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 2020

FINANCIAL SUMMARY

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

LETTER TO SHAREHOLDERS

Dear distinguished shareholders,

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

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

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

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

Global battle against the pandemic, every minute counts

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

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

Fosun upgraded its strategy in the most challenging year

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

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

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

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

Pressing on with globalization and further deepening global cooperation

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

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

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

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

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

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

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

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

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

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

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

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

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

Adhering to our core strategies while bringing innovations and changes

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

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

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

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

Honing skills and evolving organization and mechanism comprehensively

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

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

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

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

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

Having faced the once-in-a-century global crisis, we firmly believe we not only can calmly cope with problems that may arise but also can turn adversities into opportunities by evolving

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

our strategy continually, stepping up our technology innovation and the reform of our organization. With vision and its globalized resources, Fosun will spare no effort to create more good products and enhance customer operations while identifying good opportunities in the market and accelerating the optimization of its assets and integration of its various businesses, with a view to becoming a world-class family-oriented consumer group.

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

Guo Guangchang

30 March 2021

BUSINESS OVERVIEW

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

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

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

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

Health Segment

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

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

Smooth progress has also been made in the application for approvals for the commercialization of new medicines developed by Shanghai Henlius. Such new medicines have contributed to revenue. In April 2020, Shanghai Henlius' biopharmaceutical manufacturing facility in Xuhui District, Shanghai has passed the Good Manufacturing Practice (GMP) certification by EU in respect of HLX02 trastuzumab injection (trade name in Chinese Mainland: 漢曲優®; trade name in EU: Zercepac®) drug substance (DS) and drug product (DP) lines. In July and August 2020, approvals have been granted by the European

Commission and the NMPA respectively for the marketing and sales of HLX02. In September 2020, the production line in Xuhui District, Shanghai, has passed the on-site inspection by Shanghai Medical Products Administration regarding HLX03 (trade name in China: 漢達遠®) drug substance (DS) south production line and drug product (DP) No.1 production line. Meanwhile, new drug application (NDA) of bevacizumab biosimilar HLX04 has been accepted by the NMPA in September.

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

Happiness Segment

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

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

Wealth Segment

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

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

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

Intelligent Manufacturing Segment

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

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

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

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

GOALS for 2021

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

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

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

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

ASSET ALLOCATION OF THE GROUP

Unit: RMB million

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

Corporate Structure of Main Business[1] (as of 31 December 2020)

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

Notes:

1. This simplified corporate structure illustrates the key investments of the Group only. The equity percentage reflects the total direct shareholdings held by the Group, associates, joint ventures and funds managed by the Group as at 31 December 2020. The companies marked in the solid line boxes are consolidated investments of the Group, and the companies marked in the dotted-line boxes are non-consolidated investments of the Group. The companies marked in the shaded boxes are channels for C-end top priority of the Group.
2. The companies marked in the light blue boxes are invested by Fosun Pharma. For specific information, please refer to the disclosure of Fosun Pharma. The company marked in the light brown box is invested by Sanyuan Foods. For specific information, please refer to the disclosure of Sanyuan Foods.
3. The companies marked in the light yellow boxes are invested by Yuyuan. For specific information, please refer to the disclosure of Yuyuan. The companies marked in the light orange boxes are invested by FTG. For specific information, please refer to the disclosure of FTG.
4. The companies marked in the light green boxes are invested by Nanjing Iron & Steel. For specific information, please refer to the disclosure of Nanjing Iron & Steel. The company marked in the light purple box is invested by Hainan Mining. For specific information, please refer to the disclosure of Hainan Mining.
5. As at the date of this announcement, the equity interest held by the Group in Fosun Pharma increased to 39.39% through purchasing the shares of Fosun Pharma from the secondary market.
6. The Company and Fidelidade held 49% and 50.85% equity interest in Luz Saúde, respectively. Therefore, the Group held 92.22% effective equity interest in Luz Saúde.
7. Shanghai Zhuli holds the “Fosun Integrated Care” brand. As at the end of the Reporting Period, the Group held 95% and 5% equity interest in Shanghai Zhuli through a wholly-owned subsidiary and a fund under management of the Group, respectively. As of March 2021, the Group held 90.91% equity interest in Shanghai Zhuli after the introduction of strategic investment.
8. The Company through its wholly-owned subsidiary and a fund under management of the Group held 16.67% and 3.78% equity interest, respectively, in Sanyuan Foods. The Group held 37.27% effective equity interest in such fund. Therefore, the Group held 18.08% effective equity interest in Sanyuan Foods.
9. St Hubert SAS was held 98.12% by an associate of the Group in which the Group held 51% equity interest.
10. The Company and its wholly-owned subsidiary held 27.77% equity interest in BabyTree, and Fidelidade held 0.14% equity interest. Thus the Group held 27.88% effective equity interest in BabyTree as at the end of the Reporting Period. As at the date of this announcement, the effective equity interest held by the Group in BabyTree increased to 28.14%.
11. Yuyuan held 38% equity interest in Jinhui Liquor, therefore, the Group held 26.06% effective equity interest in Jinhui Liquor.
12. The Group purchased 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd. by auction on 31 December 2020, which held 29.95% equity interest in Shede Spirits Co., Ltd. (“**Shede Spirits**”). As at the date of this announcement, this transaction was completed.
13. The Group held 58.81% equity interest in Nanjing Iron & Steel through Nanjing Nangang, a joint venture of the Group.
14. The Group held 49% equity interest in ROC through a wholly-owned subsidiary and Hainan Mining held 51% equity interest in ROC, therefore, the Group held 75.30% effective equity interest in ROC.
15. FFT was 100% held by a subsidiary of the Group which was invested through the funds managed by the Group.
16. The Group through its wholly-owned subsidiary and a fund under management of the Group held 21.73% and 2.82% equity interest, respectively, in JEVE. The Group held 22.14% effective equity interest in such fund. Therefore, the Group held 22.35% effective equity interest in JEVE.

