelines by the relevant employees of the Company was noted by the Company.

AUDIT COMMITTEE

During the Reporting Period, the audit committee of the Company (the "**Audit Committee**") comprises five independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Zhang Huaqiao, Mr. David T. Zhang, Mr. Yang Chao and Dr. Lee Kai-Fu. The main duties of the Audit Committee are to review the financial statements and reports; to review the relationship with the external auditors and to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control system. The Company's annual results for the year ended 31 December 2017 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Wednesday, 6 June 2018. The notice of AGM will be published on the websites of the Company (www.fosun.com) and the Hong Kong Stock Exchange (www.hkexnews.hk) and dispatched to the shareholders of the Company.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of HKD0.35 per Share for the year ended 31 December 2017 to the shareholders of the Company whose names appear on the register of members of the Company on 14 June 2018. Subject to approval by the shareholders of the Company at the AGM to be held on 6 June 2018, the proposed final dividend is expected to be paid on or around 16 July 2018 to the shareholders of the Company.

The register of members of the Company will be closed from Friday, 1 June 2018 to Wednesday, 6 June 2018, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with Computershare Hong Kong Investor Services Limited, the share registrar of the Company, at Shops 1712-1716, [1]7th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "**Share Registrar**"), for registration no later than 4:30 p.m. on Thursday, 31 May 2018.

The register of members of the Company will also be closed from Tuesday, 12 June 2018 to Thursday, 14 June 2018, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be proposed at the AGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Monday, 11 June 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 34,765,500 Shares on the Hong Kong Stock Exchange at an aggregate consideration of HKD415,445,959.73. All the repurchased Shares were cancelled.

Details of the repurchase are summarized as follows:

Month of repurchase	**Total number of shares repurchased**	**Highest price paid per share** ***HKD***	**Lowest price paid per share** ***HKD***	**Total purchase price paid** ***HKD***
March 2017	11,710,500	11.70	11.44	135,967,120.00
June 2017	10,059,000	12.30	11.80	121,165,609.90
July 2017	11,894,000	12.04	11.50	140,940,029.69
December 2017	1,102,000	15.94	15.56	17,373,200.14
Total	**34,765,500**	**-**	**-**	**415,445,959.73**

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 25 March 2015, unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the circular of the Company dated 19 May 2017.

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

On 4 May 2017, the Board resolved to award an aggregate of 5,275,000 award shares to 65 selected participants under the Share Award Scheme. The award shares were settled by way of (i) issue and allotment of 4,605,200 new Shares (the "**New Award Shares**") pursuant to a specific mandate obtained in the extraordinary general meeting; and (ii) 669,800 award Shares which were lapsed before vesting under the 2015 Award and 2016 Award. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the New Award Shares shall be transferred from the trustee, Computershare Hong Kong Trustee Limited (the "**Trustee**") to the selected participants upon expiry of the respective vesting period. As at the end of the Reporting Period, the New Award Shares have been fully issued to the Trustee.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 19 June 2007 and was expired on 18 June 2017 (the "**Old Share Option Scheme**"). All outstanding options granted under the Old Share Option Scheme will continue to be valid and exercisable in accordance with the provisions of the Old Share Option Scheme. The Company adopted a new share option scheme at the general meeting of the Company held on 6 June 2017 (the "**New Share Option Scheme**"). The purpose of the Share Option Scheme is to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group.

On 4 May 2017, the Board announced that, subject to the acceptance of the relevant Grantees (as defined below), the Company has decided to grant 56,400,000 share options to subscribe for an aggregate of 56,400,000 Shares under the Old Share Option Scheme. Among the 56,400,000 share options, the Company has granted an aggregate of 14,700,000 share options to the Directors (namely, the grant of 4,900,000 share options to each of Mr. Wang Can and Mr. Gong Ping, the grant of 1,900,000 to Ms. Kang Lan and the grant of 1,500,000 share options to each of Mr. Chen Qiyu and Mr. Xu Xiaoliang).

FORWARD-LOOKING STATEMENTS

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

ANNUAL REPORT

This results announcement is published on the websites of the Company (www.fosun.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The annual report will be dispatched to the shareholders of the Company and published on both websites on or before 30 April 2018.