HEALTH

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

Unit: RMB million

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

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

Fosun Pharma

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

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

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

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

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

Shanghai Henlius

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

Shanghai Henlius has strong global product commercialization capability. Commercialization team of Shanghai Henlius is divided into five sections: market promotion, channel management, pricing and market access, domestic sales, and strategic planning, covering the whole process of commercialization, and realized steady growth of product sales. After the launch of 漢利康®, China's first monoclonal antibody approved in accordance with the Guidelines for Biosimilar Drugs in 2019, two core products of Shanghai Henlius, 漢曲優® (trastuzumab injection, EU brand name: Zercepac®) and 漢達遠®, were successively approved and marketed. As at the end of the Reporting Period, Shanghai Henlius realized an operating income of RMB587.6 million, representing an increase of 546% compared to last year which includes the sales revenue of approximately RMB 288.2 million for 漢利康®, that of approximately RMB109.5 million for 漢曲優® and that of approximately RMB1.2 million for 漢達遠®.

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

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

Gland Pharma

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

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

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

Enoxaparin Sodium, Heparin Sodium, Vancomycin, Caspofungin, Daptomycin, Levetiracetam, etc.

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

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

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

Sisram Med

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

During the Reporting Period, Sisram Med recorded total revenue of USD162.1 million, representing a year-on-year decrease of 6.6%. The decrease is attributed to the COVID-19 impact on the global economy. However, Sisram Med displayed performance recovery signs in the second half of the year and recorded a year-on-year increase of 3% in revenue.

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

<u>Fosun Integrated Care (Shanghai Zhuli)</u>

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

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

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

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

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

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

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

Fosun United Health Insurance

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

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

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

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

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

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

HAPPINESS

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

Unit: RMB million

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

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

Yuyuan

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

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

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

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

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

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

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

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

Jinhui Liquor

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

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

During the Reporting Period, Jinhui Liquor recorded revenue of RMB1,730.7 million, representing an increase of 5.89% year-on-year, with the net profit attributable to shareholders of the listed company of RMB331.3 million, representing an increase of 22.44% year-on-year.

Among them, in the second half of 2020, the operating revenue was RMB1,019.1 million with a year-on-year growth of 24.35%. According to the data of different regions, the annual growth rate of sales revenue outside Gansu Province was 38.46% and the growth rate was 51.98% in the second half of 2020.[2]

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

FTG

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

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

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

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

Due to the global outbreak of COVID-19 epidemic, all resorts of Club Med were temporarily closed for several months. Most resorts were temporarily closed during late March till June 2020. Despite the increasing reception capacity in July and August 2020, the second wave of COVID-19 pandemic in October forced several resorts to postpone the reopening or even shut down again in September 2020. During the Reporting Period, the revenue of Club Med decreased by 58.4% on a year-on-year basis due to the decrease in resort capacity by 54.7%. Both the occupancy rate and revenue performance of Club Med in the second half of 2020 were not better than that in the first half. In the future three years, FTG plans to open 16 new resorts worldwide, eight of which are in China, renovate and extend capacity in more than 10 resorts worldwide. Four new resorts including the Exclusive Collection Seychelles resort, Quebec Charlevoix resort, Club Med Lijiang and Tangshan resorts in China will open in 2021.

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

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

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

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

WEALTH

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

Insurance

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

Unit: RMB million

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

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

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

Fosun Insurance Portugal[3]

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

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

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

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

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

Following the acquisition of 51% equity interest in La Positiva in 2019, Fosun Insurance Portugal's Peruvian operation has reached the third position in the local insurance market with

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

a market share of 13.4% in November 2020 (12.7% in 2019). In January 2020, FID Chile, a non-life insurance subsidiary of Fosun Insurance Portugal in Chile, has initiated its operations. During the Reporting Period, Fosun Insurance Portugal's international business (overseas markets except Portugal) recorded overall premiums of EUR862.9 million representing 24.3% of its total premiums.

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

Peak Reinsurance

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

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

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

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

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

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

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

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

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

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

<u>Pramerica Fosun Life Insurance</u>

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

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

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

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

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

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

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

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

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

Asset Management

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

Unit: RMB million

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

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

Fosun Capital

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

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

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

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

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

Fosun RZ Capital

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

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

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

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

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

Hauck & Aufhäuser Privatbankiers AG (H&A)

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

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

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

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

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

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

H&A's growth story has gained recognition from the public, as a result of which the bank received several awards including "Best Private Bank in Germany 2020", "Germany's Most Popular Bank", "Leading Employers 2021 in Germany". Meanwhile, it has been actively fulfilling the requirements for environmental and social governance development to continuously optimize its corporate governance.

<u>BCP</u>

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

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

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

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

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

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

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

The Bund Finance Center ("BFC")

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

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

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

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

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

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

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

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

Intelligent Manufacturing

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

Unit: RMB million

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

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

Nanjing Iron & Steel

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

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

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

During the Reporting Period, Nanjing Iron & Steel overcame the impact of the pandemic, flood, price increase of iron ore, and actively responded to the downward pressure of the economy and the constraints of supply chain resources. Nanjing Iron & Steel improves the high-quality steel products with "high-efficiency production and low-cost intelligent manufacturing". It adjusted order delivery and product structure according to work resumption in the industry downstream, helped companies in the downstream to resume work and production, and ensured the stable supply of steel for important domestic projects. During the Reporting Period, Nanjing Iron & Steel's operating revenue reached RMB53,122.9

million, representing a year-on-year increase of 10.74%. The net profit attributable to shareholders of the listed company was RMB2,845.9 million, representing a year-on-year increase of 9.20%, of which the net profit attributable to shareholders of the listed company in the second half of the year was RMB1,730.3 million, representing an increase of 55.10% over the first half of the year. Total R&D investment in 2020 amounted to RMB2,125.0 million, accounting for 4.00% of revenue and representing a 16.57% year-on-year growth. Nanjing Iron & Steel maintained its competitive advantage in the industry.

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

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

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

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

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

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

Hainan Mining

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

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

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

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

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

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

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

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

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

FFT

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

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

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

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

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

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

FINANCIAL REVIEW

Net Interest Expenditures

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

Tax

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

Indebtedness and Liquidity of the Group

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

Total Debt to Total Capital Ratio

As of 31 December 2020, the ratio of total debt to total capital was increased to 54.3% as compared with 53.5% as of 31 December 2019. Healthy debt ratios and abundant funds can reinforce the Group's ability to defend against external risk exposure and ensure the Group to capture investment opportunities.

Available Facilities

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

Interest Coverage

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

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

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	3	136,629,482	142,982,128
Cost of sales		(86,058,947)	(89,026,695)
Gross profit		50,570,535	53,955,433
Other income and gains	3	22,422,645	27,372,228
Selling and distribution expenses		(20,600,768)	(22,158,534)
Administrative expenses		(22,572,515)	(21,866,197)
Other expenses		(7,841,919)	(5,371,828)
Finance costs	4	(9,981,696)	(10,220,849)
Amount reported in profit or loss applying the overlay approach		(294,869)	(1,323,143)
Share of profits of:			
Joint ventures		1,387,339	2,045,361
Associates		3,885,176	5,084,857
PROFIT BEFORE TAX	5	16,973,928	27,517,328
Tax	6	(5,873,450)	(7,347,951)
PROFIT FOR THE YEAR		11,100,478	20,169,377
Attributable to:			
Owners of the parent		8,017,940	14,800,912
Non-controlling interests		3,082,538	5,368,465
		11,100,478	20,169,377
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
- For profit for the year (RMB)	8	0.94	1.73
Diluted			
- For profit for the year (RMB)	8	0.94	1.73

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2020

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

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
Year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
OTHER COMPREHENSIVE INCOME (continued)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods: (continued)		
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(1,099,136)	2,870,400
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Revaluation gain upon transfer from owner-occupied property to investment property	4,858	312
Income tax effect	(1,046)	27
	3,812	339
Actuarial reserve relating to employee benefits	(50,942)	(105,481)
Income tax effect	1,879	11,937
	(49,063)	(93,544)
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	(246,103)	(916,113)
Income tax effect	7,461	335,161
	(238,642)	(580,952)
Share of other comprehensive income/(loss) of associates	118,710	(48,603)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(165,183)	(722,760)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(1,264,319)	2,147,640
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	9,836,159	22,317,017
Attributable to:		
Owners of the parent	7,532,821	16,541,197
Non-controlling interests	2,303,338	5,775,820
	9,836,159	22,317,017

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2020

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

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2020

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

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2020

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

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2020

	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	140,463,287	125,548,919
Deposits from customers	69,570	141,815
Derivative financial instruments	671,197	588,393
Deferred income	1,184,499	1,185,697
Other long term payables	16,035,233	18,364,777
Deferred tax liabilities	16,654,453	15,720,248
Provision for outstanding claims	19,265,658	17,831,984
Financial liabilities for unit-linked contracts	4,071,609	951,156
Investment contract liabilities	50,856,395	61,003,956
Other life insurance contract liabilities	24,037,018	24,361,463
Insurance and reinsurance creditors	132,202	146,361
Contract liabilities	700,277	513,067
Due to banks and other financial institutions	944,141	-
Due to the holding company	3,000,000	-
Due to related companies	923,453	-
Financial liabilities at fair value through profit or loss	2,000	-
Total non-current liabilities	279,010,992	266,357,836
Net assets	193,086,627	180,924,216

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2020

	2020 RMB'000	2019 RMB'000
EQUITY		
Equity attributable to owners of the parent		
Share capital	36,785,936	36,714,828
Treasury shares	(163,600)	(130,259)
Other reserves	91,189,690	85,967,773
	127,812,026	122,552,342
Non-controlling interests	65,274,601	58,371,874
Total equity	193,086,627	180,924,216

1. BASIS OF PRESENTATION AND CHANGES IN 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 financial assets which have been measured at fair value. Non-current assets/assets of a disposal group classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 December 2020 and 2019 included in this announcement of annual results 2020 does not constitute the Company's statutory annual consolidated financial statements for those years but, 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 Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2020 in due course.

The Company's auditor has reported on these financial statements of the Group for both years. The auditor's reports were 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.

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

1.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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

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

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

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 201*8 and following revised HKFRSs for the first time for the current year's financial statements.

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

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

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. OPERATING SEGMENT INFORMATION

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

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

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

(iii) The Insurance segment mainly engages in the operation of and investment in the insurance businesses;

(iv) The Asset Management segment comprises principally the operation and investment of asset managements, market investments, and investments in other companies of the Group; and

(v) The Intelligent Manufacturing segment comprises principally the operation of and investment in the intelligent manufacture and iron, steel and ore production.

Both the Insurance segment and the Asset management segment listed above belong to Wealth sector of the Group.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. During the year, as management changed the structure of the Group’s internal organisation to match its business development strategy in a manner that caused to change the Group’s composition of its reportable segments, some entities in the Group were re-allocated to reflect such change. Segment performance is evaluated based on reportable segment profit or loss, which is measured consistently with the Group’s profit or loss after tax. The head office and corporate expenses are allocated to each reportable segments based on their respective utilization of internal resources. Certain interest-bearing bank and other borrowings which are managed on the group basis are allocated to each reportable segments based on their respective utilization of the financing.