GLOSSARY

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

Formula

Capital debt ratio	=	total debts / (shareholder's equity + total debts)
Capital employed	=	equity attributable to owners of the parent + total debt
EBITDA	=	profit for the year + tax + net interest expenditures + depreciation and amortisation
Interest coverage	=	EBITDA / net interest expenditures
Net debt	=	total debt – cash and bank and term deposits
Net gearing ratio	=	net debt / shareholder's equity

Abbreviations

AmeriTrust	AmeriTrust Group Inc. (formerly known as Meadowbrook Insurance Group, Inc.)
BCP	Banco Comercial Português, S.A.
Besino Environment	Besino Environment Ltd.
the Board	the board of Directors
Cainiao	Cainiao Network Technology Co., Ltd.
Caruso	Raffaele Caruso S.p.A
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
Chancheng Hospital	Foshan Chancheng Central Hospital Company Limited
Club Med	Club Med SAS (formerly known as Club Méditerranée SA)
the Company	Fosun International Limited
the Director(s)	the director(s) of the Company

EUR	Euro, the official currency of the Eurozone
Fidelidade	Fidelidade-Companhia de Seguros, S.A.
Fidelidade Assistência	Fidelidade Assistência - Companhia de Seguros, S.A. (formerly known as Cares - Companhia de Seguros, S.A.)
Focus Media	Focus Media Information Technology Co., Ltd. (formerly known as Hedy Holding Co., Ltd.), a company whose A shares are listed on the Shenzhen Stock Exchange with stock code 002027
Folli Follie	Folli Follie Group, a company listed on the Athens Stock Exchange with stock code FFGRP
Forte	Shanghai Forte Land Co., Ltd.
Fosun Hani Securities	Fosun Hani Securities Limited (formerly known as Hani Securities (H.K.) Limited)
Fosun Insurance Portugal	Fidelidade, Multicare and Fidelidade Assistência
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company whose A shares are listed on the SSE with stock code 600196, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 02196
Fosun United Health Insurance	Fosun United Health Insurance Company Limited
GBP	Pound Sterling, the official currency of United Kingdom
GFA	gross floor area
Gland Pharma	Gland Pharma Limited
the Group or Fosun	the Company and its subsidiaries
H&A	Hauck & Aufhäuser Privatbankiers AG (formerly known as Hauck & Aufhäuser Privatbankiers KGaA)
Hainan Mining	Hainan Mining Co., Ltd., a company whose A shares are listed on the SSE with stock code 601969
HKD	Hong Kong dollars, the official currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of PRC

Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IDERA	IDERA Capital Management Ltd.
Ironshore	Ironshore Inc.
JPY	Japanese yen, the official currency of Japan
Kutesmart	Qingdao Kutesmart Co., Ltd.
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Luz Saúde	Luz Saúde, S.A. (formerly known as ESPÍRITO SANTO SAÚDE - SGPS, SA), a company listed on the Euronext Lisbon with stock code LUZ
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Multicare	Multicare-Seguros de Saúde, S.A.
Mybank	Zhejiang E-Commerce Bank Co., Ltd.
Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd.
Peak Reinsurance	Peak Reinsurance Company Limited
Pramerica-Fosun China Opportunity Fund	Pramerica - Fosun China Opportunity Fund, L.P.
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd.
PRC or China	the People's Republic of China
Reporting Period	the year ended 31 December 2017
Rio Bravo	Rio Bravo Investimentos S.A.
RMB	Renminbi, the official currency of the PRC
ROC	Roc Oil Company Limited
Sanyuan Foods	Beijing Sanyuan Foods Co., Ltd., a company whose A shares are listed on the SSE with stock code 600429
SFO	the Securities and Futures Ordinance (Charter 571) of the laws of

	Hong Kong
Shanghai Henlius	Shanghai Henlius Biotech Co., Ltd.
Share(s)	the share(s) of the Company
Share Award Scheme	the share award scheme adopted by the Company on 25 March 2015, as amended from time to time
Silver Cross	Silver Cross Nurseries Limited
Sinopharm	Sinopharm Group Co., Ltd., a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01099
Sisram	Sisram Medical Ltd, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01696
SSE	the Shanghai Stock Exchange
Star Healthcare	Shanghai Star Healthcare Co., Ltd.
Starcastle Senior Living	Shanghai Starcastle Senior Living Co., Ltd.
St Hubert	St Hubert SAS
St John	St John Knit International Inc.
Studio 8	Studio 8, LLC
Thomas Cook	Thomas Cook Group plc
Tom Tailor	TOM TAILOR Holding AG
Tsingtao Brewery	Tsingtao Brewery Company Limited, a company whose A shares are listed on the SSE with stock code 600600, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 00168
USD	United States dollars, the official currency of the United States
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited
Yuyuan	Shanghai Yuyuan Tourist Mart Co., Ltd., a company whose A shares are listed on the SSE with stock code 600655

By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

27 March 2018

As at the date of this announcement, the executive directors of the Company are Mr. Guo Guangchang, Mr. Wang Qunbin, Mr. Chen Qiyu, Mr. Xu Xiaoliang, Mr. Qin Xuetang, Mr. Wang Can, Ms. Kang Lan and Mr. Gong Ping; and the independent non-executive directors are Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang, Mr. Yang Chao and Dr. Lee Kai-Fu.