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

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2020

	Health	Happiness	Wealth		Intelligent Manufacturing		
			Insurance	Asset Management		Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	33,833,815	55,727,030	29,840,096	12,278,296	4,950,245	-	136,629,482
Inter-segment sales	773,298	177,447	-	401,354	-	(1,352,099)	-
Total revenue	34,607,113	55,904,477	29,840,096	12,679,650	4,950,245	(1,352,099)	136,629,482
Segment results							
Profit before tax	5,354,993	1,989,536	2,440,834	5,000,435	2,272,152	(84,022)	16,973,928
Tax	(685,162)	(2,585,823)	(844,327)	(1,670,665)	(87,473)	-	(5,873,450)
Profit/(loss) for the year	4,669,831	(596,287)	1,596,507	3,329,770	2,184,679	(84,022)	11,100,478
Segment and total assets	100,117,588	178,506,250	214,233,433	243,338,968	42,055,524	(10,571,162)	767,680,601
Segment and total liabilities	45,006,099	123,472,719	193,525,754	207,315,956	15,041,512	(9,768,066)	574,593,974

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2020 (continued)

	Health	Happiness	Wealth		Intelligent Manufacturing	Eliminations	Total
			Insurance	Asset Management			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information:							
Interest and dividend income	231,771	341,839	3,558,028	718,125	51,599	(184,876)	4,716,486
Other income and gains (excluding interest and dividend income)	3,185,115	2,167,164	3,551,065	8,578,992	225,300	(1,477)	17,706,159
Amount reported in profit or loss applying the overlay approach	-	-	(294,869)	-	-	-	(294,869)
Impairment losses recognised in the statement of profit or loss, net	(283,601)	(376,370)	(322,264)	(1,700,471)	(207,157)	8,575	(2,881,288)
Finance costs	(1,127,255)	(2,275,467)	(1,774,037)	(4,715,597)	(271,148)	181,808	(9,981,696)
Share of profits and losses of							
- Joint ventures	(128,299)	11,873	(104,340)	543,745	1,069,596	(5,236)	1,387,339
- Associates	1,742,512	(47,616)	536,542	597,419	1,187,359	(131,040)	3,885,176
Depreciation and amortisation	(1,721,124)	(3,785,955)	(691,477)	(701,121)	(603,886)	-	(7,503,563)
Research and development costs	(2,800,802)	(109,012)	-	(22,234)	(72,447)	-	(3,004,495)
(Loss)/Gain on fair value adjustments of investment properties	-	(108,685)	328,803	1,527,111	-	-	1,747,229
Fair value gain/(loss) on financial assets at fair value through profit or loss	1,422,996	34,026	160,671	1,531,389	1,971	(7,922)	3,143,131
Investments in joint ventures	391,531	678,734	1,411,336	11,155,045	12,386,380	(401,640)	25,621,386
Investments in associates	25,534,198	10,300,345	10,484,791	38,231,665	9,733,136	(2,029,762)	92,254,373
Capital expenditure*	4,651,792	2,996,840	2,635,634	1,393,849	633,266	-	12,311,381

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2019 (restated)

	Health	Happiness	Wealth		Intelligent Manufacturing		
			Insurance	Asset Management		Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	32,149,321	67,673,918	31,278,161	8,297,247	3,583,481	-	142,982,128
Inter-segment sales	570,817	197,706	-	175,200	-	(943,723)	-
Total revenue	32,720,138	67,871,624	31,278,161	8,472,447	3,583,481	(943,723)	142,982,128
Segment results							
Profit before tax	4,965,330	6,655,546	1,769,794	10,805,948	3,400,564	(79,854)	27,517,328
Tax	(782,167)	(4,030,134)	(550,554)	(1,902,681)	(94,799)	12,384	(7,347,951)
Profit for the year	4,183,163	2,625,412	1,219,240	8,903,267	3,305,765	(67,470)	20,169,377
Segment and total assets	91,820,897	165,600,983	210,309,384	226,453,572	31,051,645	(9,555,285)	715,681,196
Segment and total liabilities	43,637,095	110,558,433	195,986,572	188,726,475	5,723,468	(9,875,063)	534,756,980

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2019 (restated) (continued)

	Health	Happiness	Wealth		Intelligent Manufacturing		
			Insurance	Asset Management		Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information:							
Interest and dividend income	211,163	370,546	3,431,356	1,029,193	51,501	(148,779)	4,944,980
Other income and gains (excluding interest and dividend income)	2,932,848	1,392,035	6,039,845	11,946,136	175,922	(59,538)	22,427,248
Amount reported in profit or loss applying the overlay approach	-	-	(1,323,143)	-	-	-	(1,323,143)
Impairment losses recognised in the statement of profit or loss, net	(504,450)	(387,781)	137,762	(357,886)	(2,005)	-	(1,114,360)
Finance costs	(1,277,487)	(2,115,185)	(1,803,383)	(4,959,043)	(199,002)	133,251	(10,220,849)
Share of profits and losses of							
- Joint ventures	(63,367)	(11,880)	(134,984)	639,071	1,616,067	454	2,045,361
- Associates	1,576,717	(277,166)	534,568	1,736,261	1,565,380	(50,903)	5,084,857
Depreciation and amortisation	(1,512,299)	(3,479,462)	(705,029)	(563,440)	(437,755)	-	(6,697,985)
Research and development costs	(2,055,004)	(87,574)	(40)	(36,945)	(2,717)	-	(2,182,280)
Gains on fair value adjustments of investment properties	-	97,421	494,842	1,051,285	-	-	1,643,548
Fair value (loss) / gain on financial assets at fair value through profit or loss	(40,185)	121,558	2,367,430	(784,021)	40,988	(1,867)	1,703,903
Investments in joint ventures	387,050	743,163	808,941	11,601,717	12,216,784	-	25,757,655
Investments in associates	24,085,811	9,411,873	9,179,974	36,354,045	10,381,455	(1,033,652)	88,379,506
Capital expenditure*	4,073,154	3,917,779	4,613,436	2,776,805	1,009,004	-	16,390,178

2. OPERATING SEGMENT INFORMATION (continued)

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

Geographical information

(a) REVENUE FROM EXTERNAL CUSTOMERS

	2020 RMB'000	2019 RMB'000
Chinese Mainland	80,609,556	78,837,056
Portugal	16,882,535	18,806,130
Other countries and regions	39,137,391	45,338,942
	136,629,482	142,982,128

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

(b) NON-CURRENT ASSETS

	2020 RMB'000	2019 RMB'000
Chinese Mainland	233,194,431	212,001,724
Portugal	26,465,939	27,841,362
Other countries and regions	60,378,202	60,628,880
	320,038,572	300,471,966

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

Information about a major customer

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2020 and 2019.

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 the insurance business, the value of services rendered and rental income from investment properties during the year.

An analysis of revenue, other income and gains is as follows:

	Notes	2020 RMB'000	2019 RMB'000
Revenue			
Revenue from contracts with customers			
- Sale of goods	(1)	81,673,247	78,877,923
- Rendering of services	(2)	23,545,111	31,147,565
		105,218,358	110,025,488
Revenue from other sources			
- Insurance revenue	(3)	29,508,505	31,071,816
- Rental income		1,875,296	1,772,643
- Interest income		555,104	590,691
		31,938,905	33,435,150
Others			
- Less: Government surcharges		(527,781)	(478,510)
		136,629,482	142,982,128

(1) Sale of goods:

	2020 RMB'000	2019 RMB'000
Pharmaceuticals and medical products	25,334,154	24,967,129
Properties	23,249,943	23,987,470
Gold and jewelleries	22,167,937	20,456,986
Ore products	1,996,100	2,662,183
Oil and gas	646,226	976,815
Others	8,278,887	5,827,340
	81,673,247	78,877,923

(2) Rendering of services:

	2020 RMB'000	2019 RMB'000
Tourism	7,029,804	14,644,634
Healthcare	7,129,663	7,002,312
Property agency	462,410	520,311
Property management	1,522,074	1,210,884
Asset management	870,373	717,304
Fee and commission income	1,628,845	1,388,926
Others	4,901,942	5,663,194
	23,545,111	31,147,565

3. REVENUE, OTHER INCOME AND GAINS (continued)

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

	2020 RMB’000	2019 RMB’000
Revenue (continued)		
(3) Insurance revenue:		
Gross premiums written	38,041,100	38,317,001
Less: Premiums ceded to reinsurers and retrocessionaires	(7,397,160)	(6,176,644)
Net premiums written	30,643,940	32,140,357
Change in unearned premium provisions, net of reinsurance	(1,135,435)	(1,068,541)
Net earned premiums	29,508,505	31,071,816

Performance obligations

Information about the Group’s performance obligations is summarised below:

SALE OF GOODS
The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 360 days from delivery, or payment in advance is required in some cases.

SALE OF COMPLETED PROPERTIES
If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. Otherwise, revenue is recognised at the point in time when the customer obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

SERVICE INCOME
The performance obligation is satisfied over time as services are rendered and the customer simultaneously receives and consumes the benefits. Short-term advances are normally required before rendering the services.

3. REVENUE, OTHER INCOME AND GAINS (continued)

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

Disaggregated revenue information

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2020

Segments:

	Health	Happiness	Wealth		Intelligent Manufacturing	Total
			Insurance	Asset Management		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services						
Sale of goods	25,741,624	45,219,431	-	5,762,514	4,949,678	81,673,247
Rendering of services	8,190,163	10,354,813	332,380	4,603,044	64,711	23,545,111
	33,931,787	55,574,244	332,380	10,365,558	5,014,389	105,218,358
Timing of revenue recognition						
Goods transferred at a point in time	25,741,624	45,219,431	-	5,762,514	4,949,678	81,673,247
Services transferred over time	8,190,163	10,354,813	332,380	4,603,044	64,711	23,545,111
	33,931,787	55,574,244	332,380	10,365,558	5,014,389	105,218,358

3. REVENUE, OTHER INCOME AND GAINS (continued)

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

Disaggregated revenue information

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2019 (restated)

	Health	Happiness	Wealth		Intelligent Manufacturing	Total
			Insurance	Asset Management		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Type of goods or services						
Sale of goods	24,631,356	49,139,419	-	1,468,151	3,638,997	78,877,923
Rendering of services	7,682,843	18,398,519	206,823	4,859,380	-	31,147,565
	32,314,199	67,537,938	206,823	6,327,531	3,638,997	110,025,488
Timing of revenue recognition						
Goods transferred at a point in time	24,631,356	49,139,419	-	1,468,151	3,638,997	78,877,923
Services transferred over time	7,682,843	18,398,519	206,823	4,859,380	-	31,147,565
	32,314,199	67,537,938	206,823	6,327,531	3,638,997	110,025,488

3. REVENUE, OTHER INCOME AND GAINS (continued)

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

	2020 RMB'000	2019 RMB'000
Other income		
Interest income	1,100,648	1,187,351
Dividends and interest from financial assets at fair value through profit or loss	1,280,682	1,429,503
Dividends from equity investments at fair value through other comprehensive income	49,473	2,724
Interest income from debt investments at fair value through other comprehensive income	2,285,683	2,325,402
Rental income	615,402	671,678
Government grants	792,352	585,747
Consultancy and other service income	539,007	579,199
Fee income relating to investment contracts and reinsurance profit sharing	718,387	666,428
Others	1,015,712	954,163
	8,397,346	8,402,195

3. REVENUE, OTHER INCOME AND GAINS (continued)

	2020 RMB'000	2019 RMB'000
Gains		
Gain on disposal of subsidiaries	5,072	4,029,184
Gain on bargain purchase of subsidiaries	-	64,338
Gain on remeasurement of previously held interests in step acquisitions of subsidiaries	832,742	61,464
Gain on disposal/partial disposal of associates	1,889,842	8,518,506
Gain on deemed disposal of associates	531,101	153,797
Gain on bargain purchase of associates	3,471,769	-
Gain on disposal of debt investments at fair value through other comprehensive income	314,899	416,358
Gain on disposal of items of property, plant and equipment	-	307,497
Gain on disposal of items of intangible assets	598,513	93,252
Gain on disposal of investment properties	-	348,800
Gain on fair value adjustment of financial assets at fair value through profit or loss	3,143,131	1,703,903
Gain on derivative financial instruments	1,311,498	-
Gain on fair value adjustment of investment properties	1,747,229	1,643,548
Gain on rent concessions as a result of the COVID-19 pandemic	179,503	-
Exchange gain, net	-	1,629,386
	14,025,299	18,970,033
Other income and gains	22,422,645	27,372,228

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 RMB'000	2019 RMB'000
Interest on bank and other borrowings (including convertible bonds)	10,519,867	10,879,212
Incremental interest on other long term payables	16,881	18,241
Interest on lease liabilities	654,878	579,914
	11,191,626	11,477,367
Less: Interest capitalised, in respect of bank and other borrowings	1,687,512	1,604,987
Interest expenses, net	9,504,114	9,872,380
Interest on discounted notes	14,155	15,638
Bank charges and other financial costs	463,427	332,831
Total finance costs	9,981,696	10,220,849

5. PROFIT BEFORE TAX

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

	2020 RMB'000	2019 RMB'000
Cost of sales:		
Cost of inventories sold	51,379,549	46,333,031
Cost of services provided	34,679,398	42,693,664
	86,058,947	89,026,695
Staff costs:		
Wages and salaries	16,430,868	15,500,715
Accommodation benefits:		
Defined contribution fund	673,949	655,551
Retirement costs:		
Defined contribution fund	333,484	552,894
Defined benefit fund	169,381	267,742
Equity-settled share-based payments	326,175	456,238
Total staff costs	17,933,857	17,433,140

5. PROFIT BEFORE TAX (continued)

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

	2020 RMB'000	2019 RMB'000
Research and development costs	3,004,495	2,182,280
Auditor's remuneration	10,350	10,100
Depreciation of items of property, plant and equipment	3,193,570	2,938,953
Depreciation of right-of-use assets	2,328,672	2,162,204
Amortisation of mining rights	23,199	12,163
Amortisation of oil and gas assets	305,905	319,406
Amortisation of intangible assets	1,652,217	1,265,259
Impairment of financial assets, net:		
- Impairment of receivables	587,195	208,480
- Provision/(reversal of) for impairment of debt investments measured at fair value through other comprehensive income	94,198	(150,588)
- Impairment of loans and advances to customers	31,198	75,326
- Provision for impairment of insurance and reinsurance debtors	203,186	4,694
- Provision for impairment of debt investments at amortised cost	3,395	14,182
- Impairment of finance lease receivables	20,377	16,372
Provision for inventories	93,027	11,197
Provision for impairment of oil and gas	194,623	-
Provision for impairment of completed properties for sale	41,973	1,866
Provision for impairment of items of property, plant and equipment	70,154	32,441
Provision for impairment of investments in associates	908,904	559,105
Provision for impairment of intangible assets	296,750	225,151
Provision for impairment of property under development	-	48,559
Provision for impairment of goodwill	336,308	67,575
Lease payment not included in the measurement of lease liabilities	396,468	511,005
Exchange loss/(gain), net	2,131,963	(1,629,387)
(Gain)/loss on derivative financial instruments	(1,311,498)	1,386,769
Ineffectiveness of hedges	-	106,113

* At 31 December 2020, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2019: Nil).

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

The provision for income tax of Peak Reinsurance Company Limited ("Peak Re") incorporated in Hong Kong acquired by the Group, is based on a preferential rate of 8.25% (2019: 8.25%).

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of the Group incorporated in Israel, is based on a preferential effective rate of 6.0% (2019: 9.0%).

The provision for income tax of Fidelidade - Companhia de Seguros, S.A., Multicare - Seguros de Saúde, S.A. and Fidelidade Assistência - Companhia de Seguros, S.A., subsidiaries incorporated in Portugal, is based on a rate of 31.5% (2019: 31.5%).

The provision for income tax of AmeriTrust Group, Inc. and its subsidiaries incorporated in the United States is based on a rate of 21% (2019: 21%).

The provision for income tax of Club Med Holding and its subsidiaries incorporated in France is based on a rate of 32.02% (2019: 34.43%).

The provision for income tax of Hauck & Aufhäuser Privatbankiers AG ("H&A") and its subsidiaries incorporated in Germany, acquired by the Group, is based on a rate of 32.10% (2019: 32.10%).

The provision for income tax of Gland Pharma Limited, and its subsidiaries incorporated in India, acquired by the Group, is based on a statutory rate of 25.17% in 2020 (2019: 27%).

6. TAX (continued)

The provision for income tax of entities incorporated in the Chinese Mainland was based on a statutory rate of 25% (2019: 25%) as determined in accordance with the Enterprise Income Tax Law of the People's Republic of China which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the Chinese Mainland, which were taxed at preferential rates ranging from 0% to 20%.

The major components of tax expenses for the years ended 31 December 2020 and 2019 are as follows:

	2020 RMB'000	2019 RMB'000
Current - Portugal, Hong Kong and others	1,270,327	710,106
Current - Chinese Mainland		
- Income tax in the Chinese Mainland for the year	2,594,811	3,674,306
- LAT in the Chinese Mainland for the year	2,197,932	2,886,484
Deferred	(189,620)	77,055
Tax expenses for the year	5,873,450	7,347,951

According to the tax notices issued by the relevant local tax authorities, the Group commenced to pay land appreciation tax ("LAT") at rates ranging from 0.5% to 5% on proceeds from the sale and pre-sale of properties from 2004. The Directors considered that the relevant tax authorities would unlikely impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

During the Year, the prepaid LAT of the Group amounted to RMB1,079,006,000 (2019: RMB1,010,594,000).

In addition, based on the latest understanding of the LAT regulations from the State Administration of Taxation, the Group made an additional LAT provision in the amount of RMB1,455,926,000 (2019:RMB1,875,890,000) in respect of the sales of properties in the year in accordance with the requirements set forth in the relevant PRC tax laws and regulations. During the year, unpaid LAT provision in the amount of RMB337,000,000 (2019: Nil) was reversed to the consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group.

7. DIVIDENDS

	2020 RMB'000	2019 RMB'000
2019 final dividend declared in 2020 – HKD0.27 per ordinary share (2018 final dividend declared in 2019 – HKD0.37 per ordinary share)	2,042,029	2,781,877
2020 interim dividend – Nil (2019: HKD0.13 per ordinary share)	-	977,244
	2,042,029	3,759,121

The proposed final dividend of HKD0.27 per ordinary share for the year ended 31 December 2019 was declared and approved by the shareholders at the annual general meeting of the Company on 3 June 2020, amounting to a total of approximately HKD2,295,730,000.

On 30 March 2021, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2020 of HKD0.22 per ordinary share, amounting to a total of approximately HKD1,853,446,000, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

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, adjusted to reflect the cash dividends distributed to the share award scheme and the weighted average number of ordinary shares of 8,483,146,200 (2019: 8,532,006,878) in issue during the year.

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

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

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	8,017,940	14,800,912
Less: Cash dividends distributed to the share award scheme	(1,708)	(3,831)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	8,016,232	14,797,081
Cash dividends distributed to the share award scheme	1,708	3,831
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	8,017,940	14,800,912

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

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	8,483,146,200	8,532,006,878
Effect of dilution – weighted average number of ordinary shares:		
- Share award scheme	6,759,770	6,320,858
- Share option scheme	13,510	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	8,489,919,480	8,538,327,736
Basic earnings per share (RMB)	0.94	1.73
Diluted earnings per share (RMB)	0.94	1.73

9. TRADE AND NOTES RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	8,665,245	7,586,989
Notes receivable	351,607	107,136
	9,016,852	7,694,125

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

	2020 RMB'000	2019 RMB'000
Outstanding balances with ages:		
Within 90 days	6,088,298	4,583,266
91 to 180 days	1,720,436	1,176,040
181 to 365 days	677,388	1,481,813
1 to 2 years	411,659	379,729
2 to 3 years	194,788	180,133
Over 3 years	263,274	186,557
	9,355,843	7,987,538
Less: Loss allowance for trade receivables	690,598	400,549
	8,665,245	7,586,989

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

	Credit terms
Health segment	90 to 180 days
Happiness segment	30 to 360 days

10. TRADE AND NOTES PAYABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Trade payables	15,885,833	16,338,761
Notes payables	2,410,671	379,705
	18,296,504	16,718,466

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

	2020 RMB'000	2019 RMB'000
Outstanding balances with ages:		
Within 90 days	8,913,013	7,890,570
91 to 180 days	1,632,474	1,826,778
181 to 365 days	3,017,718	2,531,034
1 to 2 years	1,600,842	2,657,181
2 to 3 years	504,710	455,079
Over 3 years	217,076	978,119
	15,885,833	16,338,761

Trade and notes payables of the Group mainly arose from the Health segment and Happiness segment. The trade and notes payables are non-interest-bearing and are normally settled on terms of 30 to 60 days or based on the progress of construction of properties.

11. EVENTS AFTER THE REPORTING PERIOD

1. On 31 December 2020, the Group's indirect subsidiary, Shanghai Yuyuan Tourist Mart (Group) Co., Ltd auctioned 70% stake of Sichuan Tuopai Shede Group Co., Ltd, held by Skyocean Holding Co., Ltd. at a price of RMB 4.53 billion. As of 30 March 2021, the Group indirectly holds a 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd.

2. On 27 January 2021, Fortune Star (BVI) Limited, an indirect subsidiary of the company, issued six-year senior notes with a par value of USD500 million and an interest rate of 5.05% per annum.

12. COMPARATIVE AMOUNTS

As stated in note 2 , the comparative segment information has been restated to reflect the change of the reporting segments of the Group.

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.

AUDIT COMMITTEE

As at the end of 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, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine. The main works of the Audit Committee, during the Reporting Period included reviewing the financial statements and reports of the Company; reviewing the relationship with the external auditors and reviewing 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 2020 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

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

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

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

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

Details of the repurchase are summarized as follows:

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

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

SHARE AWARD SCHEME

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

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

On 1 April 2020, the Board resolved to award an aggregate of 8,501,000 Award Shares (the "**2020 First Award Shares**") to 83 Selected Participants under the Share Award Scheme. Such Award Shares were settled by way of (i) issue and allotment of 7,633,680 Shares pursuant to a specific mandate obtained in the annual general meeting of the Company held on 3 June 2020; and (ii) 867,320 Award Shares which were lapsed before vesting. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the 2020 First Award Shares shall be transferred from the trustee, Computershare Hong Kong Trustees Limited (the "**Trustee**") to the Selected Participants upon expiry of the respective vesting period. As at the end of the Reporting Period, the 2020 First Award Shares have been fully issued to the Trustee.

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

SHARE OPTION SCHEME

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

The Board announced that on 1 April 2020, subject to the acceptance of relevant grantees, the Company has decided to grant 20,900,000 share options to subscribe for an aggregate of 20,900,000 Shares under the New Share Option Scheme.

The Board announced that on 28 August 2020, subject to the acceptance of relevant grantees, the Company has decided to grant 190,000 share options to subscribe for an aggregate of 190,000 Shares under the New Share Option Scheme.

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 2021.

GLOSSARY

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

FORMULA

EBITDA	=	profit for the year + tax + net interest expenditures + depreciation and amortisation
Interest coverage	=	EBITDA/net interest expenditures
Net interest expenditures	=	interest expenses, net + interest on discounted notes
Total debt	=	current and non-current interest-bearing bank and other borrowings
Total debt to total capital ratio	=	total debts/(shareholder's equity + total debt)

ABBREVIATIONS

AmeriTrust	AmeriTrust Group, Inc. (formerly known as Meadowbrook Insurance Group, Inc.)
BabyTree	BabyTree Group, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01761
Baihe Jiayuan	Baihe Jiayuan Network Group Co., Ltd (百合佳緣網絡集團股份有限公司)
BCP	Banco Comercial Português, S.A., a company whose shares are listed on the Euronext Lisbon with stock code BCP
Besino Environment	Besino Environment Ltd. (柏中環境科技（上海）有限公司)
the Board	the board of Directors
Bohe Health	Bohe Health Technology Co., Ltd. (上海薄荷健康科技股

	份有限公司)
Cainiao	Cainiao Network Technology Co., Ltd. (菜鳥網絡科技有限公司)
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
Chancheng Hospital	Foshan Chancheng Central Hospital Company Limited (佛山市禪城區中心醫院有限公司)
Club Med	Club Med SAS
the Company	Fosun International Limited
the Director(s)	the director(s) of the Company
EUR	Euro, the official currency of the Eurozone
FFG	Fosun Fashion Group (Cayman) Limited
FFT	FFT GmbH & Co. KGaA
Fidelidade	Fidelidade – Companhia de Seguros, S.A.
Fidelidade Assistência	Fidelidade Assistência – Companhia de Seguros, S.A. (formerly known as Cares – Companhia de Seguros, S.A.)
Fosun Capital	Shanghai Fosun Capital Investment Management Co., Ltd. (上海復星創富投資管理股份有限公司)
Fosun Hani Securities	Fosun Hani Securities Limited
Fosun Insurance Portugal	Fidelidade and the SPV (special purpose vehicle) which holds the equity interest in Fidelidade directly
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥（集團）股份有限公司), a company whose A shares are listed on the SSE with stock code 600196, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 02196
Fosun United Health Insurance	Fosun United Health Insurance Co., Ltd. (復星聯合健康保險股份有限公司)
FTG	Fosun Tourism Group, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01992

Gangbao	JM Digital Steel Inc. (江蘇金貿鋼寶電子商務股份有限公司), a company whose shares are listed on the NEEQ with stock code 834429
Gland Pharma	Gland Pharma Limited, a company whose shares are listed on the National Stock Exchange of India Limited and BSE Limited with stock code GLAND
the Group or Fosun	the Company and its subsidiaries
Guide	Guide Investimentos S.A. Corretora de Valores
H&A	Hauck & Aufhäuser Privatbankiers AG (formerly known as Hauck & Aufhäuser Privatbankiers KGaA)
Hainan Mining	Hainan Mining Co., Ltd. (海南礦業股份有限公司), a company whose shares are listed on the SSE with stock code 601969
HKD	Hong Kong dollars, the official currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IDERA	IDERA Capital Management Ltd.
INR	Indian Rupee, the official currency of India
JEVE	Tianjin EV Energies Co., Ltd. (天津市捷威動力工業有限公司)
Jinhui Liquor	Jinhui Liquor Co., Ltd. (金徽酒股份有限公司), a company whose shares are listed on the SSE with stock code 603919
La Positiva	La Positiva Seguros y Reaseguros S.A.
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Luz Saúde	Luz Saúde, S.A. (formerly known as ESPÍRITO SANTO SAÚDE – SGPS, SA)
Multicare	Multicare – Seguros de Saúde, S.A.
Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd. (南京鋼鐵股份有限公司),

	a company whose shares are listed on the SSE with stock code 600282
Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd. (南京南鋼鋼鐵聯合有限公司)
NEEQ	National Equities Exchange and Quotations
PAREF	Paris Realty Fund SA, a company whose shares are listed on the Euronext Paris with stock code PAR
Peak Reinsurance	Peak Reinsurance Company Limited
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd. (復星保德信人壽保險有限公司)
PRC or China	the People's Republic of China
Reporting Period	the year ended 31 December 2020
RMB	Renminbi, the official currency of the PRC
ROC	Roc Oil Company Pty Limited
Sanyuan Foods	Beijing Sanyuan Foods Co., Ltd. (北京三元食品股份有限公司), a company whose shares are listed on the SSE with stock code 600429
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanghai Henlius	Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange with stock code 02696
Shanghai Zhuli	Shanghai Zhuli Investment Co., Ltd. (上海助立投資有限公司)
Share(s)	the share(s) of the Company
Sinopharm	Sinopharm Group Co., Ltd. (國藥控股股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01099
Sisram Med	Sisram Medical Ltd, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01696

SSE	the Shanghai Stock Exchange
USD	United States dollars, the official currency of the United States
Wolves	Wolverhampton Wanderers Football Club
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited (永安財產保險股份有限公司)
Yuyuan	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城（集團）股份有限公司), a company whose shares are listed on the SSE with stock code 600655

By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

30 March 2021

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 and Mr. Gong Ping; the non-executive directors are Ms. Chen Shucui, Mr. Zhuang Yuemin and Mr. Yu Qingfei; and the independent non-executive directors are Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine.