FOSUN 復星

復星國際有限公司
FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00656)

堅韌致遠 厚積薄發

SUSTAIN RESILIENCE AND ACCUMULATE CAPABILITIES TO EMPOWER THE FUTURE

ANNUAL REPORT

Profit Attributable to Owners of the Parent

RMB

10,089.9

million

Sustain Resilience and Accumulate Capabilities to Empower the Future

Despite the volatile global epidemic situation in 2021, Fosun still demonstrated extraordinary resilience and risk resistance capacity, and posted growth in both revenue and profit, showing a sustainable gradual upward trend.

In 2022, Fosun enters into the 30 years of establishment, and "Sustain Resilience and Accumulate Capabilities to Empower the Future" can very well reflect the efforts of Fosun over the past 30 years, and also very well demonstrate Fosun's hope for the future. After 30 years of development, Fosun has developed into one of the few domestic companies that is equipped with global operations and investment capabilities, and accumulated profound technology and innovation capabilities. Through 30 years of accumulation, Fosun has built four core competencies, FC2M (Fosun Client-to-Maker) ecosystem, globalization, innovation-driven, and FES management system (Fosun Entrepreneurship/Ecosystem System).

The FC2M ecosystem can completely integrate all industries, scenarios and platforms. With the objectives of solving customer needs and achieving customer satisfaction, the FC2M ecosystem continuously provides products and services that satisfy customers, thereby promoting the quality and efficiency enhancement of the Group's industry operations. Fosun's globalization achievements are evident from combining China's growth momentum with global resources, to the mutual connection between China and the world. In the past year, Fosun's globalization strategy has been upgraded again, and it has comprehensively promoted "global organization + local operations", which has provided new impetus for the overall operational improvement and business expansion.

Fosun's robust technology and innovation capability is also an important core competency that drives the "multiplier growth" of the Group. In 2021, Fosun invested RMB8.9 billion (including expensed and capitalized R&D investment) to deepen technology and innovation capabilities. To date, it has obtained more than 1,500 patents for inventions and has more than 500 projects under development. Fosun believes that only continuous investment in innovation can safeguard the development of the industry, which will translate into future benefits to the Group. Meanwhile, the FES management system can integrate the practical experience of the Group in industry operations and investment, and provide systematic methodologies, tools and processes for Fosun's globalization, technology and innovation, and operation of the ecosystem, so as to help Fosun achieve the goal of sustainable high growth.

The four core competencies of Fosun are not only the support for Fosun's achievements today, but also the driving force for rapid "multiplier growth" in the future. Over the years, Fosun has endured different stages of development, but we have always adhered to the values of "Self-improvement, Teamwork, Performance, and Contribution to Society". Through the continuous strategic upgrade, we remain committed to our mission of serving one billion families worldwide and creating happier lives for families worldwide. Fosun has developed business for good with a customer-oriented focus. We always believe that people's pursuit of happier and brighter life remains unchanged regardless of the external situation. The mission of all Fosuners is to create happier lives for families worldwide. The significance of Fosun's existence is to bring more warmth and love to the society. All in all, happiness is Fosun, and it is also the direction that all Fosuners will strive for in the next 30 years.

堅韌致遠 厚積薄發

SUSTAIN RESILIENCE AND ACCUMULATE CAPABILITIES TO EMPOWER THE FUTURE

Financial Summary

In RMB million	For the year ended 31 December 2021	2020 (restated*)
Revenue	**161,291.2**	136,741.6
Health	**43,979.8**	34,607.1
Happiness	**66,898.3**	56,016.6
Wealth	**43,699.4**	42,519.8
Insurance	**32,149.3**	29,840.1
Asset Management	**11,550.1**	12,679.7
Intelligent Manufacturing	**7,736.9**	4,950.2
Eliminations	**(1,023.2)**	(1,352.1)
Profit/(loss) attributable to owners of the parent	**10,089.9**	7,999.6
Health	**2,029.0**	1,683.6
Happiness	**(593.9)**	(298.4)
Wealth	**5,160.1**	4,547.3
Insurance	**1,461.3**	1,158.2
Asset Management	**3,698.8**	3,389.1
Intelligent Manufacturing	**3,577.6**	2,102.7
Eliminations	**(82.9)**	(35.6)
Earnings per share – basic *(in RMB)*	**1.21**	0.94
Earnings per share – diluted *(in RMB)*	**1.21**	0.94
Dividend per share *(in HKD)*	**0.30**	0.22

* The segment information has been restated to reflect the Group's business combinations of entities under common control. Please refer to notes 2.4.1 and 5 to the audited consolidated financial statements for more operating segment information.

After 30 years of development, Fosun has grown into one of the few domestic enterprises that are equipped with global operation and investment capabilities, as well as accumulated profound technology and innovation capabilities. Over the years, Fosun has endured different stages of development, but we have always adhered to the values of "Self-improvement, Teamwork, Performance, and Contribution to Society". Through the continuous upgrade in strategic evolution, we remain committed to our mission of serving one billion families worldwide and creating happier lives for families worldwide.

GUO GUANGCHANG
Chairman
Fosun International Limited

Dear shareholders,

Since the global outbreak of the novel coronavirus pneumonia ("**COVID-19**") in early 2020, the pandemic situation remained volatile globally and new COVID-19 variants continued to emerge overseas. The battle between mankind and COVID-19 has changed from a "skirmish" to a protracted battle. We have also witnessed sporadic COVID-19 outbreaks in China. In facing the pandemic and other external negative factors, Fosun persevered and worked unremittingly, continued to develop its four major business segments, namely Health, Happiness, Wealth, and Intelligent Manufacturing, accelerated the implementation of "Profound Industry Operations + Industrial Investment" strategy, and successfully achieved our goal of group-wide steady growth. As a global innovation-driven consumer group, during the Reporting Period, the Group's operating revenue achieved RMB161.29 billion, representing a year-on-year increase of 18.0%, while profit attributable to owners of the parent achieved RMB10.09 billion, representing a year-on-year increase of 26.1%, and the profit of industrial operations[1] amounted to RMB10.59 billion, representing a steady year-on-year increase of 30.3%. Thank you to shareholders for your on-going support to Fosun, Fosuners will continue to work diligently to achieve better results in return for your trust in us.

Developing forward amid challenges, Upheld our original aspiration for 30 years

The past year has been a very unusual year, the global epidemic situation remained volatile, the geopolitical landscape changed abruptly, and "black swan" events emerged one after another. In the pandemic era, global political and economic uncertainties have increased drastically, posing severe challenges to capital markets, supply chain management, and production and operations of enterprises. Fosun responded effectively by leveraging on its industrial capabilities, proactive strategic and swift tactical adjustments. Fosun's ecosystem is much more beyond a simple hedging mechanism, in facing such a challenging operating environment, Fosun will be able to deploy global resources and leverage the multiplier effect to form its own internal ecosystem in order to protect the interests of customers and shareholders to create more value.

This year, Fosun enters into the 30th year of establishment. After nearly 30 years of development, Fosun has grown into one of the few domestic enterprises that is equipped with global operations, investment capabilities, and accumulated profound technology and innovation capabilities. Over the years, Fosun has endured different stages of development, but we have always adhered to the values of "Self-improvement, Teamwork, Performance, and Contribution to Society". Through the continuous upgrade in our strategic evolution, we remain committed to our mission of serving one billion families worldwide and creating happier lives for families worldwide. As a global enterprise rooted in China, we insist on increasing investment in technology and innovation, deepening our development in industry operations and industrial investment, in order to drive growth with innovation; we remain true to our original aspiration and strive for the well-being of the society. Fosun has developed business for good with a customer-oriented focus. We always believe that people's pursuit of happier and brighter life remains unchanged regardless of the external situation. The significance of the existence of an enterprise is to bring more warmth and love to the society. As the market becomes more volatile, the challenges become more complex, and Fosun's perseverance to stand firm on its strategy will become increasingly important. It is this perseverance that made the one and only Fosun today.

Investors often ask me, as Fosun has developed into one of the world's most diversified enterprises with businesses across many sectors today, can it be well-managed? I believe very much so, and organizational support is the key. In 2021, Fosun made a very important strategic upgrade that the Group has set up four committees of overseas operation, technology and innovation, ecosystem and FES to further affirm our strategic determination. In the future, we will continue to forge ahead with these four core drivers to safeguard the development of Fosun.

Globalization is an irreversible trend and win-win cooperation is the key to success

In 2021, the talks of de-globalization were rampant, but it was also precisely the moment that the value of Fosun's globalization capabilities became more apparent. During this period, the cost of labor, goods and capital have all increased significantly around the world, which poses challenges to business globally. Thanks to Fosun's globalization capabilities developed over the years, Fosun not only maintained a steady global development in the midst of the crisis, but also positioned itself to a head start on the path to the future global recovery.

[1] Includes the profit contribution from operation subsidiaries, associates and joint ventures which are under equity method accounting.

In 2021, Fosun established the Overseas Operation Committee to expedite Fosun's global organizational evolution and foster the multiplier growth of its global business. Fosun's international team and ecosystem members are the core of Fosun's globalization capabilities. While highly aligning with Fosun's values, they are able to execute and operate independently, adopt appropriate methods, and deep dive into the local markets to carry out product development, sales & segment expansion; the strategy is to have the vision to serve the world. HAL's acquisition of Bankhaus Lampe is an example demonstrating the ability to take root in the local market. Founded in 1852, Bankhaus Lampe is a well-established and longstanding private bank in Germany. HAL first proposed the acquisition of Bankhaus Lampe in 2020, and the acquisition was completed in September 2021. The HAL team and Fosun's German team overcame the difficulties of business travel and the challenges of the pandemic. Leveraging on its strong local execution capability, Fosun's presence as a global financial player was enhanced and upgraded.

On the other hand, having a vision to serve the world means that the organization must be equipped with cross regional, cultural, and organizational operation capabilities, and must develop a global mindset, especially the idea of connecting Chinese resources to the world. Taking Lanvin Group as an example, single-store sales of Lanvin in the U.S. market saw an explosive month-on-month growth in 2021, while its sales in China also maintained a triple-digit growth or above. Moreover, it has deeply penetrated the online market. The true sense of globalization enables our member companies to truly become active units of Fosun's globalization footprint, promoting the mutual connection between Fosun's development in China and overseas.

Just as the pandemic will eventually pass, the tides of de-globalization will not be the mainstream development in the future. I believe that from a long-term perspective, countries around the world have to build a coopetition (cooperation + competition) relationship, in which cooperation is more important than competition. Fosun has always been actively cooperating with major companies and talents around the world. Intuitive Fosun, our joint venture with Intuitive Medical in the United States, continued to promote the development of the Da Vinci Robotic Surgical Systems in China and established Asia Pacific's first innovation center in Shanghai; Fosun joined hands with BioNTech, a German biotechnology company, to jointly develop the COVID-19 mRNA vaccine (COMIRNATY®), which has been rolled out in Hong Kong, Macau and Taiwan region. I believe that, at the end of the day, we, as mankind, share more common interests than differences.

Synergy in the ecosystem and "multiplier growth"

As we enter next stage of digitalization economy, the advantages of internet platforms are gradually fading amid the increasing online customer acquisition costs. Traditional offline commercial operators tend to fall into the "sub-leasing" dilemma, compromising between the rental cost and operating performance. To break out of this dilemma, we must consider the online, offline platforms and the upstream industries together holistically, and Fosun's FC2M ecosystem provides a perfect foundation for such consideration.

The "F" in FC2M stands for both "Family" and "Fosun". Since Fosun started the mission of serving one billion families worldwide, we have understood our customers better, and we have linked Fosun's unique values together at a higher level. Fosun's C2M ecosystem is centered around family, with our product spectra in various industries covering different families and consumption scenarios. It also has the client ("**C-end**") interfaces covering online and offline as well as different demographics. It is a three-dimensional way to serve the all-round needs and living styles of family customers.

In the FC2M ecosystem, firstly, the Maker ("**M-end**") achieves cross-scenario and cross-platform sales growth while creating good products and delivering brand power. Leveraging on the "unique and good products", Fosun's product strategy is well-received by the market, and the first batch of good products have begun to become blockbusters with huge market impact. For instance, Laomiao's "Guyun Gold" series recorded sales of nearly RMB4 billion in 2021; Atlantis Sanya became a phenomenal tourist destination, with sales of RMB1.45 billion in 2021, representing a year-on-year increase of 18.6%.

Secondly, offline C-end business creates both new lifestyles and consumption scenarios that also help improve the quality and enhance the value of our business. The online platform portal on the other hand bring in more effective traffic, it preserves a membership system with member profiles exchangeable within the entire ecosystem. On the basis of this cognition, investment performance and profit indicators are no longer our only target and guidance. We have already taken the first step to explore this C-end strategy by onboarding our customers to a membership system across different businesses, and in the future, we aim to create an integrated membership system for our customers across different industries. As at the end of the Reporting Period, Fosun has accumulated 396 million operational members[2], representing

[2] Customers agreed to official member terms of the brand and authorized privacy right, provided personal information, including phone numbers in any channels, and who are identifiable, accessible and traceable, are defined as registered members (e.g. available members). Starting from 2021, this number includes customers accumulated in Fosun Health ecosystem.

an increase of 27 million compared with the previous year; both of the two flagship consumer platforms, Fosun Alliance and Fosun Health, have achieved upgrades and growth. Fosun Alliance has facilitated cross-sector consumption from 20% of its active members, and Fosun Health has accumulated 13.34 million registered users, and collaborated with 16 external and internal enterprises.

Lastly, with a flexible supply chain and a strong marketing team, the Link-end facilitates the efficiency and synergy of the entire ecosystem; we aim to achieve data-driven processing, flexible supply chain management as well as integration of production, supply and distribution process. In 2021, through our global supply chain, the Group has achieved an overall reduction of RMB2.0 billion in procurement costs, improved direct procurement rate and centralized procurement rate by 9% and 6% respectively. In the future, we aim to leverage on the ecological multiplier effect to provide more good products to our customers.

Technology and innovation-driven development have been manifested over time

In the process of enterprise development, investment can be a tool to expedite the process, while on the other hand business operation can lead to improved financial performance. However, only technology and innovation can enable a company to develop a full-fledged advantage and assume leadership in the industry. Therefore, Fosun has always defined technology and innovation capability as one of our core competences. Technology and innovation could only be accumulated over time. Thanks to Fosun's long-term persistence in technology and innovation-driven development, we were able to harvest the fruits of success brought by technology and innovation in 2021.

In the pharmaceutical field, the sales of HANLIKANG (漢利康®), a blockbuster anti-cancer product, doubled in 2021 and reached RMB1.69 billion; the new product Su Ke Xin (蘇可欣), which was launched at the end of 2020, recorded revenue of RMB426 million in 2021; Yi Kai Da (Ejilunsai injection) was introduced into China and became the first CAR-T cell therapy approved for commercialization in China, and has served around 100 patients. The significance of Fosun's technological innovation in the health segment is not only reflected in sales, but it also aims to bring more and better health protection to tens of millions of families and provide hope to cure intractable diseases.

In the Intelligent Manufacturing segment, one of Nanjing Iron & Steel's technological innovation, special weathering steel, was widely used in the "Snow Dragon"(雪游龍) (National Sliding Centre) in the Beijing Winter Olympics 2022. This project was the most challenging among the facilities in the 2022 Winter Olympics in terms of design specification, construction difficulty and facility complexity. Since the "Snow Dragon" track was exposed to open air while ice had to be generated repeatedly on the surface, the steel plate must possess strong atmospheric corrosion resistance, the weather resistance of the special steel provided by Nanjing Iron & Steel for the Winter Olympics was eight times more resistant than that of ordinary steel. Through technological innovation, Fosun is honored to contribute to our country's Winter Olympics and Olympic athletes from all over the world. More importantly, we also deeply recognize the greater significance of technological innovation beyond pure corporate development.

The twin-driver of investment and industry operations

In the past 29 years, Fosun has established a global layout with footprints across the Health, Happiness, Wealth, and Intelligent Manufacturing segments through investments. And industry operations enable each of the businesses to flourish globally. Leveraging Fosun's profound investment gene and capabilities, our mergers and acquisitions are in fact a series of product and service enhancements centered around the concept of "family". For that reason, we do not blindly pursue trendy new models in the market, but insist on doing the "right things" and the "difficult things" – reinforcing our fundamental positioning as a family consumer group, and striving to bring better experience of health, happiness and wealth to families worldwide.

In the past, the twin-driver of investment and industry operations were accomplished in parallel and were relatively independent of each other. The purpose of investment then was only to complement our business as another piece of the puzzle. Today, the logic of Fosun's investment and industry operations has entered a new evolution. We invest to build on Fosun's industrial matrix at a deeper level based on the perspective of industrial development. During the Reporting Period, various industries of Fosun have achieved rapid growth, and the profit of industrial operations amounted to RMB10.59 billion, representing a year-on-year increase of 30.3%. At the same time, there were many highlights in our industrial investment performance, such as Nanjing Iron & Steel's investment in Wansheng, a global leading new phosphorus-based materials manufacturer, and Lanvin Group's acquisition of 100% equity interest of the Italian footwear company, Sergio Rossi. These transactions are highly synergistic with the Group's ecosystems, and have substantial growth potential.

FES + talents to create core competitiveness of a longstanding enterprise

In 2021, Fosun introduced the concept of the "Fosun Entrepreneurship/Ecosystem System" (FES system). In this system, we have two visions and expectations for "E", one is Entrepreneurship, we leverage FES to empower, motivate and manage Fosun entrepreneurs; the other one is Ecosystem, we empower the enterprise through FC2M. FES serves as a bridge between Fosun's ecosystem and talents with entrepreneurial spirit, and it is also a system that helps Fosun's ecosystem and entrepreneurs succeed. Since Fosun's establishment, Fosun has had many successful experiences in industry operations and investment, but we have yet to summarize and refine the past successful experiences. Through the FES system, we have formed a "trinity" of case library, expert library and toolbox. In the future, we will help Fosun's ecosystem and entrepreneurs to succeed through the training, certification and application of methodology and tools under the five modules of "Entrepreneurial Organization", "Ecosystem Multiplier Growth", "Value Growth", "Refined Operations" and "Risk Control".

Another core strategy of organizational assurance is organizational talents. In 2021, Fosun continued to build a multi-level and multi-dimensional partner[3] system, bringing the total number of global partners to more than 140. In the past, we required our global partners to shoulder the responsibility to excel in their professional field, as these elite talents must lead the team to deliver solid performance and create growth in their respective sectors in Fosun. However, in 2022, we have put forward higher requirements for our global partners. In addition to the aforementioned duties, they must also create an FC2M environment at the highest level, leading individually and collectively as the nodes of ecological integration to promote the multiplier effect between segments and functional lines. We will create a "pyramid" partner backup array, forming a competitive dynamic partnership management mechanism that allows talent appraisals at different levels according to their performance. We also put forward new requirements for these Fosun talents. They must not only be excellent "players" to deliver solid performance on the ground, they must also be excellent "coaches" to set goals as leaders, and excellent "directors" to guide holistically from the Group's perspective so as to maximize their role as global partners. We will continue to evolve the organizational mechanism, build talent echelons, implement digital and intelligent budget planning to achieve global empowerment and maximize synergy from ecosystem procurements.

Sound financial position, ESG continued to evolve

By maintaining a stable leverage ratio, we adopted an approach to pursue steady and sustainable development. As at the end of the Reporting Period, the total debt to total capital ratio of the Group was 53.8%, representing a slight decrease year-on-year, and the average financing cost was at a historical low of 4.6%. In addition, although the capital market has become increasingly volatile, the Group continued to achieve a balance between investment and disposal in 2021. While adhering to our controlling-stake investment strategy, Fosun actively disposed of non-core assets, and actively carried out equity financing to increase the transparency of asset valuation. On the basis of the stable credit rating of the Group, we are also actively expanding financing channels to further reinforce the stability of corporate financing.

Along with our rapid development, Fosun leveraged its own industrial advantages to actively contribute to the society through public welfare programs such as supporting the combat against the pandemic, providing disaster relief, Rural Doctors, universal education, culture promotion, and entrepreneurship support. Fosun has participated in the joint construction of the "Malaria-Free World" project for more than 15 years. According to incomplete statistics, since 2005, Fosun Pharma has supplied more than 200 million vials of Artesun (artesunate for injection) with independent intellectual property rights to the international market and saved more than 40 million lives of patients with malaria, most of which are African children under five years old. Over the years, Fosun Foundation has leveraged Fosun's industrial resources to carry out public welfare work in the fields of rural revitalization, culture, education, art, youth entrepreneurship and employment, etc. We actively promote community development and support people's livelihood to improve social well-being. Fosun continues to actively cooperate with our member companies to promote the implementation of ESG strategies. In December 2021, the Company's MSCI ESG rating was upgraded to AA. This upgrade is a recognition of the Company's ESG management effort as well as an affirmation of Fosun's commitment to its original aspiration.

Many people consider the pandemic as a "hurdle" in our era, but I believe that it is more of a "watershed" that clearly separates the 2020s from the previous three decades. Looking back, 2022 and 2019 seem like they belong to two completely different eras: geopolitical landscape, trend of globalization, trending business models, popular industries and even the way of life have undergone and are still undergoing profound changes.

After 30 years of development, most of Fosun's enterprises have passed the start-up stage and developed from 0 to 1, and the future is the limitless vision of growth from 1 to N. Fosun shall always uphold our original aspiration, and only then could we venture far and long. There was no one like Fosun before Fosun came long. We have chosen this path not because it is easy, or because someone else has already trodden the path before us. Despite the challenges ahead, we choose this path because we believe it is meant for us, even if it is the road less travelled by.

Guo Guangchang
23 March 2022

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

After nearly three decades of development, the Group has grown into a global innovation-driven consumer group, strengthening its presence in four business segments, namely Health, Happiness, Wealth and Intelligent Manufacturing. The Group is one of the few companies in China which possesses global operation and investment capabilities, and at the same time accumulates technology and innovation capabilities. Currently, we seek to accelerate the implementation of "profound industry operations + industrial investment" strategy, driving the sustainable development of Fosun's ecosystem and providing high-quality products and services to families around the world.

THIRTY YEARS OF ACCUMULATION OF CORE COMPETENCIES TO BUILD AND STRENGTHEN INDUSTRY BARRIERS

The Group has shaped its global footprint through its global operations and investment capabilities. As a global enterprise rooted in China, Fosun has accelerated the development of the China market while helping its overseas members expand their business presence and further penetrate their local markets. Since 2019, the Group has continued to promote the implementation of the strategy of profound industry operations based on its global presence in approximately 30 countries and regions on five continents, promoting the synergistic development of the Group's overall ecosystems. After breaking out of pandemic, global capabilities have become increasingly valuable. As the pandemic is being brought under control, thanks to the world's increasing capacity to combat the coronavirus, the Group has been adapting its business models to the changes in social and economic activities as regular pandemic control measures have become the norm, shaping unique global operations and investment capabilities. Comirnaty® (mRNA COVID-19 vaccine) jointly developed by Fosun Pharma and BioNTech, was included in the government vaccination programs in Hong Kong and Macau in March 2021 and supplied to the Taiwan region in September 2021. During the Reporting Period, FTG continued to establish its presence in China and overseas, opened the Exclusive Collection Seychelles resort, Club Med Lijiang Resort, and the Quebec Charlevoix Resort in Canada. The opening of the Quebec Charlevoix Resort in Canada marked the expansion of ski business of FTG in North America. HAL completed the acquisition of Bankhaus Lampe, a private bank established for over a century in Germany. HAL will leverage Fosun's ecosystem to promote its integration and business synergy in Chinese mainland and Hong Kong. Nanjing Iron & Steel established PT. KinRui New Energy Technologies Indonesia and PT. KinXiang New Energy Technologies Indonesia in Indonesia, and built 2.6 million tons and 3.9 million tons of coke projects respectively to build overseas raw material production bases.

The Group has always valued the power of technology and innovation to drive the optimization and upgrading of its business structure through its technological innovation capabilities, and to promote the rapid transformation of technological innovation capabilities and productivity to help achieve sustainable development. The Group has accumulated profound technological innovation capabilities through continuous industrial accumulation and investment in research and development, and has continued to invest heavily in technological innovation capabilities, and has continued to increase its investment in the field of technology and innovation in recent years. In 2021, we invested nearly RMB8.9 billion in total to deepen technology and innovation capabilities (including expensed and capitalized R&D investment). In 2021, Yi Kai Da (Ejilunsai Injection) of Fosun Kite, a joint venture of Fosun Pharma, became the first CAR-T cell therapy product approved for launch in China. Fosun Cosmetics Innovation Center was officially established in Shanghai, promoting R&D in the field of cosmetics. Fosun Insurance Portugal developed a variety of insurance and non-insurance business APP platforms to realize the expansion of product and service with digitalization. The project of Development and Application of Oxidation Behavior Control Technology for Steel Hot Rolling Process which Nanjing Iron & Steel participated in was awarded second class award under State Scientific and Technological Progress Award and was the fourth State Scientific and Technological Progress Award of Nanjing Iron & Steel. As at the end of the Reporting Period, the Group owned over 1,500 patents for inventions in total. These patents will be continuously transformed into the Group's productivity with the support of the Group's global layout and continuous innovation capabilities.

DEEPENING INDUSTRY OPERATIONS AND ACCELERATING ECOSYSTEM DEVELOPMENT

After having gone through two stages of its development, namely those of "Taking roots in China" and subsequently "Combining China's growth momentum with global resources", the Group began in 2018 to target billions of families around the world as customers to build a family-oriented happiness ecosystem. Since 2019, the Group has fully embraced its twin-driver strategy of "Profound Industry Operations + Industrial Investment", and dedicated itself to providing more high-quality products to customers through its profound industry operations, with a view to creating a multiplier effect within its ecosystem. The Group's growth has attained a solid support and a "multiplier growth" effect has been achieved through a series of strategic measures and management tools, to help the Group overcome the difficulties during the epidemic period and promote the deepening of its global industry development.

The Group has always regarded "C-end Top Priority" as the core strategy of its FC2M Ecosystem. The Group is committed to making good use of the internet platform and other digital solutions to attract and service users via both online and offline channels to create more values for both its customers and its FC2M ecosystems. As at the end of the Reporting Period, the accumulative number of operational members of the Group's FC2M Ecosystem reached 396 million, increasing by approximately 11% from that as at the end of 2020.

In the C-end sector, the Group's customer base continues to grow, and customer satisfaction continues to improve, and we are promoting in-depth insights into customer demand through a variety of initiatives. The "920 Fosun Family Season" built around the theme of Chinese cultural revival was launched in September 2021 which comprehensively connected 72 brands in the Group's ecosystem, with sales of consumer products to achieve a significant increase during the campaign period compared to the "515 Family Season". Among which, online sales performance was particularly outstanding. Fosun Alliance application, which was launched during the period, completed the connection of the ecosystem of several dozen brands from various industries in two months, and created a membership system, aggregating users and checking data, accurately realizing traffic distribution, and promoting inter-industry synergy and vitality through the integration of interests in quality eco-industries.

In the M-end sector, based on the deep insight of customers and the continuous improvement of research and innovation capabilities, the Group's blockbuster products are frequently released, driving revenue growth and corporate value creation. During the Reporting Period, the sales of "Laomiao" "Guyun Gold" (古韻金) series products exceeded expectation, reaching nearly RMB4 billion. The high quality products and services created by the Group are meeting the needs of household customers in various fields and forming the base of the Group's ecosystem.

PRUDENT FINANCIAL STRATEGY SAFEGUARDING LONG-TERM GROWTH

In addition to focusing on industry operations and building the ecosystem, the Group has continued to enhance its financial position in terms of capital management so as to form a positive financial ecosystem and lay a solid foundation for its long-term and stable development. The Group continually strengthens investment management, focuses on the current four business segments and continues to strike a balance between investments and divestments to optimize both its capital allocation and portfolio of businesses. While strengthening its present position in the industry, the Group has also extended investment to high value-added industry chain (for example, Yuyuan's acquisition of Jinhui Liquor and Shede Spirits) and has been gradually disposing of its non-core assets.

In terms of cash and debt management, the Group has always adhered to the principle of proactively managing maturing debts and continually optimizing debt structure. During the Reporting Period, the Group's financing activities are healthy and active, and have achieved remarkable results in its financing activities on domestic and overseas bond capital markets as well as bank financing. The open market financing of the Company and Fosun High Technology reached RMB33.19 billion, including the issue of approximately USD1.57 billion worth of offshore bonds, RMB17.95 billion onshore bonds and approximately USD820 million worth of offshore syndicated loan. The syndicated loan also represents the Company's completion of offshore syndicated loan for the five consecutive years, fully demonstrating the continued recognition of the Group's creditworthiness by Chinese and foreign banks. While continuing to ensure smooth financing channels and optimize issuance costs, the Group also proactively managed maturing debts in advance and improved its debt maturity profile by issuing longer maturity bonds and offering to repurchase. During the Reporting Period, the Company's new bond issues all had maturities of five years and above, while the Company's syndicated loans and Fosun High Technology's Free Trade Zone USD bonds both had maturities of three years, while USD900 million worth of offshore bonds were redeemed before maturity, thereby effectively optimizing debt maturity profile. Moreover, the Group also actively explores the expansion of new financing channels. During the Reporting Period, the Group became the only Chinese private enterprise to issue more than one Euro bonds with different maturities in the Euro market, and was the first Chinese private enterprise to issue US-dollar bonds in Shanghai Free Trade Zone, further strengthening the Group's capital base.

In terms of credit ratings, in February and August 2021, the credit outlook of the Company was rated as "Stable" by Moody and S&P respectively. As at the end of the Reporting Period, the Group's total debt to total capital ratio was 53.8%, which was 0.5 percentage point lower than that as of the end of last year. Its cash and bank balances and term deposits reached RMB96.78 billion. The average cost of debt was 4.6% during the Reporting Period with stable and healthy financial position.

FULFILLING SOCIAL RESPONSIBILITY WITH OUTSTANDING ESG PERFORMANCE

Committed to "Self-improvement, Teamwork, Performance and Contribution to Society", the Group has performed well in various environmental, social and governance (ESG) aspects. Along with the rapid growth, the Group leverages the advantages of its well-established businesses to contribute to public welfare by lending its support to the society's anti-COVID-19 measures, flood relief, rural revitalization, healthcare, community, educational and cultural activities, and entrepreneurship.

When the COVID-19 pandemic situation worsened in India in April 2021, Fosun Foundation, together with other companies, immediately donated oxygen concentrators, ventilators, masks and other urgently needed medical supplies to India. In July 2021, on the day after the rainstorm in Henan province of China, Fosun Foundation donated RMB50 million worth of cash and resources and participated in collecting and distributing disaster relief in the fastest manner. The Group has participated in the "malaria-free world" project for more than 15 years. According to incomplete statistics, since 2005, Fosun has supplied more than 200 million vials Artesun (artesunate for injection), an innovative drug with independent intellectual property rights to the international market, and saved the lives of more than 40 million people suffering from severe malaria, most of whom are children under five-years old in Africa. Over the years, Fosun Foundation has combined the advantages of the Group's industrial resources to carry out public welfare work in the fields of rural revitalization, culture, education, art and youth entrepreneurship and employment, actively promoting community development, helping people's livelihood and improving social well-being.

The Group has received strong external recognition for its excellence in ESG. Its MSCI ESG ratings continue to improve over three years. As at the end of the Reporting Period, the Company's MSCI ESG rating was enhanced to AA, and was the only conglomerate in Greater China with an MSCI ESG rating of AA. It received a rating of A in the Hang Seng Sustainability Index. Moreover, its FTSE ESG rating and S&P CSA Score also significantly improved, higher than the industry average, significantly ahead of the domestic market. The Group was also selected as the constituents of the Hang Seng ESG 50 Index (Top 50 Mid-Large Cap), and was included in Hang Seng Corporate Sustainability Benchmark Index for two consecutive years.

HEALTH SEGMENT

The Health segment of the Group focuses on the ecosystem of pharmaceutical, medical diagnosis technology, healthcare services and products, and adheres to the "4 IN" strategy (Innovation, Internationalization, Integration, Intelligentization) to continuously improve its product competitiveness and brand values. In recent years, with the evolution of social development and population aging, innovative drug research and development, innovative medical devices and medical diagnostics are opening up development opportunities, the demand for quality medical products and services has increased significantly. At the same time, with the deepening of China's medical and health system reform, new policies such as centralized drug procurement speeding up to ease out medical insurance funding deficit, bring a revolutionary challenge to the industry. The Group will continue to upgrade its innovation, integration and internationalization capabilities and build a medical-grade, one-stop, all-scenario based Fosun health ecosystem on the C-end, and as well a diverse, differential and innovative product spectrum matrix on the M-end.

Fosun Pharma is striving to become a first-class enterprise in the global mainstream pharmaceutical and healthcare market, covering the full industry chain of pharmaceutical and healthcare businesses. With pharmaceutical manufacturing and R&D as its business core, Fosun Pharma focuses on medical devices and medical diagnosis, healthcare service, pharmaceutical distribution and retail. Through independent R&D, cooperative development, license introduction, and deep incubation, Fosun Pharma has built and formed small molecule innovative drugs, antibody drugs, and cell therapy technology platforms around key disease areas such as tumor and immune modulation, metabolism and alimentary system, and central nervous system. On the other hand, it actively explores cutting-edge technology fields such as targeted protein degradation, RNA, oncolytic viruses, and gene therapy to enhance innovation capabilities. The R&D investment of Fosun Pharma is gradually ushering in the harvest period, Fosun Kite's Yi Kai Da (Ejilunsai Injection), its joint venture, had become the first CAR-T cell therapy product approved for marketing in China in June 2021. As of the end of February 2022, there are about 100 patients entered the treatment process. Yi Kai Da has been recorded in urban Huimin Insurance (civil affordable insurance scheme) and more than 40 commercial insurances across 23 provinces and cities, and the number of treatment centers on file has reached 75. By end of February 2022, Comirnaty® (mRNA COVID-19 vaccine) has accumulated over 20 million doses for injection in Hong Kong, Macau and Taiwan region.

Shanghai Henlius is a global innovative biopharmaceutical company dedicated to providing affordable, high-quality biomedicines to patients worldwide, with products covering oncology, autoimmune diseases, ophthalmic diseases and other areas. Since its establishment in 2010, Shanghai Henlius has built an integrated biopharmaceutical platform with efficient and innovative core capabilities across the entire industrial chain of R&D, manufacturing and commercial operations, and has established a comprehensive and efficient global R&D center. The production facility in Xuhui, Shanghai has also received GMP certification in China and the EU. Shanghai Henlius is accelerating innovation and transformation, and continues to establish its presence in differentiated innovative product pipelines, enhancing global product development capabilities.

Sisram Med, a global consumer wellness group, is deeply rooted in the global medical aesthetics industry for over two decades, specializing in harnessing natural energy sources for the treatment of aesthetics as well as medical clinical indications. Sisram Med's vast products and treatments portfolio is constantly expanding, ranging from hair removal, skin rejuvenation, acne and acne scars, body & face contouring, pigmentation & skin resurfacing, fat grafting, dermal facial fillers, skin tissue remodelling injectables, personal care, aesthetic dentistry and more. During the Reporting Period, the merger of the assets of Shanghai Fosun Medical Systems Co., Ltd. (上海復星醫療系統有限公司) was completed, aiming to leverage the existing global channels and resources to build a new digital dental brand; meanwhile, it entered into a sublicense agreement with a subsidiary of Fosun Pharma for the neuromodulator with long-acting duration RT002 in Chinese Mainland, Hong Kong and Macau, to further enrich its injectable filler business pipeline (the matter is pending for its extraordinary general meeting).

Gland Pharma is one of the largest and fastest growing generic injectable-focused companies in India. Its main products include: cardiac (Enoxaparin Sodium); blood system (Heparin Sodium); anti-infection (Vancomycin, Caspofungin, Daptomycin, Micafungin, Remdesivir); Central nervous system (Dexmedetomidine, Rocuronium Bromide) etc. Over the years, Gland Pharma has grown from a contract manufacturer of small molecule liquid parenteral products to one of the largest and fastest growing generic injectable-focused companies in India, with a global presence in 60 countries. With 8 manufacturing sites in India, Gland Pharma continues to strengthen its international production capacities and is continuing to invest in R&D and manufacturing capabilities and strengthen vertical integration, expand API capacity to reduce dependence on outsourced APIs and accelerate growth through M&A to make layout in new business including complex technology product platforms (e.g. long-acting/suspension products) and complex API production technologies (e.g. fermentation technologies). During the Reporting Period, Gland Pharma adhered to its international research and development strategy and continued its strategy to bring drugs to the China market.

HAPPINESS SEGMENT

The Group targets the consumption needs of family customers in the happiness aspect. Though the twin-driver strategy of "profound industry operations + industrial investment", we build a globalized, industry-wide happiness ecosystem. Centering on brand consumer and tourism and leisure, we actively create people, goods and venues that interact with customers directly. The platforms for brand consumer business include Yuyuan, Lanvin Group and Fosun Sports, which engage in such businesses as jewellery and fashion, liquor and spirits, C-end platforms, fashion brands, food, catering, beauty and health, sports, cultural business and pet care. Meanwhile, FTG is the platform for the tourism and leisure business, engaging in such businesses as the operation of tourism destinations, resorts, hotels, content services and solutions.

Yuyuan is one of the earliest witnesses, participants and builders of China's capital market. After completion of major asset restructuring in 2018, Yuyuan became the flagship platform of Fosun's Happiness segment. Relying on the Group's global platform and resource empowerment system, Yuyuan's strategic vision is gradually focused on family customers, and continues to develop the "1+1+1" strategy of running "family happiness consumption industry + urban commercial landmarks + online and offline member service platforms". At present, Yuyuan takes "oriental life aesthetics" as the top concept, adheres to the twin- drive of industrial operation and industrial investment, and owns 18 Chinese time-honored brands and a number of leading brands, as well as a number of global well-known brands. Under the background of the new pattern of domestic and international double circulation, Yuyuan will continue to accelerate the globalization progress layout, deliver the oriental aesthetics and the beautiful way lifestyle to consumers, and stride forward to the world's first-class group in the family entertainment and consumption industry.

As an important part of "happiness consumption", "a bottle of good liquor" is also a catalyst for the maturation of the Group's global family ecology, and an important carrier for the Group to further emphasize the concept of "culture+" in the era of cultural self-confidence and the rise of the national trend. As a liquor and spirits enterprise in which the Group holds controlling interests, Jinhui Liquor is located in the upper reaches of the Yangtze River and at the southern foot of the Qinling Mountains, and was established in 1951 by a joint venture of several old local wine breweries, including Kangqingfang (康慶坊) and Wanshengkui (萬盛魁), and gradually created the two brands for liquor and spirits, namely "Jinhui" and "Longnanchun" (隴南春). Jinhui Liquor leverages on the combination of good ecological environment, traditional processes and unique technology and other advantages to continuously improve product quality and expand sales market. Its marketing network has expanded from Gansu and Northwest China to East China, and is gradually building a nationalized brand, striving to achieve the strategic goal of "ranking among the top ten liquors in China, creating a famous liquor brand in China, and building a large liquor brewing base in China".

As an important member of the layout of the liquor and spirits segment, Shede Spirits is one of Chinese 17 most famous liquor and spirits and one of the six "golden flowers" of Sichuan liquor and spirits, and is principally engaged in the design, manufacture and sales of liquor and spirits products. In recent years, the company persists in implementing the "dual-brand strategy", "classic liquor strategy", "youthfulness strategy" and "internationalization strategy". It concentrates its resources in developing its business in major cities and implements big item strategy to enhance brand recognition. It actively expands new channels and new regions to increase market share and strives to achieve the strategic goal of "becoming a benchmark enterprise with the most cultural characteristics in ecological brewing business and building the No. 1 brand in the classic liquor and spirits category". Since the Group invested in Shede Spirits, it has continued to empower in terms of strategic development and ecological resources, and the advantages of Shede Spirits' classic liquor strategy and dual-brand strategy have come to the fore. Sales in key markets across the country have continued to increase, brand popularity in the online mall has continued to rise, and new sales methods with live streaming are developing rapidly.

FTG is a global leader in family leisure and tourism and is an integral part of the Happiness segment. FTG covers three major business areas: resorts and accommodation, tourist destinations, and holiday and recreation services. The resort business consists of Club Med, a French-based all-inclusive experience resort, Casa Cook, a luxury boutique resort, Cook's Club, a new-generation trendy resort, and other high-end brands. During the Reporting Period, with FTG's continuous development both locally and globally, Seychelles Luxury Resorts, Lijiang Club Med Resort and Quebec-Charlevoix Resort in Canada are now open for business. The opening of the Quebec-Charlevoix Resort in Canada marked the expansion of ski business of FTG in North America. Tourism destinations include Atlantis Sanya, a high-end, one-stop destination for entertainment, leisure and integrated travel and vacation; FOLIDAY Town, a comprehensive international leisure and vacation destination, and Albion, a professional tourism destination operator and other brands. With the acquisition of Thomas Cook, one of the world's oldest travel brands, and the re-establishment of the Thomas Cook digital platforms in China and the United Kingdom, FTG's leisure and vacation services and solutions segment are now directly connected to its customers. Together with Fanxiu's cultural and entertainment activities and an international parent-child learning and playing club Miniversity, FTG offers high-quality tourism products and services to the customers.

WEALTH SEGMENT

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

The Wealth segment is divided into two major business segments, namely insurance and asset management. The insurance business includes overseas and domestic insurance businesses, with major member companies including Fosun Insurance Portugal, Peak Reinsurance, and Pramerica Fosun Life Insurance. Fosun Insurance Portugal is the leading insurance company in Portugal, with its international business covering 11 countries, and is committed to building financially sound global insurance companies with a balanced business portfolio. Peak Reinsurance is headquartered in Hong Kong, and provides property & casualty and life & health reinsurance as well as tailor-made reinsurance, risk management and capital management solutions for global clients. Pramerica Fosun Life Insurance is a life insurance joint venture between Fosun and The Prudential Insurance Company of America. Fosun United Health Insurance is the sixth professional health insurance company in China, jointly initiated by the Group and five other companies. The asset management business covers asset management (investment) and asset management (property). Asset management (investment) includes Fosun Capital, Fosun RZ Capital, HAL and BCP. The asset management (property) business covers real estate projects, and creates flagship work mainly focusing on local landmark buildings.

During the Reporting Period, the revenue and profit from the insurance business grew steadily, while the overall investment income maintained growth due to stable and healthy growth of the insurance sector's core enterprises and optimization of investment portfolio. The revenue and earnings from Fosun Insurance Portugal remained strong during the COVID-19 outbreak, maintaining a leading market position through an optimized product mix and a leading commercial network, achieving total market share in Portugal of 29.1%, and non-life business combined ratio of 93.4%; In 2021, Fosun Insurance Portugal successfully issued a Tier 2 Subordinated Notes amounting to EUR0.5 billion to optimize the capital structure while significantly improve its solvency capacity. Meanwhile, Fosun Insurance Portugal received a rating of "A-" from Fitch in December 2021 (a Long-Term Issuer Default Rating (IDR) of "A-" and Insurer Financial Strength (IFS) rating of "A". The Outlooks are 'Stable'). Peak Reinsurance maintained steady growth of business during the COVID-19. During the Reporting Period, Reinsurance reported the gross written premium of USD2,144.7 million, and net profit of USD73.2 million. Domestic insurance companies continued to optimize product mix: during the Reporting Period, Fosun Pramerica Life Insurance persisted its multi-channel business model with its premium income reporting 24.87% growth year-on-year with the new issuance premium income showing healthy growth as well.

INTELLIGENT MANUFACTURING SEGMENT

The Group's Intelligent Manufacturing segment which mainly consists of the steel and mineral resources businesses is actively expanding its extension businesses intergrading along the value chain with high added value the addition of science and technology in the fields such as industrial internet and new materials. It is also strategically deploying resources to develop the business of equipment and core components for intelligent travel. In a cyclical boom in the global commodity trade, the Group's steel and mineral resources businesses, represented by Nanjing Iron & Steel and Hainan Mining, has continued to realize rapid growth. Meanwhile, the technology industries represented by the new energy vehicle industry are experiencing a prosperity. Other companies in the Group's Intelligent Manufacturing segment are expected to enjoy benefits from the industry's rapid development.

Through years of continual investment in developing long-material special steel products and high-end medium and thick plates products, Nanjing Iron & Steel has established advantages in the fields of new energy, oil and gas equipment, ships and offshore engineering (Offshore engineering platform), auto parts, construction machinery, bridges and other fields. By investing in Wansheng, the leader in the global industry of phosphorus-based flame retardants, it fully embraces the industrial upgrade of China's manufacturing industry. At the same time, Nanjing Iron & Steel invests in carbon reduction and emission reduction to prepare the steel industry for Emission Peak and Carbon Neutrality by 2060, continuously improving ESG performance. Moreover, it will also meet the development opportunities of the countries along the "Belt and Road Initiative" through overseas layout, and drive developing countries to industrialization with advanced manufacturing technology.

Hainan Mining continued to enhance its core business and bolster its industry operations, investment and financing capabilities. The iron ore business achieved strong performance in both production and sales during the Reporting Period and continued to reduce costs and increase efficiency through lean management. At the same time, the company has optimized its pricing mechanism to match the iron ore market price more closely. As to the oil and gas business, Hainan Mining, through its overseas subsidiary ROC, acquired natural gas assets in China's Sichuan Basin, thus expanding the scale of its clean energy business layout. In the fourth quarter of 2021, Hainan Mining launched the investment and construction of 20,000 tons of lithium hydroxide processing business, and started to implement the strategic layout of transforming from ferrous metals to new upstream non-ferrous metals industry. In addition, Hainan Mining successfully completed a non-public offering, which not only optimized the shareholding structure, but also brought in high-quality institutional investors and raised sufficient capital for the its main business operations.

After more than two decades of development, Wansheng has become the global leader in phosphorus-based flame retardants. Taking its products as the cornerstone, Wansheng has been building a global phosphorus phosphorus-based flame retardants leading company through continuous investment in environmental protection, engineering technology improvement and global sales network layout. The continuous investment in environmental protection is the foundation of sustainable development; the improvement of engineering technology ensures the high quality and low cost of products; the global layout enables customers worldwide to obtain products and services quickly. In terms of endogenous development, it makes vertical layout of upstream, actively expands production capacity, and strengthens leading position. In terms of external development, it makes layout of lithium additives and invests in Zhongzhou New Material. From a leading company in phosphorus-based flame retardant to functional new materials, Wansheng is based in China and serves the world.

TARGET FOR 2022

We are about to celebrate the 30th anniversary of the founding of the Group in 2022. After years of hard work and accumulation, Fosun has become one of the few enterprises in China with both global operation and investment capabilities, as well as profound science and innovation capabilities. Against the backdrop of the recurring epidemic of the new crown, the complex and volatile macroeconomic situation at home and abroad, and the volatile geopolitical landscape, the Group will adhere to the "twin-driver" of industry operations and industrial investment to stimulate Fosun's ecological potential and drive faster development of the entire ecosystem.

BUSINESS REVIEW

As at the end of the Reporting Period, equity attributable to owners of the parent of the Group amounted to RMB131,069.9 million, representing an increase of 2.6% compared to the end of 2020. During the Reporting Period, as the Group's overall business benefited from the post-epidemic economic recovery, profit attributable to owners of the parent of the Group amounted to RMB10,089.9 million, representing a year-on-year increase of 26.1%.

As at the end of the Reporting Period, total assets of the Group amounted to RMB806,372.1 million, representing an increase of 5.0% compared to the end of 2020.

During the Reporting Period, the revenue of the Group amounted to RMB161,291.2 million, representing a year-on-year increase of RMB24,549.6 million, or 18.0%. 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 66%, 13% and 21% of the total Health segment revenue of the Group, respectively; revenue of brand 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 74%, 16% and 10% 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.

REVENUE BY SEGMENT OF THE GROUP

Unit: RMB million

Segment	For the year ended 31 December 2021	Proportion	For the year ended 31 December 2020 (Restated)	Proportion	Change over the same period of last year
Health	**43,979.8**	**27.1%**	34,607.1	25.1%	27.1%
Happiness	**66,898.3**	**41.2%**	56,016.6	40.5%	19.4%
Wealth	**43,699.4**	**26.9%**	42,519.8	30.8%	2.8%
Insurance	**32,149.3**	**19.8%**	29,840.1	21.6%	7.7%
Asset Management	**11,550.1**	**7.1%**	12,679.7	9.2%	(8.9%)
Intelligent Manufacturing	**7,736.9**	**4.8%**	4,950.2	3.6%	56.3%
Eliminations	**(1,023.2)**		(1,352.1)		
Total	**161,291.2**	**100.0%**	136,741.6	100.0%	18.0%

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

Unit: RMB million

Segment	For the year ended 31 December 2021	Proportion	For the year ended 31 December 2020 (Restated)	Proportion	Change over the same period of last year
Health	**2,029.0**	**19.9%**	1,683.6	21.0%	20.5%
Happiness	**(593.9)**	**(5.8%)**	(298.4)	(3.8%)	(99.0%)
Wealth	**5,160.1**	**50.7%**	4,547.3	56.6%	13.5%
Insurance	**1,461.3**	**14.4%**	1,158.2	14.4%	26.2%
Asset Management	**3,698.8**	**36.4%**	3,389.1	42.2%	9.1%
Intelligent Manufacturing	**3,577.6**	**35.2%**	2,102.7	26.2%	70.1%
Eliminations	**(82.9)**		(35.6)		
Total	**10,089.9**	**100.0%**	7,999.6	100.0%	26.1%

ASSET ALLOCATION OF THE GROUP

Unit: RMB million

Segment	As at 31 December 2021	Proportion	As at 31 December 2020 (Restated)	Proportion	Change over the end of 2020
Health	**107,246.0**	**13.1%**	100,117.6	12.9%	7.1%
Happiness	**194,575.2**	**23.8%**	178,545.9	22.9%	9.0%
Wealth	**467,826.4**	**57.3%**	457,572.4	58.8%	2.2%
Insurance	**208,579.8**	**25.6%**	214,233.4	27.5%	(2.6%)
Asset Management	**259,246.6**	**31.7%**	243,339.0	31.3%	6.5%
Intelligent Manufacturing	**47,755.8**	**5.8%**	42,055.5	5.4%	13.6%
Eliminations	**(11,031.3)**		(10,571.2)		
Total	**806,372.1**	**100.0%**	767,720.2	100.0%	5.0%

CORPORATE STRUCTURE OF MAIN BUSINESS[1] (AS OF 31 DECEMBER 2021)

Health[2]			Happiness[3]		Wealth			Intelligent Manufacturing[4]	
Pharmaceutical	Devices & Diagnosis	Healthcare Services & Products	Brand Consumer	Tourism & Leisure	Insurance	Asset Management (Investment)	Asset Management (Property)	Resources & Environment	Technology & Intelligent Manufacturing
Fosun Pharma 600196.SH 02196.HK 39.63%	Sisram Med (Israel) 01696.HK	Foshan Chancheng Hospital	Yuyuan 600655.SH 68.47%	FTG 01992.HK 80.73%	Fosun Insurance Portugal (Fidelidade) (Portugal) 84.9892%	HAL (Germany) 99.94%	28 Liberty (US) 100%	Nanjing Iron & Steel[16] 600282.SH 58.92%	Easun Technology[18] 83.70%
Shanghai Henlius 02696.HK		Luz Saúde[5] (Portugal) 99.85%	Jinhui Liquor[9] 603919.SH 38%	Club Med (France)	Peak Reinsurance 86.51%	Guide (Brazil) 73.86%	BFC[15] 50%	Besino Environment 95.06%	Gangbao 834429.OC 66.30%
Gland Pharma (India)		Shanghai Zhuli[6] (Fosun Care) 90.91%	Shede Spirits[10] 600702.SH 30.32%	Atlantis Sanya	Pramerica Fosun Life Insurance 50%	Fosun Hani Securities 100%	IDERA (Japan) 98%	Hainan Mining 601969.SH 48.86%	Wansheng[19] 14.42%
Sinopharm 01099.HK		Sanyuan Foods[7] 600429.SH 20.45%	Fosun Sports 92.01%	Thomas Cook Lifestyle Platform	AmeriTrust[13] (US) 100%	Fosun Capital 100%	PAREF (France) 59.87%	ROC[17] (Australia) 100%	JEVE[20] 44.38%
		Baby Tree[8] 01761.HK 29.90%	Baihe Jiayuan 73.02%		Yong'an P&C Insurance 40.68%	Shanghai Zhiying[14] (Fosun RZ Capital) 100%			
		Fosun United Health Insurance 20%	Bohe Health[11] 29.85%			BCP (Portugal) 29.95%			
			Lanvin Group/FFG 72.64%			Cainiao 3.59%			
			St Hubert[12] (France)						

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 2021. 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.

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. 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.

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

7. The Group through its wholly-owned subsidiary and a consolidated fund under management of the Group held 16.67% and 3.78% equity interest, respectively, in Sanyuan Foods. The Group held 37.30% effective equity interest in such fund. Therefore, the Group held 18.08% effective equity interest in Sanyuan Foods.

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

9. Yuyuan held 38% equity interest in Jinhui Liquor; therefore, the Group held 26.02% effective equity interest in Jinhui Liquor.

10. Yuyuan held 70% equity interest in its joint venture, Sichuan Tuopai Shede Group Co., Ltd., which held 30.32% equity interest in Shede Spirits.

11. The Group through its subsidiaries held 28.97% equity interest in Bohe Health, and Yuyuan through its wholly-owned subsidiary held 0.88% equity interest in Bohe Health. Therefore, the Group held 28.71% effective equity interest in Bohe Health.

12. St Hubert SAS was held 98.12% by an associate of the Group.

13. On 12 April 2022, the Group entered into an agreement with an independent third party to sell the 100% equity interests in AmeriTrust. As of the date of this report, the above transaction has not been completed yet.

14. Shanghai Zhiying Equity Investment Management Co., Ltd. holds "Fosun RZ Capital" brand.

15. In March 2022, the Group acquired 50% equity interest in BFC. As at the date of this report, the Group held 100% equity interest in BFC.

16. The Group held 58.92% equity interest in Nanjing Iron & Steel through Nanjing Nangang, a joint venture of the Group.

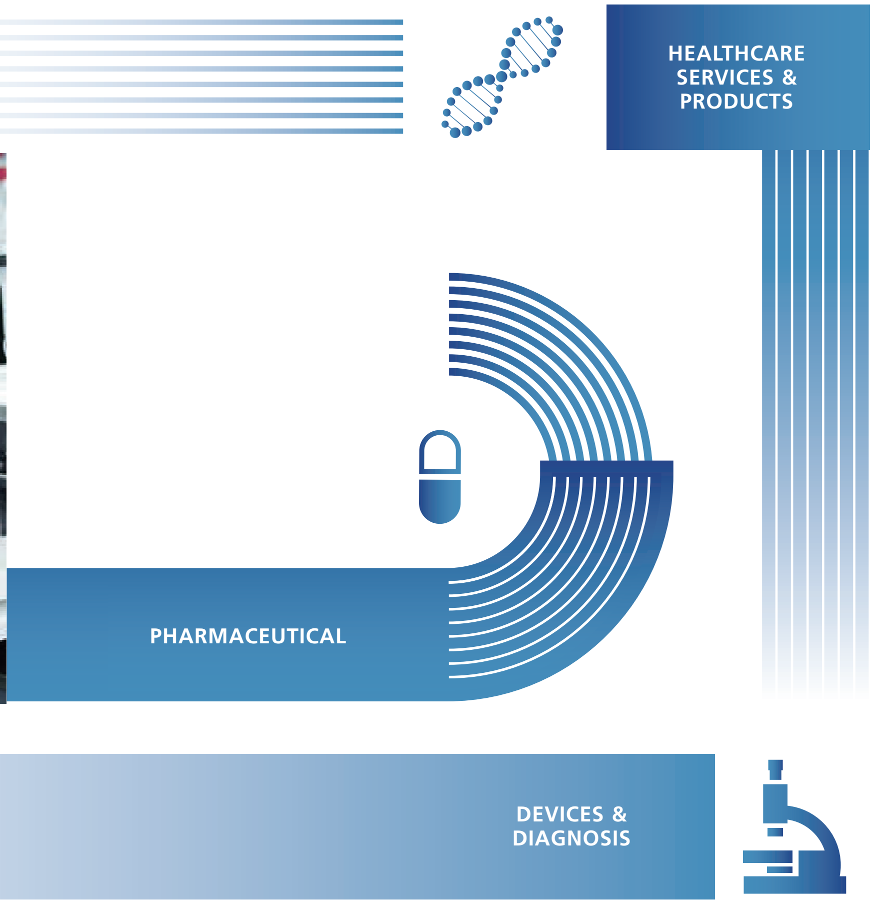
17. The Group held 49% equity interest in ROC through a wholly-owned subsidiary and Hainan Mining held 51% equity interest in ROC. Therefore, the Group held 73.92% effective equity interest in ROC.

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

19. As at the date of this report, Nanjing Iron & Steel held 29.56% equity interest in Wansheng.

20. The Group through its wholly-owned subsidiary and a consolidated fund under management of the Group held 18.11% and 2.35% equity interest, respectively, in JEVE. The Group held 22.14% effective equity interest in such fund. Therefore, the Group held 18.63% effective equity interest in JEVE. In addition, a non-consolidated fund managed by the Group held 23.92% 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 2021	For the year ended 31 December 2020 (restated)	Change over the same period of last year
Revenue	**43,979.8**	34,607.1	27.1%
Profit attributable to owners of the parent	**2,029.0**	1,683.6	20.5%

During the Reporting Period, the revenue of health segment amounted to RMB43,979.8 million, representing a year-on-year increase of 27.1%. Profit attributable to owners of the parent of Health segment amounted to RMB2,029.0 million, representing a year-on-year increase of 20.5%. The increase in revenue and profit of the Health segment was mainly attributable to the continuous and steady growth of Fosun Pharma.

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. The predecessor of Fosun Pharma was founded in 1994 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 39.63% equity interest in Fosun Pharma.

Under the guidance of the "4 IN" strategy (Innovation, Internationalization, Integration, Intelligentization), Fosun Pharma Group has always adhered to the strategies of "innovation and transformation, integrated operation and steady development". Focusing on unmet medical needs, Fosun Pharma Group continuously strengthens its product competitiveness and brand strength and improves its innovation, integration, and internationalization capabilities to operate efficiently. Fosun Pharma Group's businesses span the full industry chain of pharmaceutical and healthcare businesses. With pharmaceutical manufacturing as its business core, Fosun Pharma Group focuses on medical devices and medical diagnosis, healthcare services, pharmaceutical distribution, and retail. During the Reporting Period, revenue of Fosun Pharma Group amounted to RMB38,858 million, representing a year-on-year increase of 28.83%. Net profit attributable to shareholders of the listed company amounted to RMB4,735 million, representing a year-on-year increase of 29.28%. Net profit (after extraordinary gain or loss) attributable to shareholders of the listed company amounted to RMB3,277 million, representing a year-on-year increase of 20.60%. Net cash flow from operating activities amounted to RMB3,949 million, representing a year-on-year increase of 53.07%. The total R&D expenditure amounted to RMB4,975 million for the year, representing a year-on-year increase of 24.28%. In particular, the R&D expenses amounted to RMB3,834 million, representing a year-on-year increase of RMB1,039 million or 37.17%.

During the Reporting Period, the pharmaceutical manufacturing segment of Fosun Pharma Group generated revenue of RMB28,772 million, representing a year-on-year increase of 32.30%. The segment results amounted to RMB2,964 million, representing a year-on-year increase of 31.03%. The segment profit amounted to RMB2,630 million (excluding the gains from changes in the fair value of the shares held of BNTX). Excluding the impact of impairment of goodwill of Jinzhou Avanc Pharmaceutical Company Limited (錦州奧鴻藥業有限責任公司), segment profit increased by 22.04% on the same basis. The R&D expenditures in the pharmaceutical manufacturing segment amounted to RMB4,486 million, representing a year-on-year increase of 22.23%. During the Reporting Period, with You Li Tong (febuxostat tablets), Bang Zhi (pitavastatin calcium tablets) and other existing drugs being incorporated into centralized procurement with reduced sales prices, the pharmaceutical manufacturing segment facilitated revenue growth through new and sub-new products and continued to optimize revenue structure. The increase was mainly attributable to: (1) the inclusion of Comirnaty® (mRNA COVID-19 vaccine) in the government vaccination programs in Hong Kong and Macau in March 2021, and the commencement of vaccination in Taiwan region of China in September 2021, with a sale of approximately 22.00 million doses in Hong Kong, Macau and Taiwan during the Reporting Period; Han Li Kang (rituximab injection) achieved revenue of RMB1,690 million, representing a year on-year increase of 125.33%; Han Qu You (trastuzumab injection) and Su Ke Xin (avatrombopag maleate tablets), which were launched in the second half of 2020, recorded revenue of RMB930 million and RMB426 million respectively during the Reporting Period; during the Reporting Period, revenue from new and sub-new products, including Comirnaty®, Han Li Kang, Han Qu You and Su Ke Xin, accounted for more than 25% of the revenue from the pharmaceutical manufacturing segment; (2) a year-on-year increase of 29.48% in revenue of Gland Pharma during the Reporting Period (based on the financial statements of Gland Pharma using its functional currency) benefiting from the contribution from Micafungin, enoxaparin sodium injection and the launch of new products. Fosun Pharma Group continuously enhanced the construction and integration of its marketing system. As at the end of the Reporting Period, the pharmaceutical manufacturing segment of Fosun Pharma Group had a commercialization team consisting of approximately 6,000 employees, and was organized into a number of divisions based on the major product lines, covering more than 2,000 Class III hospitals, 10,000 Class I and Class II hospitals and nearly 200,000 retail pharmacies.

During the reporting period, Fosun Pharma Group continuously promoted innovation transformation and the development and launch of innovative products and technology platforms with a continuous increase in the proportion of revenue from new products and an optimized revenue structure. During the Reporting Period, Yi Kai Da (Ejilunsai injection) was approved for launch in June 2021, and had become the first CAR-T cell therapy product approved for domestic launch. As of the end of February 2022, Yi Kai Da had been included in the urban customized commercial health insurance of 23 provinces and municipalities and over 40 commercial insurances. In addition, Fosun Pharma Group's innovation pipeline continued to be launched. The new drug application for the first indication (treatment of highly microsatellite unstable type solid tumors) of PD-1 inhibitor Serplulimab was included in the priority review process, and the new drug application for the second indication (treatment of squamous non-small cell lung cancer) has also been accepted. Products including Han Bei Tai (bevacizumab biosimilar), Yi Bao (recombinant human erythropoietin for injection) (with new indication for the treatment of chemotherapy-induced anemia in patients with non-myeloid malignancies) were approved for launch. FCN-437c and other pipeline products entered phase III clinical stage. In October 2021, to further deepen Fosun Pharma Group's vaccine business, Shanghai Fosun Pharmaceutical Industrial Development Company Limited (上海復星醫藥產業發展有限公司), a subsidiary, acquired Antejin for a cash and in-kind consideration of its equity interest in Aleph. On the basis of the original virus vaccine platform, it introduced bacterial vaccines R&D and production technology, to further enrich the vaccine R&D pipeline. As of the end of the Reporting Period, Fosun Pharma Group had built a technology platform for bacterial vaccines and viral vaccines.

During the Reporting Period, Fosun Pharma Group recorded revenue of RMB5,927 million from the medical devices and medical diagnosis segment; segment results amounted to RMB826 million; segment profit amounted to RMB2,000 million. After eliminating the one-off effects from the transfer of income from distribution rights of Da Vinci surgical robotic systems to Intuitive Fosun, an associated company and gains from the transfer of the equity interest in Yaneng Biotechnology (Shenzhen) Co., Ltd. (亞能生物技術(深圳)有限公司) in 2021, the revenue from the medical devices and medical diagnosis segment increased by 21.25% on the same basis, segment results increased by 12.60% on the same basis, and segment profit increased by 15.27% on the same basis. The increase in revenue and net profit of the segment on the same basis was mainly attributable to the strong business growth of Sisram Med in the two major markets i.e. North America and Asia-Pacific, as well as the significant growth in the installation volume and surgical volume of "Da Vinci surgical robotic system" of Intuitive Fosun, an associated company. During the Reporting Period, 73 "Da Vinci surgical robotic systems" were installed, an increase of 18 as compared to last year.

During the Reporting Period, the revenue from healthcare services segment amounted to RMB4,115 million, representing a year-on-year increase of 29.81%. Affected by increased investment in digital team and online operation, the initial loss of newly opened hospitals and other factors, segment results during the Reporting Period amounted to RMB-367 million, representing a year-on-year decrease of RMB562 million. Segment profit amounted to RMB-433 million, representing a year-on-year decrease of RMB542 million. Through continuous promotion of specialties layout at medical institutions, as well as internal integration and external expansion, Fosun Pharma Group established a regional medical model and a health service industrial chain. Fosun Pharma Group completed a strategic deployment of healthcare services in specialty and general hospitals focusing on regional focus such as the Greater Bay Area and Yangtze River Delta. During the Reporting Period, Fosun Pharma Group entered into an agreement to acquire Guangzhou Xinshi Hospital Co., Ltd. (廣州新市醫院有限公司) and completed the equity transfer in January 2022. As at the end of February 2022, the medical service institutions controlled by Fosun Pharma Group that had been put into operation mainly included Foshan Chancheng Hospital, Shenzhen Hengsheng Hospital (深圳恒生醫院), Guangzhou Xinshi Hospital Co., Ltd., Suqian Zhongwu Hospital (宿遷市鐘吾醫院有限責任公司)/Suqian Cancer Hospital (宿遷市腫瘤醫院), Anhui Jimin Cancer Hospital (安徽濟民腫瘤醫院), Wuhan Jihe Hospital Co., Ltd. (武漢濟和醫院有限公司), Chongqing Shinrong Plastic Surgery Hospital Co., Ltd. (重慶星榮整形外科醫院有限責任公司) and Xuzhou Xingchen Women's and Children's Hospital Co., Ltd. (徐州星晨婦兒醫院有限公司), with a total of 5,532 authorized beds available for the public. In 2021, Fosun Pharma Group's medical service operation and management main body "Fosun Healthcare" was renamed as "Fosun Health". Taking "medical-grade, full-scenario and one-stop health ecosystem" as the vision and "making families healthier and life better" as the mission, after such strategic upgrade, Fosun Health provides users with one-stop healthcare services based on medical-grade trust and closed-loop solutions throughout the treatment course, and becomes a "leader of active family health management".

Shanghai Henlius

Shanghai Henlius is committed to providing affordable and high-quality biomedicines to patients worldwide and aims to "focus on product portfolio, manufacturing capacity and commercial operations to become the leader in biological medicine in China". Based on the patient needs and beginning with the end in mind, Shanghai Henlius spares no effort to develop a complete value chain covering R&D, production, and commercialization, and increase the accessibility and affordability of biological medicines. During the Reporting Period, Shanghai Henlius has worked to promote the efficient development of the global commercialization of product pipeline and implemented production capacity deployment for the biomedicines with high economic benefit based on international standards and gained great achievements in clinical development and drug registration of pipeline products. As at the end of the Reporting Period, the Group held 57.48% equity interest in Shanghai Henlius.

Shanghai Henlius has strong global product commercialization capability. In order to achieve continuous growth in sales scale of products. Shanghai Henlius has an experienced commercialization team covering the five major segments of marketing promotion, channel management, pricing and market access, domestic sales, and strategic planning. As at the end of the Reporting Period, the total number of commercialization teams increased from approximately 400 at the end of 2020 to more than 500. Thanks to a solid new drug pipeline and a rapid clinical advancement strategy, the speed of new drug launches of Shanghai Henlius has been significantly accelerated: after the launch of HANLIKANG (漢利康®, indications: non-Hodgkin lymphoma and chronic lymphocytic leukemia), China's first monoclonal antibody approved in 2019, several core products, HANQUYOU (漢曲優®, indications: breast cancer and metastatic gastric cancer), HANDAYUAN (漢達遠®, indications: rheumatoid arthritis, ankylosing spondylitis, psopiasis and uveitis) and HANBEITAI (漢貝泰®, indications: metastatic colorectal cancer and locally advanced, recurrent or metastatic non-squamous non-small cell lung cancer), have successively obtained approval for market launch, and reached sales cooperation with international partners on HANDAYUAN and HANQUYOU in the United States, Canada, Pakistan, the Philippines, Vietnam and other regions. During the Reporting Period, Shanghai Henlius recorded increasing sales volume of its core products, and realized operating revenue of approximately RMB1,682.5 million, representing an increase of 186.3% compared to last year. In addition, serplulimab injection (PD-1) is also expected to be commercialized in the near future, and the relevant sales team is being built.

In 2022, Shanghai Henlius will continue to make use of international resources and advantages, focus on promoting the building of internal innovation capabilities, and continue to build a high-quality, affordable and differentiated innovative product pipeline. Based on clinical needs, through independent R&D and license-in and relying on its rich experience in target development and integrated R&D platforms, and seeks synergies between product pipelines. At the same time, Shanghai Henlius has comprehensively built a global product development team, and established a clinical research and drug administration registration system. As of the end of the Reporting Period, Shanghai Henlius has established a global product development team with more than 350 staff in total. During the Reporting Period, Shanghai Henlius recognized R&D expenses of RMB1,763.7 million, representing an increase of approximately RMB52.8 million compared with RMB1,710.9 million in the same period in 2020.

Shanghai Henlius further implements production capacity deployment for the biomedicines with high economic benefit based on international standards. In order to meet the demand for the gradual realization of commercial sales of drug candidates, Shanghai Henlius has formulated phased capacity planning for different product development cycles, gradually perfecting and upgrading the large-scale commercial production capacity based on a sound quality management system, while optimizing the deployment of production technology and production cost control in advance. As at the end of the Reporting Period, Xuhui Facility has been granted with Chinese and EU GMP certificates and achieved normalized supply in China and the EU markets. During the Reporting Period, two 2,000 liters bioreactors were newly constructed in Xuhui Facility and the commercial production capacity has been increased from 20,000 liters to 24,000 liters in early 2022. Songjiang First Plant completed the production capacity construction of 24,000 liters, including the liquid fill line and lyophilized preparation line, to prepare for meeting the production demand before the Songjiang Second Plant is put into operation. The Phase I of Songjiang Second Plant expanded its capacity to 96,000 liters. The construction of the subsequent stage of Songjiang Second Plant will also be gradually implemented in accordance with the strategy of Shanghai Henlius.

Gland Pharma

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

Gland Pharma has a presence in the U.S., Canadian, European, Australian and Indian markets. In addition to these markets, Gland Pharma has also strategically increased its business presence in the "Rest of the World" (ROW) markets to further strengthen its global position.

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

Fosun Pharma Group acquired approximately 74% equity interest in Gland Pharma in October 2017. Fosun Pharma has business relationships in China and Africa and the acquisition provides Gland Pharma with access to these two core growth markets for injectables. In November 2020, Gland Pharma was successfully listed in India with the largest initial public offering (IPO) of INR64.795 billion in the Indian healthcare industry. As at the end of the Reporting Period, Fosun Pharma Group held 58.00% equity interest in Gland Pharma.

Over the years, Gland Pharma has grown from a contract manufacturer of small volume liquid parenteral products to one of the largest and fastest growing generic injectable-focused companies in India with a global footprint across over 60 countries. Gland Pharma has track record of supporting the requirements of global pharmaceutical companies for a wide range of injectables through B2B model. Its B2B model covers Intellectual Property led, Technology Transfer and contract manufacturing models. In addition, in the Indian market, Gland Pharma mainly adopts B2C model through which it products mainly targeted at end consumers such as hospitals, nursing homes and government agencies. The unique and significant advantages of Gland Pharma in the entire pharmaceutical value chain have helped it achieve exponential growth.

Despite various challenges brought by the COVID-19 pandemic, Gland Pharma has adopted a series of measures to combat the pandemic, so as to protect the health and safety of employees and ensure normal production. For example, a multi-departmental COVID-19 working group is set up to actively promote employee health and safety management, enabling Gland Pharma to support global demand for critical medicines during this difficult time.

With its eight production facilities in India, Gland Pharma continues to strengthen its international manufacturing capabilities. During the Reporting Period, Gland Pharma adhered to the international R&D strategy, and a number of generic drugs were approved for launch and besides the strategy to introduce products into the Chinese market continued. During the Reporting Period, Gland Pharma's revenue was INR41.85 billion, representing an increase of 29.5% year-on-year. Such increase was primarily attributable to the contribution from the U.S., Rest of the World (ROW), Indian and European markets. (Note: Based on Gland Pharma's financial statements in its presentation currency)

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

Sisram Med

Sisram Med, a global consumer wellness group, is deeply rooted in the global medical aesthetics industry for over two decades, specializing in harnessing natural energy sources for the treatment of aesthetics as well as medical clinical indications. Sisram Med's vast products and treatments portfolio is constantly expanding, ranging from hair removal, skin rejuvenation, acne and acne scars, body & face contouring, pigmentation & skin resurfacing, fat grafting, dermal facial fillers, skin tissue remodelling injectables, personal care, aesthetic dentistry and more. As at the end of the Reporting Period, the Group held 70.95% equity interest in Sisram Med.

During the Reporting Period, Sisram Med launched new products, Alma Duo and Alma PrimeX. Alma Duo is an in-office, aesthetic treatment that uses gold standard shock wave Technology. It clinically validated to stimulate better blood flow and restore natural sexual performance. Alma PrimeX is a non-invasive body contouring platform, achieving unparalleled results in body contouring and skin tightening using 3 proprietary technologies platforms.

During the Reporting Period, while actively expanding its existing energy-based medical aesthetics equipment business, Sisram Med carried out business integration and deployment on strategic tracks such as aesthetic dentistry and injectables. In July 2021, Sisram Med completed the merger of Shanghai Foshion Medical System Co., Ltd., aiming to create a brand new digital dental brand by leveraging its existing global channel and resource advantages. In the same month, Sisram Med entered into a sublicense agreement with a subsidiary of Fosun Pharma for the neuromodulator with long-acting duration RT002 in Chinese Mainland, Hong Kong and Macau, to further enrich its injectables business pipeline and to collect strategic products for future expansion into the C-end market. The final approval of sub-license agreement is pending for its extraordinary general meeting. Alma Lasers Ltd., a major operating subsidiary of Sisram Med, exercised the call option in July 2021 to acquire the remaining 40% equity interest in Nova Medical Israel Ltd. ("**Nova**"), a subsidiary primarily engaged in distribution of medical and aesthetic products in Israel. As at the date of this report, the purchase of the remaining 40% equity interest in Nova was completed. Nova has been a wholly-owned subsidiary of Sisram Med. In January 2022, Sisram Med agreed to contribute RMB2.6 million for the investment in Tianjin Xingsiyi Bio-technology Co., Ltd., which will be set up to engage in the R&D, technical services and supply of silk fibroin-sodium hyaluronate composite gel- and facial implant thread-products.

Fosun Care (Shanghai Zhuli Investment Co., Ltd.)

Fosun Care is a brand covering multi-level health and elderly care services formed by the Group around the vision of "making every family healthier" and promoting innovation and service upgrading in the healthcare industry. As the core healthcare platforms of the Group, Fosun Care is dedicated to providing full lifecycle healthcare services and products to retired families. Leveraging high technology and top-notch disciplinary technologies, Fosun Care takes family healthcare services as the core business model. It offers a comprehensive and continuous one-stop family healthcare services system for all age groups through the integration of intelligent systems and smart terminals, and focuses on the deep cultivation and intelligent development of FC2M capability, so as to create more value for elderly customers.

Shanghai Zhuli, established in 2014, holds the brand "Fosun Care" and carries out its primary business through several investees, such as 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 90.91% equity interest in Shanghai Zhuli.

Fosun Care comprises three major brands and four core businesses. In particular, "Starcastle" focuses on vitality elderly care, "Xingjian" mainly focuses on integration of medical care, rehabilitation and nursing elderly care, while "Xingxiang", an upgrade of "Feng-Lin" business and a community platform, focuses on community health, care and membership system, empowering the health and wellness industry by intelligent means. As at the end of the Reporting Period, Fosun Care invested in and operated elderly care and nursing institutions in Beijing, Shanghai, Ningbo, Suzhou, Tianjin and other cities, with a total of over 11,000 beds held.

In early 2021, Fosun Care closed its first round of private equity financing, with financing amounting to RMB200 million, which continuous support for the expansion of Fosun Care's business. Fosun Care worked closely with insurance companies. The innovation and marketing of the "large-sum annuity insurance + senior community residency rights" insurance product helped boost large-sum insurance sales, forming a tie-up and synergy between the insurance and health and wellness industries.

In 2022, Fosun Care will vigorously promote the launch of health and wellness industry funds, and partner with insurance companies, large state-owned enterprises, other social capital and other investors in various formats and multiple fields through different routes. Fosun Care will continue to focus on expanding new projects around 3+6+N cities (3: Beijing, Shanghai, Guangzhou; 6: six key cities; N: other cities, etc.) to further accelerate its nationwide deployment. In terms of operations, Fosun Care will devote itself to promoting the operation of the entire industry chain in a comprehensive way, facilitating innovation and service upgrade in the healthcare industry, and building a healthy hive, Fosun's health scenarios and product extensions as well as the CareBox health management services. Digitalization will be taken forward alongside the creation of a business ecosystem. Taking a global perspective, Fosun Care aims at becoming the benchmark in China's elderly care industry.

Fosun United Health Insurance

Established in January 2017, Fosun United Health Insurance is the sixth professional health insurance company in China jointly sponsored by the Group and 5 other companies. As at the end of the Reporting Period, the Group held 20% equity interest in Fosun United Health Insurance.

Since its establishment, Fosun United Health Insurance has expanded its business areas to Guangdong Province, Beijing, Shanghai, Sichuan Province, Jiangsu Province and Chongqing. Its business areas are Chinese Mainland regions with relatively developed economy or strong demand for health insurance and with mature markets and covering a total population of over 374 million. This has laid a solid foundation for the sustainable and healthy development as well as the nationwide deployment of Fosun United Health Insurance's businesses. In October 2021, the Hubei Branch of Fosun United Health Insurance obtained approval from the regulatory authority for its preparation establishment, thus further perfecting the institutional layout of Fosun United Health Insurance.

With international vision and local thinking, Fosun United Health Insurance places emphasis on the track of health insurance, and has developed a series of special heath protection products catering to the healthcare needs of Chinese families and enterprises. Since its establishment, Fosun United Health Insurance has provided more than 140 special insurance products and health management services to Chinese families and corporate customers, including 11 products with new sales volume of more than RMB50 million during the Reporting Period.

Fosun United Health Insurance is committed to exploring the "Medical Plus Insurance" ecological health insurance model with Chinese characteristics, and actively integrating into the Group's health industry ecosystem. During the Reporting Period, Fosun United Health Insurance together with the companies under the Group in the health sector having breakthroughs in innovative payment solutions for medical and pharmaceuticals, co-creation of healthy ecological products, co-construction and sharing of health services, etc. The annual revenue from the health industry ecology-related business exceeded RMB500 million, which further consolidated the company's characteristic ecological development foundation.

During the Reporting Period, in the face of a complex socioeconomic environment and a volatile health insurance market environment, Fosun United Health Insurance adhered to the market strategy of stable operation and healthy development alongside external expansion and internal growth. Always insisting on "being 0.01 second faster than its competitors", Fosun United Health Insurance quickly responded to market demands and actively sought self-adjustment. During the Reporting Period, Fosun United Health Insurance recorded revenue of RMB3,714 million, representing an increase of 51% year-on-year.

Looking forward, Fosun United Health Insurance will continue to undertake the mission of "Fosun United, Healthy China". Centering on family users and taking industrial internet as the driving force, it will develop excellent health products with the FC2M concept through intelligent means, and take the lead in creating a China-specific industry internet O2O integrated health model that integrates "Internet +, health insurance + and healthcare services +", striving to becoming the leading health management services group in China.

Happiness

BRAND CONSUMER

TOURISM & LEISURE

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

Unit: RMB million

	For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)	Change over the same period of last year
Revenue	66,898.3	56,016.6	19.4%
Loss attributable to owners of the parent	(593.9)	(298.4)	(99.0%)

During the Reporting Period, revenue of the Happiness segment amounted to RMB66,898.3 million, and recorded a year-on-year increase of 19.4% compared to the same period of last year, which was mainly attributable to the strong revenue growth of Yuyuan and FTG. The loss attributable to owners of the parent was RMB593.9 million during the Reporting Period, representing an increased loss of 99.0% as compared with the same period of last year, mainly due to the increase in loss contribution from Fosun Sports Group.

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. Shanghai Yuyuan Tourist Mart Co., Ltd. (上海豫園旅遊商城股份有限公司) was established in May 1992 and its shares were listed on the SSE in September of the same year. In November 2002, the Group became the largest shareholder of Yuyuan. In July 2018, Yuyuan completed its asset reorganization and the Group then further increased its shareholdings in the secondary market. In July 2019, the company 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). As at the end of the Reporting Period, the Group held approximately 68.47% equity interest in Yuyuan.

The businesses of Yuyuan mainly comprise of consumer retail and real estates with composite functions. In particular, consumer retail includes jewelry and fashion, cultural catering, food and beverage, Chinese fashion watches, and beauty and health and etc.. With the support of the global platform and resource empowerment system of its controlling shareholder, Fosun, Yuyuan has its strategic vision more targeted at family customers while continuously following the "1+1+1" development strategy of "family happiness consumption industry + urban industry landmarks + online and offline membership and service platforms". Yuyuan has a solid foundation of industrial operation and upholds the two-pronged strategy of "Industry Operations + Industrial Investment". It owns 18 long-established Chinese brands and a number of leading brands in China, as well as many global famous brands. Advancing its worldwide deployment with the principle of "global scale + China's speed", Yuyuan is building itself into a global first-class family happiness consumer industry group.

During the Reporting Period, Yuyuan achieved operating revenue of RMB51.06 billion, representing an increase of 12.2% year-on-year; net profit attributable to shareholders of the listed company after deducting extraordinary gain or loss amounted to RMB2.80 billion, representing an increase of 13.4% year-on-year; net profit attributable to shareholders of the listed company was RMB3.86 billion, representing an increase of 6.9% year-on-year. The growth of Yuyuan was mainly due to the rapid growth of the consumer sector.

During the Reporting Period, Yuyuan's jewelry and fashion business achieved revenue of RMB27.45 billion, representing an increase of 23.8% year-on-year, and the proportion of revenue further increased to 53.8%. The jewelry and fashion network expanded significantly, with an increase of 602 stores to 3,981 stores and store quality continued to improve. At the same time, the product structure was further optimized. The sales of "Guyun Gold" (古韻金) series products with high margins relying on ancient craftsmanship nearly RMB4.0 billion. Products including "Duorouduofu" (多肉多福) series, "Mak Ling Ling" (麥玲玲) cooperation series of Laomiao, Yayi "Qingyi Gold" (情逸金) also became best-sellers, and a new brand of lab-grown diamonds "Lusant" (露璨) was launched as well.

At the same time, Yuyuan gave full play to the resource advantages of long-established brand. The chain development strategy of Songhelou Suzhou-style noodle shops was further implemented. In 2018, Yuyuan acquired the long-established brand "Songhelou" (松鶴樓). In 2019, Yuyuan successfully built a single-store model of Songhelou Suzhou-style noodle shop. In 2020, it piloted chain development of the noodle shop and opened 18 new shops in first-tier cities across China. During the Reporting Period, 60 Songhelou noddle shops were newly set up in eight cities in China, including Shanghai, Beijing, and Shenzhen and etc. and the number of Songhelou noodle shops reached 81 as of the end of the Reporting Period.

Moreover, the beauty and health business of Yuyuan also flourished. Fosun Jinmei Shanghai Innovation Center under Yuyuan opened during the Reporting Period, and successfully launched the "WEI Lotus" series, focusing on moisturizing and repair effect. The series became the second most popular sales series under the WEI brand. Its AHAVA brand has created a number of 10 million-level single hot selling products, such as cleansing masks and other products, with rapid sales growth in China.

During the Reporting Period, the business of real estates with composite functions developed steadily. Yuyuan Phase I renovation project continued to advance and the planning and design of Yuyuan Phase II and III were also launched. At the same time, Yuyuan newly acquired new land for premium projects in Shanghai Xuhui, Chengdu Wuhou New Town, and Shanghai Jinshan and etc..

Looking forward, since the strategic optimization and organizational upgrade in 2018, Yuyuan has increasingly positioned its strategic vision to focus on family customers and continuously anchored the "1+1+1" development strategy of "happy family consumption industry + urban industrial landmark + online and offline membership and service platform". At present, Yuyuan takes "oriental life aesthetics" as the top concept, adheres to the two wheel drive of industrial operation and industrial investment, and owns 18 Chinese long-established brands and a number of leading brands, as well as a number of global well-known brands. Under the background of the new pattern of domestic and international double circulation, accelerate the globalization layout, transfer the aesthetics of Oriental life and the beautiful way of life, and stride forward to the world's first-class family happy consumption industry group.

Jinhui Liquor

Jinhui Liquor is principally engaged in the manufacture and sales of liquor and spirits, and is located in Longnan, Gansu province, which is known as the "areas south of the Yangtze River in Gansu". With the corporate mission of "brewing ecological liquor and spirits and transmitting positive energy", Jinhui Liquor insists on being customer-centric, implementing the two-pronged strategy of "key client operation + deep distribution" with C-end top priority. Jinhui Liquor strives to realize the strategic goal of "building a large-scale production base of liquor and spirits in China and shaping a well-known brand that ranks among the top 10 Chinese brands of liquor and spirits".

Yuyuan completed the acquisition of 29.99998% equity interest in Jinhui Liquor in August 2020 and further completed the takeover offer for 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.

During the Reporting Period, Jinhui Liquor recorded revenue of RMB1,788.4 million, representing an increase of 3.34% year-on-year, with net profit attributable to shareholders of the listed company of RMB324.84 million, representing a decrease of 1.95% year-on-year.

During the Reporting Period, Jinhui Liquor overcame the impact of the pandemic with its various indicators of production and operation demonstrating a stable and positive trend. First, the production quality of unprocessed wine reached a new high, and the production volume of premium wine increased by 18.26% compared with the previous year, further brought into play the productivity advantage of the high-quality liquor and spirits in Qin Ling production areas; second, Jinhui Liquor implemented in depth the two-pronged strategy of "key client operation + deep distribution", and continued to upgrade its product portfolio. The revenue from high-end products was RMB1.095 billion, representing an increase to 62.11% in terms of revenue proportion; third, deeply integrating into the Group's ecosystem, Jinhui Liquor made official deployment in the channel market in East China, and created a variety of FC2M good products, such as "Gang Zhi Yun" (鋼之韻), "Bang Tian Xia" (邦天下), "Fu Xing Gao Zhao" (復星高照) and "Jin Hui Lao Jiao" (金徽老窖), through industrial collaboration; fourth, it continued to promote the "second venture" reform and achieved significant breakthroughs in digital transformation and organizational talent fission.

Shede Spirits

Shede Spirits is a Chinese famous liquor and spirits company and one of the six "golden flowers" of Sichuan liquor and spirits. With "ecology, quality and culture" as its core strengths, Shede Spirits is a key representative of strong flavor liquor. Shede Spirits' mission is to "share the wisdom of Shede Spirits with the world", and its development prospect is to "make Shede Spirits a leading aesthetic brand for life". Focusing on the "classic liquor + culture" strategy, Shede Spirits allocates resources to build key cities while expanding its market shares in the mid-to-high-end liquor and spirits market; actively expands new channels, cultivate new products, and empower the brand with cultural innovation. It is committed to achieving the strategic goal of "becoming a benchmark enterprise with the most cultural characteristics in ecological brewing business and building the No. 1 brand in the classic liquor and spirits category".

In January 2021, Yuyuan acquired 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd.* (四川沱牌舍得集團有限公司) ("**Shede Group**"), the controlling shareholder of Shede Spirits, by way of participating in a judicial auction and execution of a judicial ruling, pursuant to which Yuyuan indirectly held Shede Spirits. As at the end of the Reporting Period, Yuyuan held 30.32% equity interest in Shede Spirits through Shede Group.

Since the Group's investment in Shede Spirits, the strategic planning and ecological construction of Shede Spirits have been continuously empowered. The company continued to implement the classic liquor strategy, and the quality of classic liquor was further recognized. The number and quality of distributors have improved significantly, and there are more and more loyal consumers. Shede Spirits has continued to expand new channels and the whole channel sales capacity continued to improve. Shede Spirits has continued to strengthen its brand building and brand power continued to be enhanced. Due to the above factors, during the Reporting Period, the results of Shede Spirits achieved relatively significant growth compared to the same period of last year. During the Reporting Period, Shede Spirits recorded revenue of RMB4,969 million, representing a year-on-year increase of 83.8%, and net profit attributable to shareholders of the listed company of RMB1,246 million, representing a year-on-year increase of 114.35%. In particular, the sales revenue of liquor and spirits of Shede Spirits reached RMB4,577 million, representing a year-on-year increase of 94.77%. In terms of liquor and spirits category, the revenue of the mid-end and high-end products amounted to RMB3,874 million, representing a year-on-year increase of 81.94%; while the sales revenue of the low-end products amounted to RMB703 million, representing a year-on-year increase of 218.66%. The products of different grades achieved relatively substantial growth.

Looking forward to 2022, Shede Spirits will continue to strengthen brand construction, optimize the organization management system, focus on strategic products and key cities, vigorously develop high- quality.distributors, strengthen market infrastructure, strengthen consumer cultivation, and create the first brand in the category of classic liquor;it will adhere to implement the intelligent upgrading of production system, continue to improve the ecological industry chain, actively expand production capacity, strengthen the reserve and enhance the quality of classic liquor.

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's 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 80.73% 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 and hotels, including Club Med, Club Med Joyview, Casa Cook and Cook's Club, etc.; (ii) tourism destinations, including Atlantis Sanya, Taicang FOLIDAY Town, Lijiang FOLIDAY Town, and Albion, etc.; and (iii) services and solutions in various tourism and leisure settings. During the Reporting Period, total revenue of FTG amounted to RMB9,261.5 million, representing a year-on-year increase of 31.2% and loss attributable to equity holders of FTG's parent company amounted to RMB2,712.0 million, while loss attributable to equity holders of FTG's parent company was RMB2,574.3 million for the same period of last year. The group maintains a healthy and sound financial position. In 2021, FTG's net cash flows generated from operating activities turned substantially positive, achieving a net inflow of RMB2.2 billion, an improvement of approximately RMB4.1 billion compared to the net cash outflow of RMB1.9 billion in 2020. As of 31 December 2021, the cash and bank balances were approximately RMB4,535 million.

Club Med, headquartered in France and founded in 1950, is a world-renowned family centric all-inclusive leisure and vacation service provider. As at the end of the Reporting Period, FTG had sales and marketing operations in more than 40 countries and regions across six continents, and operated 64 resorts. In the first half of 2021, due to the continued spread of pandemic in Club Med's major customer sourcing markets and destinations, governments of various countries implemented stringent pandemic prevention measures and all mountain resorts of Club Med in the Alps (except Saint Moritz resort in Switzerland) were not in operation for the 2021 snow season and outbound travel from major customer sourcing markets were suspended. These measures had significant negative impacts on the operation of the resorts. To maintain necessary cash level under the pandemic, Club Med obtained long-term loan of EUR70 million (equivalent to RMB505 million), as guaranteed by the French Government, from a bank in January 2021. Since mid-May 2021, due to the introduction of vaccination schemes in various countries and the gradual lifting of restrictions, FTG had been striving to promote the resumption of resort operations in the affected areas, and witnessed early signs of recovery for its business across the globe. In the second half of 2021, Club Med's business volume increased by 180.1% as compared with the same period in 2020. The average occupancy rate reached approximately 62.2%, which increased by approximately 5.9 percentage points compared with that in the same period in 2020. The average daily bed rate was approximately RMB1,405.2, representing an increase of approximately 28.0% compared with that in the same period in 2020.

In 2021, the business volume of Club Med was approximately RMB5,978.3 million, representing an increase of 10.8% compared with the same period in 2020. In 2021, the capacity of Club Med was approximately 6.979 million bed nights, an increase of approximately 25.1% compared to the same period of 2020. Club Med's global average occupancy rate was approximately 55.3%, which decreased by approximately 4.1 percentage points compared with the same period in 2020. The average daily bed rate was approximately RMB1,322.9, representing a decrease of approximately 3.3% compared with the same period in 2020. As of December 2021, Club Med operated 46 resorts worldwide.

From the beginning of 2022 to the end of 2024, FTG have signed and planned to open 17 new Club Med resorts, of which seven resorts are located in China. At the same time, FTG opened the new Exclusive Collection Seychelles resort in March 2021, opened the new Club Med Lijiang resort in Lijiang FOLIDAY Town in September 2021, and opened the new Quebec Charlevoix resort in December 2021.

Atlantis Sanya, located on the Haitang Bay National Coast of Sanya in Hainan province, China, opened in April 2018. During the Reporting Period, despite the restriction to the passenger flow of Sanya due to the pandemic recurrence in multiple areas in Chinese Mainland, the number of visitors to Atlantis Sanya amounted to approximately 4.7 million for the year by virtue of its excellent product capability. The business volume of Atlantis Sanya amounted to RMB1,455.3 million, which increased by 18.6% year-on-year. In particular, room revenue increased by 18.6% and other operating income increased by 18.7%. The average daily rate by room increased by 12.3% compared with the same period in 2020, and the occupancy rate increased by four percentage points to 71.5%.

FTG also develops and operates tourism destinations in Lijiang, Yunnan and Taicang, Jiangsu under its own brand "FOLIDAY Town" (復遊城). Lijiang FOLIDAY Town covers land parcels of approximately 695,000 square meters in Baisha town in Lijiang city, Yunnan province in Southwestern China. In the second half of 2021, Club Med Lijiang resort, Albion Residence FOLIDAY Town Lijiang, and lake camp have been put into operation. Taicang FOLIDAY Town covers land parcels of approximately 483,000 square meters in Taicang city, Jiangsu province in East China. In particular, the construction of the indoor ski domain of "Alpes Snow World" (阿爾卑斯雪世界) fully commenced in January 2021; the themed commercial street and Club Med Joyview Taicang resort entered the full construction phase in June 2021. For the year ended 31 December 2021, FTG delivered 560 units of Taicang FOLIDAY Town with the aggregate sales area of approximately 62,258.7 squaremeters and recognised a revenue of RMB1,333.0 million. The indoor ski domain, Club Med Joyview Taicang resort, the themed commercial street will start their business in the second half of 2023, and the remaining construction is expected to achieve full completion in the following two to three years.

In November 2019, upon the liquidation of Thomas Cook, FTG acquired the centennial travel brand Thomas Cook, and its licensed right, title and interest across most international markets. In July the following year, FTG released its APP in China "Thomas Cook Lifestyle Platform" ("**TC China**"), an online travel agency focusing on leisure life-style. As of the end of the Reporting Period, TC China recorded 2.6 million downloads. Throughout 2021, the business volume of TC China was approximately RMB357.9 million, representing a year-on-year increase of 95.1% from 2020. In addition, Thomas Cook online travel agent ("**TC UK**") was launched in UK in September 2020. TC UK became the top selling online travel agent for UK-Portugal Travel once rules in the UK were relaxed in May 2021. In 2021, TC UK recorded a business volume of approximately RMB383.0 million, realizing multiplier growth.

Looking forward, FTG will, based on its own strengths, deeply strengthen its presence in Hainan and make in-depth business layout in the ski ecosystem. As of December 2021, FTG's business in Hainan includes not only Atlantis Sanya, Club Med resort in Sanya, but also services and solutions, including resident Show C, Foryou Ski and travel agency business. FTG is actively seeking opportunities to further develop its business in Hainan Free Trade Port. FTG intends to actively explore tourism destination business in Hainan under the brand of FOLIDAY Town, and reached cooperation with municipal government of Sanya over the development of SANYA FOLIDAY Town. In addition, FTG is committed to building a complete and rich ski ecosystem. FTG is the biggest ski resort provider in Europe in terms of number of ski resorts in 2019. As of the end of 2021, Club Med operates 20 mountain (ski) resorts worldwide, of which 15 are located in Europe and four are located in Asia-Pacific. The opening of Quebec Charlevoixn marks the expansion of FTG's ski operation in North America. FTG continues to optimize its ski resort portfolio in Europe. From 2016 to 2021, FTG opened at least one mountain resort in the Alps every year, and proactively expanded its mountain (ski) resorts in Asia-Pacific Region. The Alps Snow World in Taicang FOLIDAY Town, which is under construction, is planned to become a large-scale indoor ski resort, dedicated to bringing skiers a year-round ski experience.

Wealth

INSURANCE

ASSET MANAGEMENT
(INVESTMENT)

ASSET MANAGEMENT
(PROPERTY)

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

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 2021	For the year ended 31 December 2020	Change over the same period of last year
Revenue	**32,149.3**	29,840.1	7.7%
Profit attributable to owners of the parent	**1,461.3**	1,158.2	26.2%

During the Reporting Period, the revenue of Insurance segment increased by 7.7% compared to the same period of last year, mainly because of the business growth of Fosun Insurance Portugal and Peak Reinsurance. The profit attributable to owners of the parent was RMB1,461.3 million during the Reporting Period, representing an increase of 26.2% as compared with 2020, mainly attributable to the stable growth of core enterprises of the Insurance segment.

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

Fosun Insurance Portugal

In 2014, the Group established subsidiaries to acquire Fidelidade, Multicare and Fidelidade Assistência, gaining a controlling stake. As of the end of the Reporting Period, the Group owns 84.9892% equity interest in Fidelidade. As a leading company in the Portuguese insurance market, the platform 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, covering the sale of products in all key lines of business and benefiting from the largest and most diversified insurance sales network in Portugal, including many exclusive and multi-brand agents, brokers, own branches, internet and telephone channels and a strong distribution system with the post office and Caixa Geral de Depósitos S.A., the leading Portuguese bank. Its international business covers eleven countries, with products distributed in the four continents of Europe, Asia, Africa and America.

In 2021, despite the partial economic shutdown in the first half of the year, Fosun Insurance Portugal's results still performed well, achieving total premium income of EUR4,912 million, representing a year-on-year increase of 38%. Net earned premium reached EUR2,218 million, representing a year-on-year increase of 5%. The increase in total premium income is mainly due to Life Financial business. Leveraging on strong sales network, total premium income of capital-light non-guaranteed income products achieved rapid growth in the domestic market in Portugal. Non-life products also grew significantly following strong market trends.

During the Reporting Period, Fosun Insurance Portugal achieved net profit attributable to owners of the parent of EUR270 million. The synthetic fund cost rate of non-life business was 93.4%, and the size of asset management was EUR17,251 million. Investment yield ratio (excluding investment-linked insurance) was 3.6%.

During the Reporting Period, the market leader position of Fosun Insurance Portugal was continually enhanced. Premium income growth rate was higher than peers in the industry, and its share of the market of Portugal was 29.1%, representing a year-on-year increase of 1.9%. Of which, the market share of life business was 29.5% and market share of non-life business was 28.5%.

In early 2019, Fosun Insurance Portugal completed the acquisition of a majority stake in La Positiva Group, one of the leading players in the insurance market of Peru. As of the end of the Reporting Period, with a market share of 13.1%, Fosun Insurance Portugal (Peru business) was ranked the 3rd position in the insurance market of Peru.

During the Reporting Period, the overall premium income of the international business of Fosun Insurance Portugal was EUR1,029 million, exceeding the milestone of EUR1 billion, accounting for 21% of the total premium income of Fosun Insurance Portugal.

In the international front, Fosun Insurance Portugal has entered into relevant agreements for the acquisition of majority stakes of The Prosperity Company. The transaction is expected to be completed in the first half of 2022. Such company is an insurance company specialized in life financial non-guaranteed products headquartered in Liechtenstein. At the same time, on 31 December 2021, Fosun Insurance Portugal completed the acquisition of Seguradora International de Moçambique, an insurance company in Mozambique. Through the acquisition, Fosun Insurance Portugal's share of the insurance market of Mozambique was enhanced to the 3rd position.

In addition, during the Reporting Period, Fosun Insurance Portugal successfully issued EUR500 million subordinated debt, improving both asset structure and solvency. At the same time, it received A- investment-grade rating from Fitch (Long-Term Issuer Default Rate rating of 'A-' and Insurer Financial Strength rating of 'A' with 'Stable' outlooks). Currently, this is the highest rating received by a Portuguese financial institution and reflects Fosun ecology's empowering support, Fidelidade's long-term good operational results and excellent investment and risk management standards.

At the same time, Fosun Insurance Portugal is also committed to sustainable development, and formulated a number of initiatives in investment and operational aspects to achieve this goal. In terms of investment, Fosun Insurance Portugal undertakes to integrate environmental, social and corporate governance factors into investment decision-making. In terms of products and projects, it has launched retirement products that integrate saving and enhancement of environmental practices PPR 40+ ESG, and has set up awards to promote social inclusion, health and prevent aging (Fidelidade Comunidade). At the same time, it launched several projects, including Vitality program (a project to encourage healthy lifestyle habits), We Care project (a project to help and support people who have suffered serious physical accidents to recover and re-integrate into society, career and family) for the purpose of reducing traffic accidents, and Fidelidade Drive (an APP to encourage and award driving behavior that enhances environmental sustainable development). In addition, Fosun Insurance Portugal plans to introduce products and services to promote sustainable living style, with a view to achieve Fosun Insurance Portugal's leading position in environmental improvement.

Meanwhile, Fosun Insurance Portugal also seeks to make innovations, successfully launching Fixo Service that caters to elderly healthcare, and developing customer service robot Maria through AI technology, to connect to customer and domestic service provider, which increases overall response rate and efficiency of call center. It was awarded innovation award in the Portuguese market for the above initiative.

Moreover, Fosun Insurance Portugal received several distinguished honor awards, e.g. "Superbrands 2021" (Preferred brand in the hearts of consumers), "2021 Market Reputation Index" (1st Insurance brand in Portugal), "Marca de Confiança 2021" (Most Trusted Brand in 2021), and Escolha do Consumidor 2021 (Consumer's Choice in 2021) in the categories of "Excellent companies", "Insurance companies" and "Direct insurance companies".

Looking forward, in 2022 Fosun Insurance Portugal will continue to promote innovation and transformation and continue, on the basis of focusing on existing innovative solutions (including My Savings, Drive, Vitality, Fixo, Alô), to satisfy new market needs (including pet insurance, dental insurance and pension insurance products), and promote the transformation of financial life insurance products towards non-guaranteed products. It will comprehensively digitalize internal process and build more Agile organizational structure, and plans to acquire and explore emerging markets such as Columbia.

Peak Reinsurance

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

Authorized by the Insurance Authority of Hong Kong under the Insurance Ordinance (Cap. 41), Peak Reinsurance was established with the clear purpose to modernize reinsurance to support the needs of communities and emerging middle-class through meeting their reinsurance needs in Asia and around the globe. Peak Reinsurance has now grown into a global reinsurer that offers products and services encompassing both property & casualty (P&C) and life & health (L&H) reinsurance. At the same time, Peak Reinsurance strives to provide clients around the globe with innovative and tailored reinsurance, risk management and capital management solutions. Peak Reinsurance's vision remains to become the most valuable reinsurance partner in the eyes of clients and stakeholders.

In 2021, the threat of COVID-19 continued. There were also frequent climate disasters and natural disasters which affected tens of millions of people around the world. As a global reinsurer, Peak Reinsurance is committed to supporting societies, businesses and individuals so that they can return to their normal lives quickly. In the past year, Peak Reinsurance provided services to close to 600 customers in more than 60 markets. Its diverse team is composed of 120 professionals, bringing unique expertise and insights in risk management and making a positive impact to the global insurance industry.

In 2021, while preventing and controlling the impact of the COVID-19 pandemic on its business, Peak Reinsurance maintained its operations throughout the year without interruption, demonstrating strong resilience. Diversified property and casualty insurance portfolio and effective risk management strategies enabled Peak Reinsurance to maintain growth and profitability despite some high-profile natural catastrophe events. Peak Reinsurance's life and health (L&H) business continued to develop with strength.

As at the end of the Reporting Period, Peak Reinsurance reported the gross written premium of USD2,144.7 million (FY2020: USD1,966.3 million) and net profit of USD73.2 million. Due to portfolio adjustments, continued rate hardening in major markets, and a planned shift to a greater weighting towards non-proportional business, the property & casualty (P&C) business underwriting margin improved. In addition, efforts to rebalance the portfolio towards non-proportional business will ensure price stability alongside future business development. Despite financial market volatility and increased uncertainty over the outlook for the global monetary policy, Peak Reinsurance recorded a strong return on investment of 3.0% at the end of the Reporting Period. Investable assets and net assets were USD2.8 billion and USD1.5 billion. Peak Reinsurance's awarded credit rating and a solvency ratio of over 300% showed that Peak Reinsurance remained well-capitalized as at the end of the Reporting Period.

Peak Reinsurance continued to strengthen its business in 2021. In 2016, Peak Reinsurance completed its strategic investment of a 50% stake in Caribbean insurance group NAGICO Holdings Limited ("**NAGICO**"). In June 2021, Peak Reinsurance reached a definitive share purchase agreement to acquire the remaining 50% stake of NAGICO. The acquisition aligns with Peak Reinsurance's strategy to diversify its portfolio globally, and to support the (re)insurance needs and close the protection gaps of developing communities. The transaction is subject to the receipt of required regulatory approvals and other customary closing conditions being satisfied, which is not yet completed as of the end of the Reporting Period.

In addition, in February 2021, Peak Reinsurance completed its third reinsurance sidecar transaction via its Bermuda-domiciled special purpose insurer, Lion Rock Re Ltd., to successfully raise USD107 million in a challenging sidecar market.

Peak Reinsurance's outstanding achievement has been widely recognized in the industry with strong credit ratings from Moody's Investor Service (IFSR A3 – stable) and A.M. Best (A- excellent), reflecting Peak Reinsurance's balance sheet strength, increasingly diversified product portfolio and geographic mix, and solid capitalization relative to risk underwritten. In September 2021, Peak Reinsurance ranked the 27th among global reinsurance groups by S&P Global Ratings in terms of net reinsurance premiums written[4].

With its outstanding performance, Peak Reinsurance won the "Asian Reinsurance of the Year Award" at the Insurance Asia Awards (IAA) organized by the Asia Insurance Group for the sixth consecutive year. Peak Reinsurance was also awarded Insurance Asia News's (IAN) "Property and Casualty Reinsurer of the Year Award".

Peak Reinsurance is driving the modernization of reinsurance to support emerging middle-class communities by meeting reinsurance needs in Asia and beyond. Over the years, Peak Reinsurance has endeavoured to integrate sustainable practices and strategies into its business and operations, while maintaining a customer-centric culture. Looking ahead to the next decade, Peak Reinsurance is committed to further accelerate progress on sustainability with its business partners, the wider industry and other stakeholders to build a more resilient future.

Pramerica Fosun Life Insurance

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

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

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

During the Reporting Period, Pramerica Fosun Life Insurance recorded premium income of RMB3,229.5 million, representing a year-on-year increase of 24.87%, and the major premium income channels from new policy showed good growth. Net loss of Pramerica Fosun Life Insurance was RMB115.4 million, representing a year-on-year decrease of loss of RMB126.3 million. The total investment yield was 6.34%, and the comprehensive investment yield was 7.03%.

In order to better meet the insurance protection needs of middle- and high-net-worth family customers, Pramerica Fosun Life Insurance insists on building a team of professional life insurance agents, vigorously invests in ecological and technological construction to empower the team to acquire customers and operate and build a comparative advantage. In terms of agent team building, Pramerica Fosun Life Insurance adheres to basic principles with "golden direct administration" as the core, and strives to build an elite agent team with high income, high productivity and high retention. During the Reporting Period, the average monthly active manpower and the team's productivity indicators were in the forefront of the industry. In terms of technology construction, it focused on providing customers with comprehensive services that were convenient, efficient and with excellent experience. The policy organization system iterated the policy custody function. The smart "double recording" system shortened the double recording time to 8 minutes, leading the industry level. In terms of ecological empowerment, the four major ecosystems of "Health, Retirement, Wealth, Happiness" continued to mature. In terms of the construction of the elderly care ecosystem, it deepened strategic cooperation with Fosun's health care sector, and jointly created the "Star Elder Care" (星養老) elderly care ecological brand, achieving 477 orders for Starcastle senior community throughout the year and received total premium of RMB781.15 million.

In 2022, Pramerica Fosun Life Insurance will continue to adhere to the business philosophy of long-term value increase, implement the strategic path of the four development paths, and will unswervingly strengthen outstanding teams by the triple measures of "Product Matrix + Health Care Ecosystem + Technology Empowerment". With the goal of meeting the life-cycle security needs of middle and high-

[4] Source: S&P Global Reinsurance Group Top 40 in 2021 (by net reinsurance premiums written)

net-worth family customers, it will continuously iterate the product system that is "systematic, service-oriented, family-oriented, and brand-oriented", create a brand image of "Understand your need, Make for your need" and implement C-end Top Priority with high-quality "smart operation and high-quality customer service". It will continue to iterate the digital training system based on the "Zhixing" (知行) platform and the sales empowerment system centered on policy arrangement to promote the quality of the agent team; explore "scenario-based production and customer acquisition + online joint operation + offline transformation" innovative business model, and create new growth poles through traffic conversion. With the help of the resource endowment of Fosun Health Care Ecosystem, the rapid growth of the business scale and the high-quality development of the team will be boosted by community orders, and the business value will be continuously enhanced.

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 2021	For the year ended 31 December 2020	Change over the same period of last year
Revenue	11,550.1	12,679.7	(8.9%)
Profit attributable to owners of the parent	3,698.8	3,389.1	9.1%

During the Reporting Period, the revenue of the Asset Management segment decreased by 8.9% year-on-year, which was mainly due to the influence of business cycle of Asset Management (Property) business. The 9.1% increase in profit attributable to owners of the parent compared to the same period of last year was mainly attributable to the increase in investment gains during the Reporting Period.

Fosun Capital

Established in 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 well-known family funds, pensions, insurance companies, listed companies, large investment institutions and high net wealth individuals domestically and internationally. Relying on its excellent investment capabilities, 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.

In the past 15 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. Fosun Capital focuses on four major areas: new materials and intelligent manufacturing, digital economy and new consumption, healthcare, and next-generation information technology. As at the end of the Reporting Period, Fosun Capital had invested in over 100 companies, and successfully exited from investments in nearly 50 companies through domestic or overseas listings, equity transfer and other ways. As at the end of the Reporting Period, the assets under management were nearly RMB20 billion.

During the Reporting Period, three of Fosun Capital's investment companies passed the IPO review of the China Securities Regulatory Commission. Fosun Capital was listed among the "Top 11 Best Chinese Private Equity Investment Institutions of 2021", "Best performance private equity fund in China of 2021", "Best Innovative Investment Institutions in China of 2020-2021", "Chinese Advanced Manufacturing Companies of 2020-2021", "Investment Institution for Big Consumption with the Most Growth in China of 2020-2021" selected by Financing China and has been rated as a Class A private equity investment fund manager by Insurance Asset Management Association of

China for two consecutive years. At the same time, it won the "Top 11 Private Equity Fund of 2021" by China-fof, "Top 100 China 2020 Best Private Equity Investment Institutions" by Touzhong.com, "Top 30 of the 2021 China's Most LP Recognized Private Equity Investment Institutions", "Top 50 Popular Private Equity Investment Institutions Among Investors in China of 2021", "Top 20 Investment Institutions in China's Chip/Semiconductor Field in 2021" by 36Kr and "Best Hard Technology Investment Institution in 2021" by Jazzyear.

Fosun RZ Capital

Fosun RZ Capital is a global venture capital platform of the Group focusing on technology 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 leverages 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 mid- and high-growth and high-tech companies in major economic growth regions worldwide, realizing the strategic plan of "top technology as horizontal while emerging markets as vertical" in seven locations globally. It not only invests in cutting-edge technological innovation in the U.S., Israel, etc., but also spans into high-growth emerging markets such as China and India, creating an influential global industry-wide innovation ecosystem. As at the end of the Reporting Period, Fosun RZ Capital had more than 40 employees in 7 offices around the world. Fosun RZ Capital's global core team has an average of more than 10 years' investment experience. During the Reporting Period, it exited successfully from over 20 projects with cash proceeds and provided added value to approximately 30 companies, rendering outstanding performance. During the Reporting Period, Fosun RZ Capital completed the raising and establishment of the third phase of the RMB fund for science and technology innovation. The size of the newly raised fund was RMB2,000 million, and the total management size of Fosun RZ Capital was nearly RMB10,000 million. During the Reporting Period, Fosun RZ Capital was ranked on the "Top 100 China 2020 Best Venture Capital Institutions" by Touzhong.com, and "Top 100 Chinese Venture Capital Institutions in 2021" 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 evolve together with global outstanding enterprises and maintain empowering the development of the four major business segments of the Group.

Hauck Aufhäuser Lampe Privatbankiers AG (HAL)

Founded in 1796, HAL is headquartered in Frankfurt with offices in several key German cities such as Munich, Düsseldorf, Hamburg and Berlin. It also has branches in Luxembourg and London, a subsidiary in Zurich and a representative office in Paris. As of the end of the Reporting Period, the Group owns 99.94% equity interest of HAL.

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

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

Against the backdrop of the rampant outbreak of COVID-19 and the global economic downturn, HAL experienced another year of significant growth in spite of difficulties As at the end of the Reporting Period, the assets under HAL's service and management reached EUR230 billion, representing an increase of 37% compared to the same period of 2020. At the same time, HAL's gross income increased by 32% year-on-year to EUR302 million during the Reporting Period. HAL's profit before tax increased from EUR56.4 million in 2020 to EUR60.7 million in 2021, with its total assets growing to EUR12 billion.

HAL announced its planned acquisition of Bankhaus Lampe in 2020. The transaction closed in September 2021 after the ownership control process was completed. Bankhaus Lampe has a 170-year history in private banking, providing wealth management, asset management and personalized banking solutions to private, institutional and corporate clients, with offices in 13 cities in Germany, Austria, the UK and the US. Through this acquisition, HAL's services and assets under management exceeds EUR200 billion, with total assets in excess of EUR10 billion, and the Group's business segments and regional capabilities are expanded, particularly in the areas of private banking and asset management. Hauck & Aufhäuser Privatbank AG ("**H&A**") was officially renamed Hauck Aufhäuser Lampe Privatbank AG ("**HAL**") on 1 January 2022.

HAL's growth story gained recognition from the public. As a result, the bank received several awards including "Best Private Bank in Germany 2021", "Germany's Most Popular Bank", "Leading Employers in Germany 2021".

At the same time, HAL is proactively responding to ESG developments and continuously optimizing its corporate governance to fully meet regulatory requirements. The newly established ESG function department and ESG Committee ensure consistency with the ESG strategy across all business lines, focusing on current market developments, regulatory requirements and organizational structure. HAL's extensive activities to put the ESG strategy into practice have also received external attention and an award for outstanding sustainable engagement.

BCP

In 1985, a group of over 200 shareholders and a team of experienced banking professionals incorporated BCP. During the period from 1995 to 2000, BCP solidified its position in the Portuguese banking market through a series of strategic mergers and acquisitions, and became the largest private bank in Portugal. Since 2000, BCP has been strengthening its position into emerging markets in Europe and Africa, especially Poland, Mozambique and Angola, which have a close historical connection to Portugal. Since 2010, BCP has entered the Chinese Mainland market through its Guangzhou representative office and relaunched its business activities in Macau with an onshore full banking license. In November 2016, the Group invested in BCP. As at the end of the Reporting Period, the Group held 29.95% equity interest in BCP.

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 operating profit (net interest income plus net fees and commissions income deducted from operating costs, excluding one-time personnel restructuring costs in Portugal of EUR90.7 million) of BCP amounted to EUR1,291.4 million, 10.9% higher than EUR1,164.3 million of the same period of last year. In particular, the core operating profit in Portugal reached EUR743.45 million, which increased by 11.3% as compared to EUR668.2 million of the same period of last year. The good performance of the core operating profit was mainly due to the increase of the net interest income and recovery of the commission fee income after the pandemic. Net profit attributable to shareholders of BCP was EUR138.1 million, representing a decrease of 24.6% compared with the same period of last year, mainly due to the impact of legal risks on Swiss Franc mortgage loans, which continued to accumulate special provisions.

As at the end of the Reporting Period, the consolidated total assets of BCP amounted to EUR92,905 million, representing an increase of 8.4% year-on-year. BCP's consolidated loans to customers (gross) amounted to EUR58,231 million, representing an increase of 4.6% year-on-year, which was boosted by the favourable performance in Portugal and Poland. The good performance of loans to both individual and corporate customers in Portugal led to a 3.6% year-on-year increase, reaching EUR39,866 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 and under the lines covered by the European Investment Fund, reflecting the reinforcement of the presence of the Bank with the Portuguese companies.

It should also be noted that the non-performing exposure (NPE) reduced EUR543 million at the BCP up level resulting from the success of the divestment strategy, leading the NPE ratio as a percentage of the total loan portfolio declined from 5.9% as at the end of 2020 to

4.7% as at the end of the Reporting Period. At the same time, the reinforcement in the coverage of NPE at the group level increased 5.1 percentage points year-on-year to 68% as at the end of the Reporting Period.

Another remarkable performance of BCP was customer growth during the Reporting Period. The number of active customers at BCP's group level increased to 6.14 million from 5.90 million at the end of 2020, of which the number of mobile active customers increased from 2.89 million at the end of 2020 to 3.46 million, among which the number of newly acquired customers through mobile terminal was 571,000. During the Reporting Period, BCP was awarded "Best Investment Bank 2021 in Portugal" by Global Finance, as well as "Best Consumption Digital Bank 2021" in Portugal, "Consumer Choice in Portugal 2021 and 2022" in the "Large Banks" category. ActivoBank was awarded "Customer Choice 2022" under the "Digital banks" category.

Looking forward, the strategic plan of BCP aims to improve the environmental adaptability and risk response capabilities of the bank after the pandemic, continue to promote the five overarching strategic priorities defined for the future, namely talent enhancement, mobile-centric digitization, growth and leadership in Portugal, growth in international footprint, and business model sustainability, to enable BCP to recover quickly to accomplish the strategic objectives after the pandemic. BCP presented a new strategic plan accordingly to the market designated "Excelling 2024," setting the priorities and objectives for the new strategic cycle for 2021-2024. The design of the Excelling 2024 plan was based on BCP's aspiration for this cycle: to successfully overcome the impact of the pandemic and achieve robust levels of profitability and balance sheet improvement based on superior personalized services and new mobile/digital solutions, accelerating the bank's competitive differentiation in terms of efficiency and customer engagement, and at the same time responds to the challenges in sustainable development, especially the risks and opportunities posed by climate change, social impacts, and good social governance.

The Bund Finance Center ("**BFC**")

Located at 600 Zhongshan No. 2 Road (E), Shanghai, China, the Bund Finance Center is a benchmark project of Fosun's "Hive City". With the Huangpu River to the east and Yuyuan Old Street on the west, BFC is a large ecological commercial complex located in the heart of the Bund. The project officially started in November 2011 and embraced its grand opening on 12 December 2019. The gross floor area ("**GFA**") of BFC is over 420,000 square meters. Taking fashion, art and design as the three core elements, it integrates ecology with office, retail, catering, entertainment, health, art and tourism, creating a brand-new landmark in Shanghai.

The Group has in-depth layout of the four major businesses of Health, Happiness, Wealth, and Intelligent Manufacturing. After the pandemic, BFC has strengthened its "1+N" model focusing on household consumption, that is, family ecosystem and vertical ecosystem. 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 a super-grade-A office building integrated with multiple smart building technologies and comfortable workspace experience with attentive concierge service. As of the end of December 2021, the occupancy rate exceeded 99%; (ii) retail business that houses over 200 stores and brands, of which approximately 30 stores are the first of its kind, including the world-famous French designer jewelry brand DJULA, Lanvin Asia flagship store, etc.; (iii) catering business that offers an array of high-quality international restaurants, including the legendary Italian restaurant DA VITTORIO SHANGHAI, which has won two Michelin stars consecutively in 2021, and the Fujian cuisine Meet the Bund, which has won one Michelin star; (iv) health business with a fitness club, BFC FITNESS, that presents an exquisite sports space with swimming pool, gym equipment, aerobic classes, boxing training and a new Pilates training room. Fosun's high-end medical clinic Zallhui (卓爾薈) provides 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, to provide one-stop health management and exclusive services for elites and their families; (v) art business conducted through Fosun Foundation Art Center, which has the world's first-ever three-layer "moving" veil system, creating an unique and dynamic aesthetic appeal for the building. The fourth stop of the global tour of "Tadao Ando: Endeavors" opened in March 2021, attracting more than 150 thousand people. The exhibition, opened in November 2021 is "Freeway", the first museum-level exhibition in China, by American artist Alex Israel; and (vi) family-oriented services that feature the Miniversity club jointly created by FTG, Mattel (a children's entertainment brand), and Club Med, which has founded Mini Club Med, and SNOW51, a professional indoor skiing brand, providing a great experience for ski lovers.

As of the end of Reporting Period, benefiting from continued improvement in occupancy rate and unit prices of office and commercial buildings, BFC recorded total operating revenue of RMB787.73 million, representing a year-on-year increase of 25% from RMB628.87 million in 2020; operating EBITDA was RMB476.89 million, representing a year-on-year increase of 36% from RMB351.08 million in 2020. In 2021, in the face of recurrent pandemics, BFC's pandemic prevention had never been slacking to ensure zero infection cases. It also maintained a stable occupancy rate, and secured transactions with key corporates and their entry into BFC office buildings. After the pandemic stabilized at the beginning of 2021, BFC heightened its efforts both online and offline which added about 200,000 members during the Reporting Period, and the number of members exceeded 560,000 by the end of the Reporting Period. BFC also launched an online shopping platform "iShopping", integrating functions including online purchase, membership rights, interactive live streaming and store display. In respect of offline operation, BFC launched "BFC Art Festival (外灘BFC藝術季)", "Family Day on 15 May (515家庭日)", "BFC Music Festival (BFC外灘音樂季)", "BFC Summer Wave (BFC外灘造浪季)", "BFC Fashion Gathering Festival (BFC時尚聚力季)", "BFC Warm Winter Music Festival (BFC暖冬音樂季)", and "BFC Christmas Carnival (BFC聖誕嘉年華)" and other highlighted activities in succession. By creating its own IP festivals, BFC effectively promoted the vertical passenger flow and brand power, and more accurately reached the trendy young people. During the BFC Music Festival, the turnover increased by 50% year-on-year from 2020, and the passenger flow increased by more than 120% year-on-year, rapidly gathering customers together and achieving agreeable results. Since its launch in June 2020 up to the end of the Reporting Period, BFC's popular IP "BFC Fengjing" had attracted more than 7 million visitors. Partnered with more than 475 brands, it had brought together highlights such as street culture, pet communities, organic flowers, fashion bars, performing arts activities and aerial terrace party. It had hosted rich themed seasonal and festive activities including "Dessert Festival (外灘甜品節)" and "Star Chef Food Festival (星廚美食節)", bringing fresh experiences to the community.

Looking forward, BFC will deepen its implementation of FC2M strategy and introduce its excellent industry resources of "Health, Happiness, and Wealth" to meet the clients' needs, providing caring services to each family meeting their desires for a better life, and securing its building of the "Happiness Ecosystem". Meanwhile, BFC will continue to promote its online businesses, building BFC product lines, completing a thousand of events annually, aiming to become the new commercial benchmark in Shanghai and China. Close to Yuyuan Tourist Mart, 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

RESOURCES & ENVIRONMENT

TECHNOLOGY &
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 2021	For the year ended 31 December 2020	Change over the same period of last year
Revenue	**7,736.9**	4,950.2	56.3%
Profit attributable to owners of the parent	**3,577.6**	2,102.7	70.1%

During the Reporting Period, the revenue of the Intelligent Manufacturing segment amounted to RMB7,736.9 million, and increased by 56.3% compared to the same period of last year, and profit attributable to owners of the parent amounted to RMB3,577.6 million, representing a year-on-year increase of 70.1%. The main reason for the increase in revenue was due to recovery of operations of Hainan Mining and consolidation of Easun Technology since July 2020. The main reason for the increase in profit was due to the recovery of core enterprises' operations such as Nanjing Iron & Steel and Hainan Mining in an upward industry cycle.

Nanjing Iron & Steel

Nanjing Iron & Steel, a leading whole-process steel conglomerate with high efficiency, was established in 1999 and was listed on the SSE in 2000. For many years, Nanjing Iron & Steel has increased product competitiveness and production efficiency through industry-leading intelligent manufacturing and high-quality steel research and development system. Nanjing Iron & Steel has formed a unique competitive advantage of "high-efficiency production, low-cost intelligent manufacturing", with integrated 10-million-tonne-level production capability of steel. As at the end of the Reporting Period, the Group held 58.92 % 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. Aiming at China's manufacturing upgrade and important substitution, it leverages on special steel and long materials as major products, and focus on two series of specialized plate-material products and long-material special steel products, concentrate on the R&D and promotion of high-strength, high-toughness, high-fatigue, high-wear resistance, corrosion-resistant, easy-to-weld and other special steel products, which are widely used in new energy, oil and gas equipment, ship and offshore engineering platform, automotive bearing springs, engineering machinery and rail, bridge high construction structure and other industries (fields), and provides new materials for national key projects, high-end manufacturing industry upgrading, and increases R&D and investment in scientific and technological innovation, ultra-low carbon emission, and specialize in manufacturing special steels meticulously. Nanjing Iron & Steel focuses on new materials, industrial internet, low-carbon development and the extension of the industrial chain in the new industry era, to cultivate a group of leading and champion enterprises, and to develop it as a leader and hidden champion in this industry.

During the Reporting Period, Nanjing Iron & Steel achieved total revenue of RMB75,674 million, a year-on-year increase of 42.45%; profit attributable to shareholders of the listed company was RMB4,091 million, a year-on-year increase of 43.75%; gross profit margin on steel sales was 15%, a year-on-year increase of 1.55 percentage points; total profit was RMB4,978 million, a year-on-year increase of 28.34%. During the Reporting Period, the company actively responded to the impact of the epidemic, flood situation, rising raw material prices and other challenges, actively responded to the domestic requirements on "carbon peaking and carbon neutrality goal" and "dual control on total energy consumption and energy intensity" etc., adhere to the refining and strengthening of special steel. The core high-end products sales volume increased, the profit contribution continued to improve, and steady growth in business performance was achieved. At the same time, Nanjing Iron and Steel continued to increase the proportion of high-end products. The sales volume of advanced steel materials reached 1.8111 million tons, accounting for 17.41% of the total sales volume, a year-on-year increase of 16.15%.

During the Reporting Period, the sales volume of steel of Nanjing Iron & Steel was 10.40 million tons, representing an increase of 2.11% year-on-year respectively. Nanjing Iron & Steel's standard bearing steel, ship crack arresting steel, special oil and gas pipelines, non-quenchable steel, construction machinery steel, high-speed railway steel, ultra-high strength spring steel and other products have a leading position. Nanjing Iron & Steel maintained its leading position. The certification process of new products was smooth. Nanjing Iron & Steel completed 21 third-party product steel certification during the year, and accepted 62 times of second-party certification from well-known enterprises at mainland China and abroad.

In terms of green environmental protection, Nanjing Iron & Steel continues to invest in environmental protection and emission reduction and energy conservation to upgrade the technology, striving to maintain the position as the industry forerunner in the context of "peaking carbon dioxide emissions" and "carbon neutrality". The exhaust gas and waste heat were used to generate 2.823 billion kilowatt hours of self-generated electricity throughout the year, accounting for 51.9% of the total electricity consumption, the annual emissions of major pollutants year on year deceased 259.70 tons of sulfur dioxide, 722.99 tons of nitrogen oxide and 192.59 tons of particulate matter, respectively.

During the Reporting Period, Nanjing Iron & Steel continued to extend its steel industry chain. The Indonesian project with annual output of 2.6 million tons of coke was under construction as per schedule. At present, Nanjing Iron & Steel have completed key node tasks such as no.2 coke oven building and chimney top sealing, and entered the equipment installation and debugging stage. In addition, in June 2021, Nanjing Iron & Steel announced the proposed new investment in Indonesia with annual output of 3.9 million-ton coke, and will further strengthen overseas presence to meet the development opportunities brought by the "Belt and Road Initiative" industry. On 4 January 2022, the 3.9 million-ton coke project has received the "Notice of Overseas Investment Project Filing" issued by the National Development and Reform Commission of China and "Certificate of Enterprise Overseas Investment" issued by the Department of Commerce of Hainan Province, and the construction of the project has commenced, with an estimated construction period of 18 months.

During the Reporting Period, Nanjing Iron & Steel became the largest shareholder of Wansheng after the acquisition of its 14.42% equity interest, thus expanding its scope to the fine chemical industry and complementing optimal industrial strength. As at the date of this report, the subscription of the non-public offering of Wansheng shares was completed, and Nanjing Iron & Steel held 29.56% equity interest in Wansheng. Nanjing Iron & Steel became the controlling shareholder of Wansheng.

Nanjing Iron & Steel positively responses the nation's requirements of the 14th Five-Year Plan for high-quality development, adheres to the enterprise vision of "creating a first-class international respected business wisdom life entity", focuses on "green, wisdom, humanity, technology", aims at the development opportunities of manufacturing upgrading, import substitution, the industrial Internet, low carbon, grasps the core technology of intelligent manufacturing. Nanjing Iron & Steel will build an industrial chain ecosystem with mutual enabling and compound growth centred on new steel materials, and make it an intelligent manufacturer of advanced materials with global competitiveness.

Hainan Mining

Established in August 2007, Hainan Mining was listed on the SSE in December 2014. Hainan Mining focuses on the operation of two types of resources of industry of iron ore and oil and gas, mainly including (i) iron ore mining, processing and sales business; (ii) the full range of upstream business activities in the oil and gas industry from exploration and appraisal to development and production through ROC, its controlling subsidiary; (iii) iron ore international trading and mixed ore business. As at the end of the Reporting Period, the Group held 48.86% equity interest in Hainan Mining.

During the Reporting Period, the revenue of Hainan Mining amounted to RMB4,119.02 million, representing an increase of 49.04% year-on-year, and net profit attributable to shareholders of the listed company amounted to RMB874.44 million, representing an increase of 513.55% year-on-year. Repeated outbreaks of COVID-19, volatile international situation, loose global monetary policy and other factors continue to affect the supply and demand pattern and price trend of bulk commodities. Iron ore prices fluctuated at high levels throughout the year, while crude oil prices rebounded from the bottom and gradually recovered.

During the Reporting Period, Hainan Mining captured the favorable timing of the industry upward cycle, the application of Hainan Mining for non-public offering of shares has been approved by China Securities Regulatory Commission, and it has completed the issue quickly and efficiently, raising a total capital of RMB757 million, optimizing the company's equity structure and providing financial guarantee for the development of the main business.

In respect of the iron ore mining and processing business, Hainan Mining by means of, among others, underground mining and dual-well production and the increase of purchased ores secured sufficient ore supply for finished ore production, and maintained the output of finished core at a relatively high level through strengthening refined management and others. At the same time, Hainan Mining continuously optimized its pricing mechanism and marketing strategy to take full advantage of the price increase in the iron ore market this year. During the Reporting Period, raw ore production reached 6.0185 million tons and finished ore production reached 2.9671 million tons. Moreover, technical modification (magnetization roasting project) of the existing 2 million-ton ore processing plant of Shilu iron ore also officially commenced construction on 27 November 2021.

In respect of the oil and gas business, ROC produced a total of 4.3704 million barrels of oil and gas equivalents for the year. The total output of Bajiaochang natural gas field in 2021 was 1.5125 million valent weight. During the Reporting Period, the Company continued to increase reserves in its existing oil and gas projects through technical means to reduce production costs. In May 2021, ROC acquired 100% of the operating rights of Bajiaochang compact natural gas field in Sichuan Province, and commenced efficient integration quickly, two high-yield wells were developed.

During the Reporting Period, Hainan Mining further strengthened the closed-loop management of safety production, attached great importance to environmental protection and ecological restoration, and did not record any work-related fatalities, serious work-related injuries, major equipment accidents or environmental pollution accidents. It attached importance to the prevention of major floods and had a safe flood season by taking measures including improving the flood control system, cleaning sedimentation ponds, optimizing emergency planning exercises, etc.; Hainan Mining's flood control capacity increased from a 20-year return period to a 50-year return period. Meanwhile, Hainan Mining actively responded to national "emission peaking and carbon neutrality goal" and "dual control" policy, and set up an "emission peaking and carbon neutrality" work command to coordinate the company's relevant work in an orderly manner.

During the Reporting Period, Hainan Mining formulated its "14th Five-Year" strategic development plan. In the future, Hainan Mining will on one hand continue to strength existing business and endeavor to finish iron ore production reaching 3 million tons and oil-gas valent weight reaching 5.42 million in 2022, and on other hand, promote the implementation of the lithium hydroxide project, Hainan Province, while at same time focusing on and actively promote new energy upstream resources and natural gas projects that can achieve long-term growth, and strive to achieve the implementation of the project. Hainan Mining will conduct in-depth studies on the new policies for Hainan Free Trade Port, focus on the future customs closure operation mechanism of Hainan, and plan development projects in advance.

The key production of iron ore of Hainan Mining during the Reporting Period was as follows:

	Finished iron ore output (thousand tons)	Iron ore reserves Note (million tons)
2021	2,967.1	228
2020	3,118.7	234
Year-on-year change	-4.86%	

Note: According to the "Solid Minerals Geological Prospecting Standards" of the PRC, the figures in 2021 were estimated figures.

JEVE

Established in 2009, JEVE is one of the earliest domestic enterprises to enter into the new energy passenger vehicle power lithium battery industry, with products covering NCM lithium and lithium iron phosphate systems which serve to meet demands in pure electric vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles and energy storage fields. Amidst the dual pressures of tough situation of the upstream raw material supply security and fierce market competition, JEVE still maintained a relatively high growth rate relying on technological advancement and continuing R&D investment. During the Reporting Period, JEVE ushered in the boom of production and sales. Its revenue increased by 91.43% year-on-year, and its installed capacity increased by 155% year-on-year. In terms of the number of vehicles installed by domestic power battery companies, JEVE ranked the 11th place in China. As at the end of the Reporting Period, the Group and the funds under its management jointly held 44.38% equity interest in JEVE.

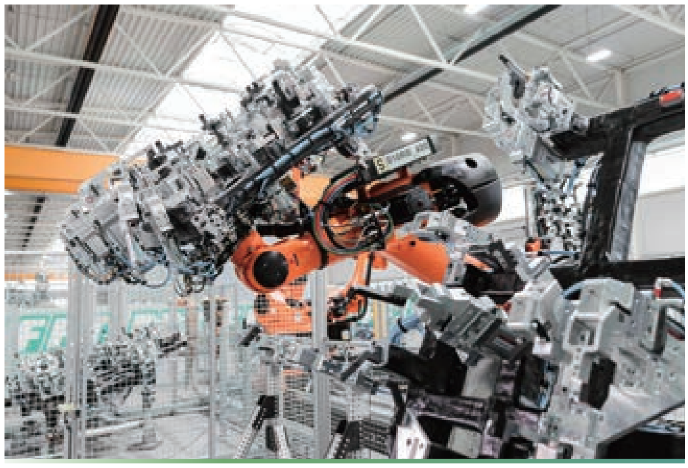
During the Reporting Period, on the basis of maintaining the profound cooperation with existing customers such as Great Wall (長城), Chery (奇瑞), Hozon (合眾) and Dongfeng (東風), JEVE actively explored new customers. As at the end of the Reporting Period, it had already obtained the orders of a number of car companies, and was connected with several international leading customers. In 2021, JEVE received official nomination notification from Geely Commercial Vehicle (吉利商用車), SAIC (上汽), WM Motor (威馬) and Dongfeng Yueda Kia (東風悅達起亞), which was a sign that JEVE had been recognized by most of the vehicle customers in the new energy vehicle market of China. In addition, in the international market, JEVE successfully passed the ASES review of Dongfeng Nissan (東風日產) and Quality System Audit of Volkswagen (大眾). At the same time, it received two new product development requests from a European car brand, which fully demonstrated the leading customers' recognition of JEVE's technical capabilities. On 26 February 2022, JEVE and Chery New Energy signed a strategic cooperation agreement, pursuant to which Chery New Energy intends to purchase a total of about RMB5 billion of power batteries from JEVE in the next three years.

With the support of the Group and other shareholders, JEVE has embarked on a fast track of development by building core products based on technological innovation. As at the end of the Reporting Period, JEVE had established two technical centers and one research institute in China and had built cooperation with Tsinghua University, Nankai University, National Power Battery Innovation Center and Institute of Physics/Chemistry/Suzhou Nano Institute of Chinese Academy of Sciences as well as other well-known institutions. JEVE had applied for 777 patents and 285 invention patents, and undertook 15 national projects and 10 local projects. In terms of R&D, JEVE currently has developed a soft pack cell with an energy density of approximately 320Wh/kg. In terms of core products, JEVE has four product matrices: high power HEV products, 590 cells and modules, LCM cells and modules and 355 cells and modules. In addition, in order to further improve and enrich the product line, JEVE has also simultaneously completed the development of square aluminum shell products and has started the construction of the square aluminum shell production line.

In terms of production capacity construction, JEVE currently has four production bases in Tianjin, Yancheng, Jiaxing and Changxing, and the production capacity of battery reached 3.5GWh. In order to further meet the demand of downstream customers, JEVE has been actively planning to increase new production capacity. Yancheng phase II officially commenced construction in July 2021, and mass production is expected to take place in 2022 with designed capacity of 4GWh; Changxing new energy lithium battery factory officially started construction in October 2021, with planned capacity of 18GWh, and it is expected to be in operation by early 2023. Changxing project will add 6GWh energy storage battery construction on top of JEVE's existing power battery, entering the energy storage market and realizing the diversified development of "power + energy storage", to enrich JEVE's market layout.

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

Easun Technology



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

In 2021, Easun Technology focused on the development of two core businesses in the global market: (i) the design and assembly of automated and digital production lines and (ii) the design and upgrading of manufacturing software for the automotive industry, and will continue to develop smart equipment through internal research and development and external merger and acquisition, and accelerate the development of industrial digitalization business to provide customers with a full-dimensional coverage of intelligent factory solutions. During the Reporting Period, in the face of the complex external environment, Easun Technology overcame the impact of the epidemic and flood season, strengthened its business foundation and continued to adhere to its corporate strategy. Leveraging on its strong competitive advantages, it explored expansion into wider industrial fields such as construction machinery.

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

Wansheng

Wansheng was established in 1995 and listed on the SSE on 10 October 2014. Since its establishment, Wansheng has been focusing on the production, development and sales of functional fine chemicals, and has become a world-leading producer of phosphorus-based flame retardant after years of development. The products of Wansheng can be divided into five major series, namely flame retardant, amine booster, catalyst, coating booster, lithium battery additives, which are all new field functional fine chemicals. Its products are mainly used in the "immediate needs" industry (for example: automotive, electronic appliances, network communication equipment, construction, furniture, personal care materials, etc.), which is closely related to daily life and is less affected by the macroeconomic situation. As at the end of the Reporting Period, Nanjing Iron & Steel held 14.42% of the shares of Wansheng. As at the date of this report, the subscription of the non-public offering of Wansheng shares was completed, and Nanjing Iron & Steel held 29.56% equity interest in Wansheng. Nanjing Iron & Steel became the controlling shareholder of Wansheng.

Wansheng has disclosed the "Announcement on Expected Growth of the Annual Results for the Year of 2021" on 15 January 2022, which anticipated the net profit attributable to shareholders of the listed company in 2021 amounted to a range of RMB800 million to RMB850 million, representing a year-on-year increase of 103% to 116%. The main products were affected by market development and supply and demand, and the sales volume and prices of the products increased. At the same time, Wansheng insisted on reducing costs and increasing efficiency, improving the efficiency of environmental protection treatment, and enhancing the efficiency of organization and management, thus achieving growth in revenue and product gross margin.

Wansheng has established long-term cooperative relationships with well-known domestic and foreign enterprises such as Bayer (拜耳), Dow Chemical (陶氏化學), Covestro AG (科思創), BASF (巴斯夫), Huntsman (亨斯曼), Lotte (樂天), etc. It has also signed long-term contracts with many international large customers and set up regional sales centers in Shanghai, Zhejiang, Guangzhou and Jiangsu. Since 2010, in order to further strengthen the market development and improve the global marketing network, Wansheng has established Wansheng US, Wansheng Europe, Wansheng UK, and Wansheng Hong Kong, and established warehousing and logistics service systems to provide localized sales services and logistics support to customers in a timely and efficient manner through the establishment of local entities to enhance market response speed and strengthen customer viscosity, and has gained good reputation from customers in Europe and the U.S..

In 2021, Wansheng further defined its future development strategy, i.e. to build a new material segment ecosystem, which is divided into four segments: the first segment: to consolidate the global leading position of phosphorus flame retardant; the second segment: to enter the domestic first tier in the household and personal care segment; the third segment: to enter the new energy automotive materials segment; and the fourth segment: to enter the electronic chemicals segment. Wansheng will implement its development strategy in phases and steps by means of internal new construction + external mergers and acquisitions. Internally, (1) build a new integrated project in Shandong to vertically build a northern base for flame retardant integration; (2) continue to expand, in Taixing, Jiangsu, the production capacity of fatty tertiary amines, which are mainly used in personal care products. It has established stable business relationships with major Stepan factories around the world, Kao (花王), P&G (寶潔), Thor (托爾) and other daily chemical major international customers. In the future, with the completion of the Shandong Integration Project, Wansheng will add 30,000 tons of new degradable, bio-based amino acid functional surface active agent, enriching the categories of functional daily chemical raw materials, and home and personal care segment by then will enter the first tier in China. Externally, during the Reporting Period, Wansheng invested in Fujian Zhongzhou New Materials Technology Co. Ltd. (福建中州新材料科技有限公司) with the support of the Group and Nanjing Iron & Steel. Wansheng and the equity incentive shareholding platform controlled by Wansheng hold 66.56% equity interest in industry-leading Fujian Zhongzhou New Materials Technology Co. Ltd. in total, and formally entering into the new energy battery material industry. Wansheng started construction of new production lines in Sanming, Fujian, with total production capacity of 95,500 tons, of which the first phase has production capacity of 20,500 tons of electrolyte additives, and is expected to commence production by the fourth quarter of 2023. Phase II project of 75,000 tons is under planning. In the future, with the empowerment of the Group and Nanjing Iron & Steel, Wansheng will continue to broaden the category of electronic chemicals through mergers and acquisitions.

In terms of production capacity building, Wangsheng's existing operations have four production bases: (1) Zhejiang Linhai Duqiao Medical and Chemical Industrial Park production base, covering an area of 230 acres, producing flame retardants and coating auxiliaries, with total production capacity of 165,000 tons, and will increase 5,000-ton flame retardant production capacity in 2022; (2) Jiangsu Taixing Economic Development Zone production base, covering an area of 133 acres, producing amine auxiliaries and catalysts with total production capacity of 35,000 tons, and will increase 27,000-ton amine booster and catalyst production capacity in 2022; (3) Shandong Weifang Binhai Chemical Industrial Park Base, covering an area of 600 acres, producing flame retardant raw materials, flame retardants, epoxy resin and auxiliary agents, surface active agents, etc. Construction is still underway and will increase 550,000-ton production capacity upon completion; and (4) Fujian Sanming Jikou Economic Industrial Park production base, covering an area of 200 acres, producing lithium additive, which is still under construction. Upon completion, it will increase 95,500-ton production capacity.

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

FINANCIAL REVIEW

Net Interest Expenditures

Net interest expenditures, net of capitalized amounts of the Group, increased to RMB9,537.9 million in 2021 from RMB9,518.3 million in 2020. The increase in net interest expenditures in 2021 was mainly attributable to the increase in borrowings. The interest rates of borrowings in 2021 were approximately between 0.0% and 12.2%, as compared with approximately between 0.0% and 9.8% for the same period of last year.

Tax

Tax of the Group increased to RMB7,567.1 million in 2021 from RMB5,875.8 million in 2020. The increase in tax mainly resulted from the increase in taxable profit of the Group.

Basic Earnings Per Share Of Ordinary Shares

Basic earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB1.21 in 2021, representing an increase of 28.7% from RMB0.94 per share in 2020. Diluted earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB1.21 in 2021. The weighted average number of shares was 8,345.3 million shares for 2021, which was 8,483.1 million shares for 2020.

Equity Per Share Attributable To Owners Of The Parent

As at 31 December 2021, equity per share attributable to owners of the parent was RMB15.76, representing an increase of RMB0.59 per share from RMB15.17 per share as at 31 December 2020. The total comprehensive income attributable to owners of the parent in 2021 was RMB6,166.3 million. The dividend distributed on 16 July 2021 was RMB1,530.4 million. The difference of above contributes to the increase in equity per share attributable to owners of the parent.

Proposed Final Dividend

The Board has recommended the payment of a proposed final dividend of HKD0.30 per ordinary share for the year ended 31 December 2021. Subject to the approval of the Company's shareholders at the Company's annual general meeting to be held on 2 June 2022, the proposed final dividend will be paid to the Company's shareholders on 15 July 2022. There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

Capital Expenditures And Capital Commitment

The capital expenditure of the Group mainly consists of additions to property, plant and equipment, exploration and evaluation assets, mining rights, intangible assets, investment properties and oil and gas assets. We have been increasing our investment in the R&D of pharmaceutical products in order to produce more proprietary products with higher gross profit margin. With an aim to further strengthen our leading role in the happiness industry, we have made extra efforts in the Happiness segment business.

As at 31 December 2021, the Group's capital commitment contracted but not provided for was RMB11,058.3 million. These were mainly committed for addition of plant and machinery and investments. Details of capital commitment are set out in note 63 to financial statements.

Indebtedness And Liquidity Of The Group

As of 31 December 2021, the total debt of the Group was RMB237,119.5 million, representing an increase from RMB229,802.4 million as of 31 December 2020, 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 2021, mid-to-long-term debt of the Group accounted for 55.6% of total debt, while 61.1% as of 31 December 2020. As of 31 December 2021, cash and bank balance and term deposits decreased by RMB10,067.7 million to RMB96,779.5 million as compared with RMB106,847.2 million as of 31 December 2020.

During the Reporting Period, the average financing cost was 4.55%, which decreased by 0.25 percentage point as compared to that of 2020.

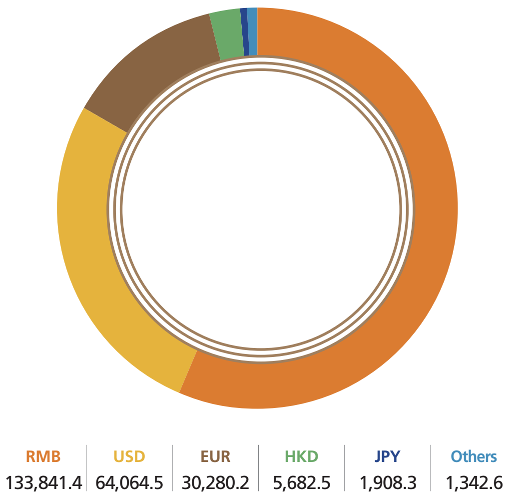
Unit: RMB million

	31 December 2021	31 December 2020
Total debt	237,119.5	229,802.4
Cash and bank and term deposits	96,779.5	106,847.2

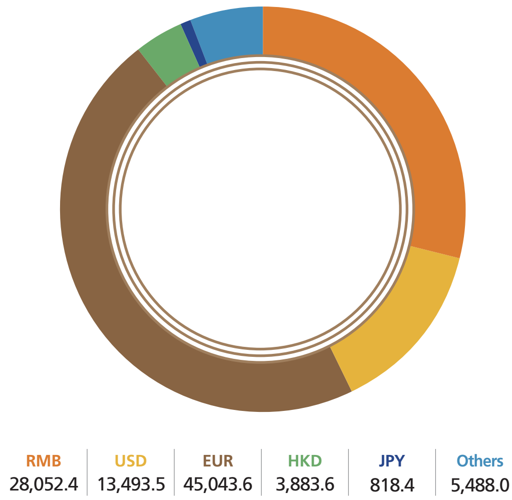
The original denomination of the Group's debt as well as cash and bank and term deposits by currencies, equivalent in RMB, as at 31 December 2021, is summarized as follows:

Unit: RMB million equivalent

TOTAL DEBT



CASH AND BANK AND TERM DEPOSITS



Total Debt to Total Capital Ratio

As of 31 December 2021, the ratio of total debt to total capital decreased to 53.8% as compared with 54.3% as of 31 December 2020. Healthy debt ratios and abundant funds can reinforce the Group's ability to defend against external risk exposure and ensure the Group to capture investment opportunities.

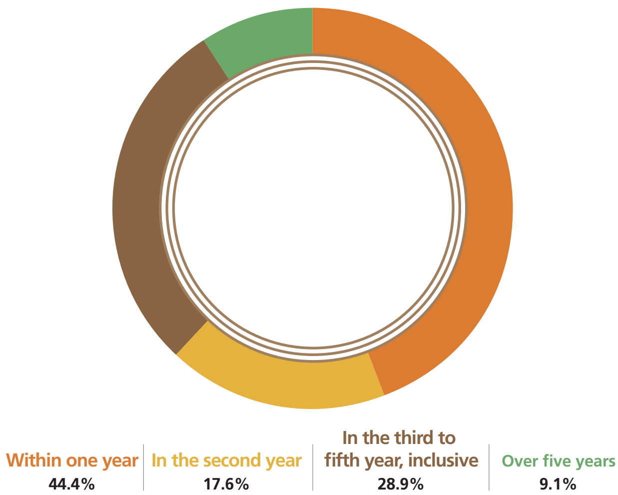
Basis Of Calculating Interest Rate

To stabilize interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure according to the interest rate policy, seeking to optimize the interest rate level. As at 31 December 2021, 61.2% of the Group's total borrowings bore interest at a fixed interest rate.

The Maturity Profile Of Outstanding Borrowings

The Group sought to manage and extend the maturity of outstanding borrowings, so as to ensure that the outstanding borrowings of the Group due to mature every year would not exceed the expected cash flow of that year and the Group has the re-financing ability for the relevant liabilities in that year.

Outstanding borrowings classified by year of maturity as at 31 December 2021 are as follows:



Available Facilities

As at 31 December 2021, save for cash and bank and term deposits of RMB96,779.5 million, the Group had unutilized banking facilities of RMB171,226.5 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 and Intelligent Manufacturing" segments 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 2021, available banking facilities under these arrangements totaled RMB327,383.1 million, of which RMB156,156.6 million was utilized.

Cash Flow

In 2021, net cash flow used in operating activities was RMB3,286.1 million. Profit before tax for the year was RMB24,652.9 million. After making aggregate adjustment for the items such as investment gain and loss and financing costs included in profit before tax and offsetting the total amount of depreciation and amortisation which did not result in cash outflow, cash flow generated from operating activities decreased by RMB8,793.6 million. However, owing to the increase in provision for outstanding claims and deposits from customers of RMB5,205.0 million and RMB8,010.3 million, respectively, the increase in trade and notes payables of RMB3,862.1 million, and the decrease in properties under development of RMB2,577.7 million, cash flow generated from operating activities increased. The increase in inventories of RMB3,148.8 million, the increase in completed properties for sale of RMB4,665.5 million, and the decrease in investment contract liabilities of RMB11,267.5 million and the tax paid of RMB5,322.4 million contributed to a decrease in the cash flow from operating activities. The increase in provision for outstanding claims was mainly due to the expansion of insurance business; the increase in deposits from customers was mainly due to the increase from asset management business; the increase in inventories was mainly due to operations; the decrease in investment contract liabilities was due to transformation on the business structure of Fosun Insurance Portugal, through adjusting the proportion of life insurance products.

In 2021, net cash flow used in investing activities was RMB572.2 million, mainly due to the purchase of property, plant and equipment, purchase and construction of investment properties, purchase of intangible assets, purchase of financial assets at fair value through profit and loss, debt investments at fair value through other comprehensive income and debt investments at amortized cost, and acquisition of associates, which was partly offset by proceeds from disposal of financial assets at fair value through profit and loss, debt investments at fair value through other comprehensive income, maturity of debt investments at amortized cost, disposal of associates and disposal of partial interests in associates, disposal of investment properties, dividends and interests received from debt instruments and equity investments, dividends received from associates and interest received.

In 2021, net cash flow used in financing activities was RMB3,658.5 million, mainly due to the repayment of bank and other loans, payment of interest and dividends, decrease in loans from non-controlling shareholders and acquisition of additional interests in subsidiaries, which was partly offset by the new bank and other borrowings, as well as capital contribution from non-controlling shareholders of subsidiaries.

Pledged Assets

As at 31 December 2021, the Group had pledged assets of RMB85,768.6 million (31 December 2020: RMB83,420.3 million) for bank borrowings. Details of pledged assets are set out in note 42 to financial statements.

Contingent Liabilities

The Group's contingent liabilities was RMB7,999.8 million as at 31 December 2021 (31 December 2020: RMB7,867.4 million). Details of contingent liabilities are set out in note 64 to financial statements.

Interest Coverage

In 2021, the interest coverage was 4.4 times as compared with 3.6 times for 2020. The increase was mainly due to EBITDA of the Group increased to RMB42,107.6 million in 2021 from RMB33,979.9 million in 2020.

Financial Policies And Risk Management

GENERAL POLICY

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

FOREIGN CURRENCY EXPOSURE

The functional currencies of the Company and PRC subsidiaries are HKD and RMB, respectively. The financial statements are presented in RMB. Each entity in the Group determines its own functional currency. Foreign currency-denominated assets held by the Group are exposed to foreign exchange risks. These assets include monetary assets such as deposits and bonds held in foreign currencies and non-monetary assets measured at fair value such as investment properties, stocks and funds held in foreign currencies. The Group's foreign currencies denominated liabilities are also exposed to risks as a result of fluctuations in exchange rates. These liabilities include monetary liabilities such as borrowings, customers' deposits and provision of outstanding claims denominated in foreign currencies. Financial settlement and currency conversion as at the reporting date of these foreign currency-denominated assets and liabilities may generate a certain amount of foreign exchange losses or gains, thereby affecting the Group's profits or net assets. The Group will adopt appropriate hedging methods as necessary to hedge the foreign currency risk exposure.

INTEREST RATE EXPOSURE

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

APPLICATION OF DERIVATIVES

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

Forward-Looking Statements

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

Five-Year Statistics

Unit: RMB million

Year	2017	2018	2019	2020	2021
Total equity	136,412.3	160,441.0	180,924.2	193,084.5	**203,213.9**
Equity attributable to owners of the parent	100,960.8	108,528.8	122,552.3	127,810.0	**131,069.9**
Equity per share attributable to owners of the parent (in RMB)	11.76	12.70	14.35	15.17	**15.76**
Indebtedness					
Total debt	150,456.5	186,140.4	208,287.1	229,802.4	**237,119.5**
Total debt/Total capital (%)	52.4%	53.7%	53.5%	54.3%	**53.8%**
Interest coverage (times)	6.0	4.7	4.5	3.6	**4.4**
Capital employed	251,417.2	294,669.2	330,839.4	357,612.4	**368,189.4**
Cash and bank balances	82,616.1	106,316.5	94,900.5	106,847.2	**96,779.5**
Property, plant and equipment	25,413.2	36,310.4	39,610.4	42,460.2	**42,387.5**
Investment property	32,438.4	46,567.8	59,360.4	65,688.5	**67,229.7**
Property under development	41,367.6	39,520.9	51,248.3	55,195.0	**51,208.9**
Prepaid land lease payments	2,359.8	3,427.9	–	–	**–**
Mining rights	542.2	548.2	536.0	512.8	**497.0**
Interest in associates	61,721.9	84,084.1	88,379.5	92,254.4	**92,808.9**
Available-for-sale investments	136,692.5	–	–	–	**–**
Investments at fair value through profit or loss	17,158.2	–	–	–	**–**
Financial assets at fair value through profit or loss	–	49,015.8	61,397.4	59,163.4	**70,128.2**
Equity investments designated at fair value through other comprehensive income	–	1,645.1	898.6	746.3	**535.5**
Debt investments at fair value through other comprehensive income	–	84,149.2	88,442.3	89,142.3	**80,908.4**
Debt investments at amortized cost	–	20,123.4	33,578.4	34,812.9	**25,984.5**
Profit attributable to owners of the parent	13,161.3	13,406.4	14,800.9	7,999.6	**10,089.9**
Basic earnings per share (in RMB)	1.53	1.57	1.73	0.94	**1.21**
Diluted earnings per share (in RMB)	1.53	1.56	1.73	0.94	**1.21**
Profit contribution by each business segment					
Health	1,423.0	1,057.8	1,438.8	1,683.6	**2,029.0**
Happiness	465.6	423.2	2,233.9	(298.4)	**(593.9)**
Wealth	9,724.8	8,433.1	7,883.6	4,547.3	**5,160.1**
Insurance	1,469.3	980.9	758.5	1,158.2	**1,461.3**
Asset Management	8,255.5	7,452.2	7,125.1	3,389.1	**3,698.8**
Intelligent Manufacturing	1,584.7	3,448.3	3,282.5	2,102.7	**3,577.6**
Elimination	(36.8)	44.0	(37.9)	(35.6)	**(82.9)**
EBITDA	30,789.2	32,710.4	44,103.3	33,979.9	**42,107.6**
Proposed dividend per share (in HKD)	0.350	0.370	0.400	0.220	**0.300**

The Board is pleased to present the corporate governance report of the Group for the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

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

A. THE BOARD

a) Responsibilities

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

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

b) Delegation of Management Function

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

All Directors have full and timely access to all relevant information to ensure that Board procedures and all applicable laws, rules and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board. The Board reviews the implementation and effectiveness of the mechanism of getting independent views and input by Directors on an annual basis.

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

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

c) Board Composition

The Board for the year ended 31 December 2021 comprised the following Directors:

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

Non-Executive Directors
Ms. Chen Shucui
Mr. Zhuang Yuemin
Mr. Yu Qingfei

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

Note：

（1） Mr. Huang Zhen has been appointed as an Executive Director of the Company with effect from 23 March 2022.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The Independent Non-Executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules. There is no financial, business, family or other material/relevant relationship among the Directors. Biographical details, including offices held in public companies or organizations and other significant commitments, of the Directors are set out in the section "Biographical Details of Directors and Senior Management" of this annual report.

The Board has assessed the independence of all the Independent Non-executive Directors of the Company and considers all of them to be independent having regard to (i) their annual confirmation on independence as required under the Listing Rules, (ii) the absence of involvement in the daily management of the Company, and (iii) the absence of any relationships or circumstances which would interfere with the exercise of their independent judgement. Throughout the year, the number of Independent Non-Executive Directors on the Board meets the at least one-third requirement under the Listing Rules.

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

d) Appointment and Re-election of Directors

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

All Directors have entered into service contracts with the Company. The service contracts of Mr. Zhuang Yuemin and Mr. Yu Qingfei are effective from 5 June 2020 and 10 December 2020, respectively, for a term of 2 years. The service contract of Ms. Chen Shucui is effective from 17 December 2021 for a term of 1 year. The service contract of Mr. Huang Zhen is effective from 23 March 2022 for a term of 3 years and the service contracts of other Directors are effective from 28 March 2021 for a term of 3 year. No Director has a service contract with the Company which is not terminable by the Company within one year and without payment of compensation (other than statutory compensation).

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

e) Continuous Professional Development of Directors

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

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

During the Reporting Period, the Company has arranged trainings and provided reading materials for the Directors at the expense of the Company. On the other hand, Directors have provided records of the trainings they received to the Company. The Board considered the trainings attended by the Directors are sufficient to discharge their duties. A summary of the trainings attended by the Directors during the Reporting Period is as follows:

	Training Matters		
Name of Directors	**Legal and Regulatory**	**Business Update**	**Corporate Governance**
Executive Directors			
Mr. Guo Guangchang	✓	✓	✓
Mr. Wang Qunbin	✓	✓	✓
Mr. Chen Qiyu	✓	✓	✓
Mr. Xu Xiaoliang	✓	✓	✓
Mr. Qin Xuetang	✓	✓	✓
Mr. Gong Ping	✓	✓	✓
Non-Executive Directors			
Ms. Chen Shucui	✓	✓	✓
Mr. Zhuang Yuemin	✓	✓	✓
Mr. Yu Qingfei	✓	✓	✓
Independent Non-Executive Directors			
Mr. Zhang Shengman	✓	✓	✓
Mr. Zhang Huaqiao	✓	✓	✓
Mr. David T. Zhang	✓	✓	✓
Dr. Lee Kai-Fu	✓	✓	✓
Ms. Tsang King Suen Katherine	✓	✓	✓

f) Board Meetings

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

g) Practice and Conduct of Board Meetings

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

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

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

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

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

h) Directors and Officers Liability Insurance

The Company has arranged the directors and officers liability insurance in respect of legal action against the Directors, and the insured clause and scope of coverage of year 2021/2022 have been reviewed and renewed.

i) Board Diversity Policy

The Company recognizes and embraces the benefit of having a diverse board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage and achieving long-term sustainable growth for the Group. According to the Board Diversity Policy of the Company, all Directors appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the board members. Selection of candidates will be based on a range of diversity perspectives, including, but not limited to ethnicity, race, nationality, gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. In order to better understand the needs of diverse stakeholders, the Board actively implements the board diversity policy. The Nomination Committee of the Company reviews the implementation of the Board Diversity Policy on an annual basis to ensure its continued effectiveness.

As at the end of the Reporting Period, the Board appointed two female Directors, namely Ms. Chen Shucui, a Non-Executive Director and Ms. Tsang King Suen Katherine, an Independent Non-Executive Director. Based on the review of the implementation of the Board Diversity Policy during the Reporting Period, the Nomination Committee viewed that (i) the said diversity elements have been substantially included into the board composition and (ii) the Board has the diversity of skills, experience and perspectives appropriate to the requirements of the Company's business.

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, the posts of Chairman and Co-Chairman are Mr. Guo Guangchang and Mr. Wang Qunbin, respectively; the posts of Co-Chief Executive Officers are Mr. Chen Qiyu and Mr. Xu Xiaoliang, respectively. This segregation ensures a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business operations. Their respective responsibilities are clearly established and set out in writing.

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

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

C. BOARD COMMITTEES

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

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

Audit Committee

As at the end of the Reporting Period, the Audit Committee comprised 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. Mr. Zhang Huaqiao resigned as a member of the Audit Committee of the Company on 23 March 2022 in order to devote more time in his other job duties in the Company. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function or external auditors before submission to the Board;

- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors; and

- To review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems (including ensuring the adequacy of resources, qualification and experience of staff of the Company's accounting, internal audit and financial reporting function, their training programmes and budget) and associated procedures.

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

The Company's annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee.

Remuneration Committee

As at the end of the Reporting Period, the Remuneration Committee comprised five Independent Non-Executive Directors, namely Mr. Zhang Huaqiao (Chairman), Mr. Zhang Shengman, Mr. David T. Zhang, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine.

The main duties of the Remuneration Committee include the following:

- To make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management after assessing their performance, on the remuneration of Non-Executive Directors and Independent Non-Executive Directors, as well as on the remuneration policy and structure for all Directors and senior management;

- To be responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which will be determined by reference to the performance of the individual and the Company as well as market practice and conditions;

- To review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and

- To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

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

Nomination Committee

As at the end of the Reporting Period, the Nomination Committee comprised five Independent Non-Executive Directors, namely Mr. David T. Zhang (Chairman), Mr. Zhang Shengman, Mr. Zhang Huaqiao, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine.

The main duties of the Nomination Committee include the following:

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

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

The Nomination Committee held one meeting during the Reporting Period to review the structure, size, composition and diversity of the Board, the independence of the Independent Non-Executive Directors and make recommendations to the Board in relation to the re-appointment of retiring Directors at the 2021 annual general meeting. The attendance records of each member of the Nomination Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

Environmental, Social and Governance Committee

As at the end of the Reporting Period, the Environmental, Social and Governance Committee comprised six Directors, namely Dr. Lee Kai-Fu (Chairman), Mr. Qin Xuetang, Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang and Ms. Tsang King Suen Katherine, and the majority of them are Independent Non-Executive Directors.

The Environmental, Social and Governance Committee was established to assist the Board in providing direction on and overseeing the development and implementation of the environmental, social and governance ("**ESG**") initiatives of the Group. The main duties of the Environmental, Social and Governance Committee include the following:

- To oversee the development of the ESG vision, strategies and policies;
- To oversee the implementation of the ESG vision, strategies and policies;
- To oversee the funding of ESG initiatives; and
- To oversee the external communications policies.

The Environmental, Social and Governance Committee held two meetings during the Reporting Period to review working optimization measures and working plans, and to approve proposals relating to the Environmental, Social and Governance Report of 2021. The attendance records of each member of the Environmental, Social and Governance Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

D. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings in 2021, and annual general meeting of the Company held for the year of 2021 is set out in the table below:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Environmental, Social and Governance Committee	Annual General Meeting
Executive Directors						
Mr. Guo Guangchang	6/6	–	–	–	–	1/1
Mr. Wang Qunbin	6/6	–	–	–	–	1/1
Mr. Chen Qiyu	6/6	–	–	–	–	1/1
Mr. Xu Xiaoliang	6/6	–	–	–	–	1/1
Mr. Qin Xuetang	6/6	–	–	–	2/2	1/1
Mr. Gong Ping	6/6	–	–	–	–	1/1
Non-Executive Directors						
Ms. Chen Shucui	6/6	–	–	–	–	1/1
Mr. Zhuang Yuemin	6/6	–	–	–	–	1/1
Mr. Yu Qingfei	6/6	–	–	–	–	1/1
Independent Non-Executive Directors						
Mr. Zhang Shengman	6/6	2/2	2/2	1/1	2/2	1/1
Mr. Zhang Huaqiao	6/6	2/2	2/2	1/1	2/2	1/1
Mr. David T. Zhang	6/6	2/2	2/2	1/1	2/2	1/1
Dr. Lee Kai-Fu	6/6	2/2	2/2	1/1	2/2	1/1
Ms. Tsang King Suen Katherine	5/6	2/2	2/2	1/1	2/2	1/1

E. MODEL CODE FOR SECURITIES TRANSACTIONS

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

F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Board is responsible for presenting a balanced and clear assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2021. The senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

G. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of Ernst & Young, the external auditors of the Company, about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" of this annual report.

During the Reporting Period, the remuneration paid to Ernst & Young, the external auditors of the Company, in respect of professional audit services, amounted to RMB10.8 million and no significant non-audit services were provided by Ernst & Young to the Company.

H. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks that it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees the management in the design, implementation and monitoring of the risk management and internal control systems efficiently, and the management provides a confirmation to the Board on the effectiveness of these systems. The Company identifies, evaluates and monitors significant risks faced by the Company and builds up its risk management and internal control systems aiming at risk control, taking into consideration (i) the findings of internal audits and issues revealed during operation and management, (ii) audit findings of external auditors to achieve the goal of risk control, (iii) the changes, since the last review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment; (iv) the scope and quality of management's ongoing monitoring of risks and of the internal control systems and the work of the internal audit function, (v) the extent and frequency of communication of monitoring results to the Board or the Audit Committee which enables it to assess control of the Company and the effectiveness of risk management; (vi) significant control failings or weaknesses that have been identified during the period as well as the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and (vii) the effectiveness of the Company's processes for financial reporting and regulatory compliance. Such significant risks include decision-making risks of operation, financial control risks, and the risks arising from changes in business environment. The Board acknowledges that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

With respect to procedures and internal control for the handling and dissemination of inside information, the Company is required to disclose inside information as soon as reasonably practicable in accordance with the SFO and the Listing Rules; conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission; has included in the Group's Code of Conduct a strict prohibition on the unauthorized use of confidential or inside information; ensures through its own internal reporting processes and the consideration of their outcome by the management, the appropriate handling and dissemination of inside information.

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

I. COMPANY SECRETARY

The Company Secretary is the employee of the Company. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring that Board meeting procedures are followed and for facilitating information flows and communications among Directors as well as with management.

The Company Secretary's biography is set out in the section of "Biographical Details of Directors and Senior Management" in this annual report. During 2021, the Company Secretary has received over 15 hours of professional training.

J. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

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

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

K. SHAREHOLDER RIGHTS

Shareholders representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings may request the Board to convene an extraordinary general meeting of the Company subject to Sections 566 to 580 of the Companies Ordinance (Chapter 622) and Article 56 of the Articles of Association. The objects of the meeting must be stated in the related requisition which must be signed by the requisitionist(s) and deposited at the registered office of the Company.

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

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

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

Putting Forward Enquiry/Requisition to the Board

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

Contact Details

Shareholders may send their enquiries or requisitions as mentioned above to the following:
Company Name: Fosun International Limited
Address: Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong

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

Key Shareholder Dates

Key shareholder dates for 2022 are:

- June 2022: annual general meeting;
- August 2022: release of announcement of interim results in respect of the six months ending 30 June 2022; and
- September 2022: release of interim report in respect of the six months ending 30 June 2022.

L. DIVIDEND POLICY

The Company adopts a dividend policy of providing Shareholders with regular dividends. In general, the Company will propose dividends annually when the Board approves the annual results. In determining the appropriate amount of dividend, the Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns. The general dividend policy of the Company is as follows:

- in determining its dividend payment ratio in respect of any particular financial year, the Company will take into account a desire to maintain a stable dividend level within its overall objective of maximizing shareholders' value over the longer term; and
- if the Company pays an annual dividend in respect of a financial year, the dividend would generally be paid in the form of a final dividend only.

In considering the level of dividend payments, if any, upon recommendation by the Board, the Company intends to take into account various factors, including:

- the level of the cash and retained earnings of the Company;
- expected financial performance of the Company;
- projected levels of capital expenditure and other investment plans of the Company; and
- the dividend yield of similar-sized companies, with similar growth listed in Hong Kong and with business operations comparable to those of the Company.

Biographical Details of Directors and Senior Management

Executive Directors

Guo Guangchang　Wang Qunbin　Chen Qiyu　Xu Xiaoliang

Guo Guangchang, aged 54, is an Executive Director and Chairman of the Company and the founder of the Group. As at the end of the Reporting Period, he has also been a director of both Fosun Holdings and Fosun International Holdings (the direct and indirect controlling shareholders of the Company, respectively), vice chairman of The General Association of Zhejiang Entrepreneurs, honorary chairman of The Zhejiang Chamber of Commerce, Shanghai, etc.. Mr. Guo was honored, among others, the "China Democratic League Anti-COVID-19 Outstanding Individual", the "Anti-epidemic Action Award" at the "2020 Ram Charan Management Practice Awards" hosted by *Harvard Business Review (Chinese version)*, the "Outstanding Businessman of Listed Company Award" at the "Top 100 Hong Kong Listed Company" Award, co-organized by Tencent News and Finet Group Limited, and "Lifetime Achievement Award" at the 16th CNBC Asia Business Leaders Award Ceremony etc.. Mr. Guo received a bachelor's degree in philosophy in 1989 and a master's degree in business administration in 1999, both from Fudan University. Mr. Guo is the controlling shareholder of the Company who is interested in and deemed interested in Shares and underlying shares of the Company, which represented approximately 72.73% of the total issued Shares as at the date of this annual report. Please refer to the section headed "INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES" in this annual report for details of his interest in the Shares and underlying shares of the Company.

Wang Qunbin, aged 52, is an Executive Director and Co-Chairman of the Company, and the founder of the Group. Mr. Wang was a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE) and Sinopharm (listed on the Hong Kong Stock Exchange). Mr. Wang was awarded "Asia Pacific Outstanding Entrepreneur Awards" by Enterprise Asia and "Best Asian Corporate Director" at the Asian Excellence Recognition Awards by *Corporate Governance Asia*, etc., and was named one of "China's 50 Top-performing Corporate Leaders" by *Harvard Business Review*. Mr. Wang received a bachelor's degree in genetic engineering from Fudan University in 1991.

Chen Qiyu, aged 49, is an Executive Director and Co-CEO of the Company. Mr. Chen joined the Group in 1994 and as at the end of the Reporting Period, he has also been a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE) and Shanghai Henlius (listed on the Hong Kong Stock Exchange), a non-executive director and vice chairman of Sinopharm (listed on the Hong Kong Stock Exchange), a co-chairman of New Frontier Health Corporation (delisted from the New York Stock Exchange in January 2022), a director of Gland Pharma (listed on the BSE Limited and National Stock Exchange of India Limited), Sanyuan Foods (listed on the SSE) and various companies within the Group. Mr. Chen was a director of Dian Diagnostics Group Co., Ltd. (listed on the Growth Enterprise Market Board of the Shenzhen Stock Exchange with stock code 300244) and a non-executive director of BabyTree (listed on the Hong Kong Stock Exchange). As at the end of the Reporting Period, Mr. Chen has been the chairman of China Medical Pharmaceutical Material Association, a vice chairman of China Pharmaceutical Innovation and Research Development Association, the honorary chairman and chief supervisor of Shanghai Biopharmaceutics Industry Association, and a member of the 13th Shanghai Standing Committee of the Chinese People's Political Consultative Conference. Mr. Chen was awarded "Asia's Best CEO" by *Corporate Governance Asia*, etc.. Mr. Chen received a bachelor's degree in genetics from Fudan University in 1993 and an EMBA degree from China Europe International Business School in 2005.

Xu Xiaoliang, aged 48, is an Executive Director and Co-CEO of the Company. Mr. Xu joined the Group in 1998, and as at the end of the Reporting Period, he has also been a non-independent director of Hainan Mining (listed on the SSE), a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE) and FTG (listed on the Hong Kong Stock Exchange), and a director of Yuyuan (listed on the SSE), Shanghai Foyo Culture & Entertainment Co., Ltd. (delisted from the NEEQ in April 2021) and various companies within the Group. Mr. Xu was a non-executive director and vice chairman of Zhaojin Mining Industry Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code 01818, "**Zhaojin Mining**"), and a director of Shanghai Resource Property Consulting Co., Ltd. (delisted from the NEEQ in December 2020, "**Resource Property**"). As at the end of the Reporting Period, Mr. Xu has been a deputy to the 15th Shanghai Municipal People's Congress, the co-chairman of Industry-City Integration Development Federation of The Zhejiang Chamber of Commerce, Shanghai and the chairman of Shanghai International Fashion Federation. Mr. Xu was awarded "Asia's Best CEO" by *Corporate Governance Asia*, the "Shanghai 4 May Youth Medal" and "Shanghai Top Ten Youth Business People" etc.. Mr. Xu received a master's degree in business administration from the East China Normal University in 2002 and received an EMBA degree from Fudan University in 2019.

Executive Directors

Qin Xuetang

Gong Ping

Huang Zhen

Qin Xuetang, aged 58, is an Executive Director and Executive President of the Company. Mr. Qin was appointed as the Executive President of the Company in August 2021. Since joining the Group in 1995, Mr. Qin has been in charge of the legal and internal control affairs of the Company, possessing in-depth knowledge in the area of mergers and acquisitions, as well as corporate governance of listed companies. In addition, Mr. Qin oversees all matters related to the Company's audit, compliance, risk control and information disclosure. Mr. Qin received a bachelor's degree in law in 1985 from the Southwest University of Political Science & Law and was admitted to practice law in the PRC in 1990. Prior to joining the Group, Mr. Qin worked in the Law School of Fudan University.

Gong Ping, aged 46, is an Executive Director, Executive President and CFO of the Company. Mr. Gong was appointed as the Executive President of the Company in August 2021. Mr. Gong joined the Group in 2011 and as at the end of the Reporting Period, he has also been a director of Yuyuan (listed on the SSE) and various companies within the Group. He used to serve as a senior assistant to president of the Group, the general manager of Corporate Development Department and the CEO of Fosun Hive. He was the chairman of PAREF (listed on the Euronext Paris with stock code PAR), a non-executive director of Shanghai Zendai Property Limited (listed on the Hong Kong Stock Exchange with stock code 00755) and Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), and a director of Shanghai Bailian Group Co., Ltd. (listed on the SSE with stock code 600827, "**Shanghai Bailian**") and Resource Property (delisted from the NEEQ in December 2020). Prior to joining the Group, Mr. Gong worked at Pudong branch and the headquarters of Bank of Shanghai as well as the PRC headquarters of Standard Chartered Bank. Mr. Gong also served as a global strategist at the headquarters of Samsung Group in Korea, carrying out special assignments across various sectors including financial services, technology and real estate worldwide. As at the end of the Reporting Period, Mr. Gong has been a council member of Shanghai Association for Youth Entrepreneurship and Employment and vice chairman of Shanghai Youth Entrepreneurs' Association. Mr. Gong graduated from Fudan University in 1998 with a bachelor's degree in international finance, and then obtained his master's degree in finance from Fudan University in 2005. Mr. Gong also received his master's degree in business administration from International Institute for Management Development (IMD) in Lausanne, Switzerland in 2008.

Huang Zhen, aged 50, is an Executive Director and Executive President of the Company. Mr. Huang was appointed as the Executive Director and the Executive President of the Company in March 2022. Mr. Huang joined the Group in 2017 and as at the end of the Reporting Period, he has also been the chairman of Yuyuan (listed on the SSE), the non-executive director of Zhaojin Mining (listed on the Hong Kong Stock Exchange) and the vice chairman of Baihe Jiayuan (delisted from NEEQ in December 2019), the director of Jinhui Liquor (listed on the SSE), Shede Spirits (listed on the SSE), Resource Property (delisted from NEEQ in December 2020), Shanghai Bailian (listed on the SSE) and various companies within the Group. Before joining the Group, Mr. Huang was the deputy general manager of Shanghai Jahwa United Co., Ltd., and the general manager of Shanghai Herborist Cosmetics Co., Ltd., etc. As at the end of the Reporting Period, Mr. Huang has been a member of the 3rd Shanghai Huangpu District Standing Committee of the Chinese People's Political Consultative Conference, the chairman of Shanghai Huangpu District Federation of Industry and Commerce, the president of Shanghai Huangpu District Chamber of Commerce, the vice chairman of China Gold Association and Gems & Jewelry Trade Association of China, etc.. Mr. Huang was awarded "Top Ten Economic Figures in China's Circulation Industry" and "National Outstanding Commercial Entrepreneur", etc.. Mr. Huang received a bachelor's degree in economics from Shanghai University of Finance and Economics in 1994 and an MBA degree from Webster University (USA) in 1998.

Non-Executive Directors

Independent Non-Executive Directors

Chen Shucui Zhuang Yuemin Yu Qingfei Zhang Shengman

Chen Shucui, aged 47, has been a Non-Executive Director of the Company since December 2019. As at the end of the Reporting Period, Ms. Chen has also been the general manager assistant of China Everwin Asset Management Co., Ltd. and a non-executive director of Ronshine China Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 03301). She was a non-independent director of Beijing Jetsen Technology Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code 300182) and Zhejiang Hailiang Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code 002203), a director of Xinhu Zhongbao Co., Ltd. (listed on the SSE with stock code 600208). Ms. Chen has experience in asset management and securities trading for over twenty years. From 1997 to 2017, Ms. Chen successively served as the general manager assistant of Beijing sales department, the general manager assistant of Hebei securities asset management department of Hebei Securities Co., Ltd.; the deputy general manager of the securities investment department of New Times Securities Co., Ltd.; the deputy general manager of asset management department, deputy general manager of futures intermediate business of Huarong Securities Co., Ltd.; the general manager of securities investment department of Dongxing Securities Co., Ltd. and the president assistant of New Times Trust Co., Ltd.. Ms. Chen graduated from Hebei University of Economics and Business with a bachelor's degree in economics in 1997, and then obtained her master's degree in economics from Xiamen University in 2000.

Zhuang Yuemin, aged 50, has been a Non-Executive Director of the Company since June 2020. As at the end of the Reporting Period, Mr. Zhuang has also been the chairman of AEON Insurance Asset Management Co., Ltd., the vice president of AEON Life Insurance Company, Ltd. and a non-executive director of Guangzhou Rural Commercial Bank Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code 01551). Mr. Zhuang has experience in securities brokerage, asset management, investment management and insurance asset management for over 28 years. Mr. Zhuang had served as the vice general manager of the brokerage business management headquarters of Southern Securities Co., Ltd., the general manager of the headquarters of the south China business of Xiangcai Securities Co., Ltd., the general manager of the asset management headquarters of Huaxi Securities Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code 002926), the vice president of Goldstate Securities Co., Ltd., the vice general manager of Minsheng Tonghui Asset Management Co., Ltd. and the director of Ningxia Jiaze Renewables Corporation Limited (listed on the SSE with stock code 601619). Mr. Zhuang graduated from Wuhan University with a master's degree in economics in 2001.

Yu Qingfei, aged 55, has been a Non-Executive Director of the Company since December 2020. As at the end of the Reporting Period, Mr. Yu has also been the chairman, and the director of executive committee of Zhongrong Life Insurance Co., Ltd. Mr. Yu has management experience in banking and insurance industries for over 30 years and has been qualified as a lawyer in China since 1993. Prior to joining Zhongrong Life Insurance Co., Ltd., Mr. Yu worked in Guizhou Branch of Industrial and Commercial Bank of China Limited and successively served as the general manager of Legal Affairs Department, the general manager of Risk Management Department of the Guiyang Branch, the head of Guiyang Fushui Sub-branch, the head of Guiyang Yunyan Sub-branch, the deputy head of the Guiyang Branch and the head of the Zunyi Branch. Mr. Yu obtained his bachelor's degree in law from Southwest University of Political Science & Law in 1989 and obtained his master's degree in engineering from Yunnan University in 2015.

Zhang Shengman, aged 64, has been an Independent Non-Executive Director of the Company since December 2006. As at the end of the Reporting Period, Mr. Zhang has also been a non-executive director of Seazen Group Limited (listed on the Hong Kong Stock Exchange with stock code 01030. Mr. Zhang worked in the PRC Ministry of Finance as a deputy director and vice secretary from 1987 to 1992. From 1993 to 2005, Mr. Zhang served as an executive director for China, vice president and chief secretary, senior vice director, managing director and chairman of the operations committee, the sanctions committee and the corporate committee on fraud and corruption policy of the World Bank. Mr. Zhang joined Citigroup Inc. (listed on the New York Stock Exchange with stock code C) in February 2006, and up to May 2016 once served as the chairman of the Public Sector Group, president and chairman of Asia Pacific. Mr. Zhang received a bachelor's degree in English literature in 1978 from Fudan University and a master's degree in public administration in 1986 from University of the District of Columbia. Mr. Zhang completed the Harvard Advanced Management Program in 1997.

Independent Non-Executive Directors

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

Zhang Huaqiao, aged 58, has been an Independent Non-Executive Director of the Company since March 2012. As at the end of the Reporting Period, Mr. Zhang has been an independent non-executive director of Zhong An Group Limited (stock code 00672), Logan Group Company Limited (stock code 03380), Luye Pharma Group Ltd. (stock code 02186), Radiance Holdings (Group) Company Limited (stock code 09993) and Haitong International Securities Group Limited (stock code 00665), all of which are listed on the Hong Kong Stock Exchange. From July 1986 to January 1989, Mr. Zhang was employed at the People's Bank of China and from June 1999 to April 2006, Mr. Zhang worked at the Equities Department of UBS AG, Hong Kong Branch at which he first served as the head of China research and later became co-head of China research. Mr. Zhang was the chief operating officer from March 2006 to September 2008 and an executive director from May 2006 to September 2008 of Shenzhen Investment Limited (listed on the Hong Kong Stock Exchange with stock code 00604). From September 2008 to June 2011, he was deputy head of China Investment Banking at UBS Securities Asia Limited. Mr. Zhang was also a non-executive director of Boer Power Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 01685), an independent non-executive director of Yancoal Australia Ltd. (listed on the Australian Stock Exchange with stock code YAL and on the Hong Kong Stock Exchange with stock code 03668), Wanda Hotel Development Company Limited (listed on the Hong Kong Stock Exchange with stock code 00169), China Huirong Financial Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 01290), Sinopec Oilfield Service Corporation (listed on the SSE with stock code 600871 and on the Hong Kong Stock Exchange with stock code 01033), and China Rapid Finance Limited (listed on the New York Stock Exchange with stock code XRF), and a non-executive director, executive director and chairman of China Smartpay Group Holdings Limited (listed on the Hong Kong Stock Exchange with stock code 08325). Mr. Zhang graduated from the Graduate School of the People's Bank of China with a master's degree in economics in 1986; and from the Australian National University with a master's degree in economics in 1991.

David T. Zhang, aged 59, has been an Independent Non-Executive Director of the Company since June 2012. Mr. Zhang has also been a senior corporate partner in the Hong Kong office of Kirkland & Ellis International LLP, a leading international law firm. Admitted to the practice of law in the State of New York, USA and based in Hong Kong, Mr. Zhang specializes in securities offerings and M&A transactions. He has extensive experience representing Chinese issuers and leading investment banks in US initial public offerings, Hong Kong initial public offerings and other Rule 144A and Regulation S offerings of equity, debt and convertible securities. Mr. Zhang has represented a number of leading private equity funds, multinational corporations and sovereign wealth funds in connection with their investments and M&A transactions in the Greater China region and Southeast Asia. In addition, Mr. Zhang has successfully guided China-based companies listed in the Unites States and Hong Kong through complex mission-critical moments, counselling leaders and boards of directors on high-stakes matters at the intersection of litigation, regulatory enforcement, reputation and public policy. Mr. Zhang has been rated as a top capital markets attorney by *Chambers Global, Legal 500 Asia Pacific, IFLR1000 and Chambers Asia Pacific*. Prior to joining Kirkland & Ellis International LLP in August 2011, Mr. Zhang was a partner of Latham & Watkins LLP, a leading international law firm, for eight years. Mr. Zhang graduated from Beijing Foreign Studies University in 1981 and received his J.D. degree from Tulane University Law School in 1991.

Lee Kai-Fu, aged 60, has been an Independent Non-Executive Director of the Company since March 2017. As at the end of the Reporting Period, Dr. Lee has also been the chairman of Sinovation Ventures (Beijing) Enterprise Management Co., Ltd., a co-founder and the managing partner of Sinovation Ventures Development Funds, the chairman and CEO of Innovation Works Limited, a non-executive director of Meitu, Inc. (listed on the Hong Kong Stock Exchange with stock code 01357). Dr. Lee has also been a director of various companies in the internet, artificial intelligence and other industries. From 1988 to 1990, Dr. Lee worked at Carnegie Mellon University, where he served as an assistant professor; between July 1990 and April 1996, Dr. Lee worked at Apple Inc. (listed on NASDAQ with stock code AAPL), serving as a vice president from December 1995; from July 1998 to July 2005, Dr. Lee was the vice president of Microsoft Corporation (listed on NASDAQ with stock code MSFT); from July 2005 to September 2009, Dr. Lee was the president of Google China of Google Inc. (listed on NASDAQ with stock code GOOGL), and he was responsible for launching the Google China R&D Centre. Dr. Lee was also an independent director of LightInTheBox Holding Co., Ltd. (listed on the New York Stock Exchange with stock code LITB), an independent non-executive director of Shangri-La Asia Limited (listed on the Hong Kong Stock Exchange with stock code 00069) and Hon Hai Precision Industry Co., Ltd. (listed on the Taiwan Stock Exchange with stock code 2317). Dr. Lee received his bachelor of arts degree and Ph.D. in computer science from Columbia University in 1983 and Carnegie Mellon University in 1988, respectively.

Tsang King Suen Katherine, aged 64, has been an Independent Non-Executive Director of the Company since December 2020. Ms. Tsang is the founder of Max Giant Capital. As at the end of the Reporting Period, Ms. Tsang has also been an independent non-executive director of Budweiser Brewing Company APAC Limited (listed on the Hong Kong Stock Exchange with stock code 01876), Fidelity Emerging Markets Limited (formerly known as Genesis Emerging Markets Fund Limited, listed on the London Stock Exchange with stock code FEML) and China CITIC Bank International Limited. Ms. Tsang was an independent non-executive director of Baoshan Iron & Steel Co., Ltd. (listed on the SSE with stock code 600019) from May 2006 to April 2012, the chairperson of Greater China of Standard Chartered Bank from August 2009 to August 2014, an independent non-executive director of Gap Inc. (listed on the New York Stock Exchange with stock code GPS) from August 2010 to May 2018. As at the end of the Reporting Period, Ms. Tsang has been a member of the Advisory Council for China of the City of London, an honorary board member of Shanghai Jiao Tong University and the member of Finance and Investment Committee of The Boys' and Girls' Clubs Association of Hong Kong. Ms. Tsang was a member of the World Economic Forum's Global Agenda Council on China from 2009 to 2012 and a member of Sotheby's Asia Advisory Board from November 2011 to October 2014. Ms. Tsang graduated from University of Alberta, Canada with a bachelor's degree in Commerce in 1978.

SENIOR MANAGEMENT OF THE COMPANY

Sze Mei Ming, aged 44, is the Company Secretary, Senior Assistant to the President and General Manager of Office of Board Secretary of the Company. Ms. Sze joined the Group in 2007, and has been the Company Secretary of the Company since March 2009. Ms. Sze holds a bachelor's degree in Arts from the University of Hong Kong, a bachelor's degree in laws from the University of London and a master's degree in Chinese and Comparative Law from the City University of Hong Kong. Ms. Sze has experience in the company secretarial industry for more than twenty years and is a fellow member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.

The Board is pleased to present its report and the audited financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is a global innovation-driven consumer group dedicated to providing high-quality products and services for families around the world in Health, Happiness, Wealth and Intelligent Manufacturing segments.

BUSINESS REVIEW OF THE GROUP IN 2021

A fair view of the business of the Group in 2021 and a discussion and analysis of the material factors underlying the Group's performance, results and financial position during the year are provided in the sections headed "Business Review" and "Financial Review" under "Management Discussion & Analysis" in this annual report, respectively. Description of the major risks and uncertainties faced by the Group can be found throughout this annual report, particularly in the "Directors' Report". Particulars of important events affecting the Group that have occurred since the end of the financial year 2021, can also be found in the above mentioned sections and the Notes to Financial Statements. The outlook of the Group's business is discussed throughout this annual report including the section headed "Letter to Shareholders".

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2021 and the state of affairs of the Group at that date are set out in the financial statements and the accompanying notes of this annual report.

The Board has recommended the payment of a final dividend of HKD0.3 per Share for the year ended 31 December 2021 to the shareholders of the Company whose names appear on the register of members of the Company on 14 June 2022. Subject to approval by the shareholders of the Company at the annual general meeting of the Company to be held on 2 June 2022 (the "**AGM**"), the proposed final dividend will be paid on 15 July 2022 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 30 May 2022 to Thursday, 2 June 2022, 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, 27 May 2022.

The register of members of the Company will also be closed from Friday, 10 June 2022 to Tuesday, 14 June 2022, both days inclusive, during which period no transfer of shares will be effected. The ex-dividend date will be Wednesday, 8 June 2022. In order to qualify for the final dividend to be proposed at the AGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Thursday, 9 June 2022.

SUMMARY FINANCIAL INFORMATION

A summary of the financial information for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out in the section headed "Five-Year Statistics" in this annual report.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the Reporting Period are set out in notes 13 and 14 to financial statements, respectively.

ISSUED SHARES

Details of movements in the Company's Share during the Reporting Period are set out in note 57 to financial statements.

SUBSIDIARIES

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

BORROWINGS

Particulars of borrowings of the Group are set out in note 42 to financial statements.

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Board considered repurchases of Shares will lead to an enhancement of the net asset value per Share and/or earnings per Share, thus the Company repurchased a total of 119,925,500 Shares on the Hong Kong Stock Exchange at an aggregate consideration of HKD1,255,473,760.00. All the repurchased Shares were cancelled as at 23 March 2022.

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 2021	14,283,500	12.00	11.72	169,947,760.00
February 2021	27,500,000	12.40	11.46	328,481,730.00
April 2021	11,600,000	11.46	10.82	130,333,960.00
July 2021	9,580,000	11.50	10.76	107,496,270.00
August 2021	4,914,500	9.95	9.52	48,145,890.00
September 2021	19,200,000	10.38	9.04	182,601,025.00
October 2021	10,000,000	9.49	9.01	92,707,075.00
November 2021	8,000,000	9.08	8.75	71,626,855.00
December 2021	14,847,500	8.96	7.93	124,133,195.00
Total	**119,925,500**	**–**	**–**	**1,255,473,760.00**

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

HUMAN RESOURCES

As of 31 December 2021, the Group had approximately 96,000 employees.

In 2021, guided by the ambition of "Making a difference in the world by serving families worldwide" and the strategic initiative of implementing "1+N" product lines, Fosun Human Resources focused on evolving Fosun's cultural values in order to further improve industry specific operational capabilities. We also comprehensively promoted the building-up of organizational capabilities within the various organizations and business units across the Fosun ecosystem. Implementing strategic planning through top-level design, enhancing the efficiency and vitality by the optimization of our organizational mechanisms, and ensuring the organizational agility and high efficiency by the establishment of digital and high-tech systems, we aimed to enhance Fosun's organizational health, forming a talent-and-high-potential-fulfilled and long-lasting organizational ecosystem by establishing and optimizing culture and values, partnership models, talent pipelines, and more.

In 2021, the evolution of Fosun's organizational management system focused on building top organizational capabilities. Fosun has established an Overseas Operation Committee to upgrade globalization capabilities, an Ecosystem Committee to promote ecosystem value creation, a Science and Technology & Innovation Committee to lead solid technological innovation, and an FES Committee to extract and reproduce best practices. At the same time, the management system of "strategic planning, budget forecast, operation supervision, assessment, reward and punishment" has been established within the Fosun Ecosystem, with continuously evolving compliant and efficient decision-making mechanisms to allow the management efficiency of organizations across the Group.

In terms of talent management, we adhere to our "Talents are Fosun's first asset" belief, with emphasis on the leader of the enterprise as the leader of human resources, leading the entire organization to conviction for the idea, "matters in your left hand and people in your right hand". Through a campaign mechanism, with timely incentives and fast-track promotions, Fosun maintains alertness to market changes, creating a highly agile organization. Through strengthening and comprehensively implementing inter-Group rotations and coopetition, we present an active operational status with a balance between key function holders, multiple team collaboration and cooperation for 0 to 1 and high-speed execution for 1 to 100.

Regarding talent planning and attraction, we focus on global and regional hire, introducing industry leaders and experts. In 2021, we centered our efforts in introducing talents from targeted industries, internet and product innovation as well as other areas. In terms of our talent echelon, we were dedicated to creating professional and efficient teams with united future-oriented visions (Fostar, Fostar+, Mid-level talents, Top talents and Leading talents). In terms of talent recruitment, we placed emphasis on building internal talent attraction abilities, incubating and establishing an internal headhunting company Xingyi. Through market-oriented assessment and competitive incentive mechanisms, we quickly evolved the company from conceptual to corporate operation. Xingyi covers the middle to high-end talent market providing a full spectrum of recruitment services for ONE Fosun enterprises. We seeked to perfect the talent and information construction systems at Fosun while accumulating a top-level talent pool. In terms of employer branding, ONE Fosun enterprises worked together promoting global campus recruitment under the ONE Fosun name, attracting top graduates from a variety of disciplines across world leading universities, providing an injection of new talent into Fosun enterprises.

We strengthen value creation for Fosun's five types of customers, refine Fosun's organizational principles, and guide the building of organizational capacity. We establish a systematic talent inventory and succession planning method, focusing on the recruitment and management of key talents. Meanwhile, by focusing on high potential talents with outstanding performance, providing higher frequency promotion and development opportunities, the Group fully exploits the employees' potential. We encourage talent rotation among business units and functional lines, amongst the Group and portfolio companies, building a symbiotic, connected and shared ONE Fosun talent ecosystem. In line with the strategic transformation, through the design and optimization of various incentive systems, according to the different characteristics of each business, we actively explore innovative tools and ideas to improve the accuracy of incentive mechanisms, facilitating team stability and cohesion through the promotion of the design and implementation of long-term incentive mechanism at the level of portfolio companies.

The Upgrade of Fosun Partner Management System

In 2021, more than 30 new Fosun global partners were selected, and at the same time, Fosun's characteristic competition and cooperation (coopetition) mechanism was exercised, with the annual evaluation and exit mechanism of partners, resulting in over 140 global partners. The partnership model is an important mechanism for the retention and incentive of Fosun's core talent, placing emphasis on Fosun partners leading Fosun people, especially the entrepreneurial spirit, to create an organizational cohesion of co-creation, co-responsibility and sharing.

2021 is a critical year for Fosun's partner management system, reaching ONE Fosun enterprises. We replicated and promoted the management experience of global partners, built a multi-seniority team of partners, and gave full play to Fosun's diverse ecosystem advantages to upgrade the benefits paying attention to the interests of partners, encouraging management empowerment. At the same time, through the functional partner system, and adding types of Fosun partners, we built a potential talent pool of future global partners and a significant talent reservoir.

Fulfilment of our Commitment to Employees

Fosun regards its employees as its most valuable capital. Meanwhile, Fosun has been aiming to provide the best platform for employees to realize their values. We fully protect the interests of employees, respect the diversity of our staff, and are always concerned about the personal development of our staff, paying attention to the training of outstanding talents in investment, expertise and management with international view. We provide a distinct career development path with Fosun characteristics from management trainee program Fostar to senior management level, supported by challenging positions and project opportunities in many fields worldwide, as well as the systematic mentor mechanism. We are dedicated to achieving synergistic development of the company and our employees through thorough organizational guarantee.

Employee Caring and Services

Fosun persists in improving, innovating and strengthening the establishment of a comprehensive and diversified benefit system in order to create a sound enterprise atmosphere and enhance the sense of belonging among our employees. Upholding the value of "Self-improvement, Teamwork, Performance and Contribution to Society", Fosun cares not only for its employees, but also for their families.

Fosun continues to strengthen the promotion and investment of employees' health management, innovating our health management model to protect employees' wellbeing. Fosun has established different caring plans for various employee groups. For all employees, Fosun also pays attention to employee suggestions at all times, launching an internal online platform 'Fosun Circle' for Fosun employees, with the aim to continuously upgrade employee experience based on the practical suggestions from each Fosun employee. For employees' families, Fosun has built a happy ecosystem to allow them to participate in various charitable activities of the Company. Meanwhile, Fosun also makes full use of the Group's internal resources for our employees to conveniently access various internal products, services and related resources at a discount.

We use the internet and various innovative channels to enrich employee services. We have further optimized and innovated the methods of benefit distribution and marketing, such as announcing or introducing employee benefits, as well as various remuneration benefits and human resources policies through our own mobile application. Employees can not only check their benefits through our self-developed mobile application platform, but also use employee points to pay for meals or access other convenient services online. Meanwhile, our Human Resource Global Shared Service Center continuously consolidates various resources both domestically and overseas, in order to provide better service to our employees around the world.

Employee Learning and Development

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

We build different series of talent development programs and professional development programs according to the Group's development strategy, its development characteristics and Human Resources planning requirements. For different development goals, specific development paths are planned. The training courses are designed according to competency and professional requirements, so as to help employees to grow rapidly while solving specific business problems at the same time. For instance, we have the Fosun Global Partner Leadership Development Program, Fosun Chairman/CEO Program, CXO Development Program, Fosun Stars Training Program, Fostar Management Trainee Program. The goal is to satisfy the talent development needs throughout the Fosun eco-system, to further deliver much needed talents to the Group to ensure rapid development of the organization.

Fosun values high potential talents, especially the discovery and training of fresh and high potential talents. For instance, for all ONE Fosun Group companies, there is the multidimensional Fostar Management Trainee "21-day Sailing Plan" Training and Fosun Management Trainee's Mentor Certificate Training, in order to facilitate the rapid growth of high potential talents.

Employment and Labor Standards

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

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

Employee Remuneration Policy and Incentive

The remuneration policy and package of the Group's employees are periodically reviewed based on the basis of their performance, experience and current industry practice. The Group always implements incentive principles of value creation, performance orientation, profit and loss sharing, and clear reward and punishment. Oriented by strategy implementation and employee development, the Group continuously optimizes the multi-level and full-coverage remuneration system to update mid-to-long-term incentive system. Through the flexible and comprehensive incentives, together with different business demands and incentive tools, we encourage innovation and entrepreneurship, empower the business and motivate the team.

Human Resources Intelligent Innovation

Guided by the strategy of technology leading and innovation keeping, the Group's Human Resources Management Centre uses various innovative technologies to develop human resources system and tools for building up the ONE Fosun iHR ecosystem, thereby providing a smart, efficient, compliant global digital human resources solution for the group headquarters, various industrial groups and portfolio companies.

SHARE AWARD SCHEMES

2015 Share Award Scheme

The share award scheme was adopted by the Company on 25 March 2015 (the "**2015 Share Award Scheme**"), unless otherwise defined, the capitalized terms used herein shall have the same meanings as set out in the circular of the Company dated 27 April 2021.

The purposes of the 2015 Share Award Scheme are (i) to align the interests of the eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares; and (ii) to encourage and retain the eligible persons to make contributions to the long-term growth and profits of the Group. Eligible Person to the 2015 Share Award Scheme is any individual, being an employee, a director, an officer, a consultant or an advisor of any member of the Group or any affiliate whom the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group.

Under the 2015 Share Award Scheme,the total of 346,123,943 Shares available for issue represented approximately 4.16% of the issued Shares as at 31 December 2021, and the total number of non-vested award Shares granted to a selected participant shall not exceed 0.3% of the total number of the issued Shares from time to time. Subject to any early termination as may be determined by the Board, the 2015 Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date (i.e. 24 March 2025).

On 31 March 2021, the Board resolved to award an aggregate of 12,790,000 Award Shares (the "**2021 First Award Shares**") to 88 Selected Participants under the 2015 Share Award Scheme. The 2021 First Award Shares have been issued and allotted pursuant to a specific mandate obtained in the annual general meeting of the Company held on 3 June 2021. Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the 2021 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 2021 First Award Shares have been fully issued to the Trustee.

On 25 August 2021, the Board resolved to award an aggregate of 265,000 Award Shares to 5 Selected Participants under the 2015 Share Award Scheme. Such Award Shares were settled by way of 265,000 Award Shares which had lapsed before vesting.

The aggregate fair value of the Award Shares granted during the Reporting Period amounted to approximately HKD158,661,500. The fair value of equity-settled Award Shares granted was estimated as at the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a business day.

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

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

Granted during the Reporting Period				Changed during the Reporting Period			
Name of Director	Date of grant	Vesting period[1]	Number of granted Shares	Outstanding as at 1 January 2021	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Outstanding as at 31 December 2021
Chen Qiyu	31 March 2021	31 March 2021 to 30 March 2024	1,920,000	2,207,150	913,050	–	3,214,100
Xu Xiaoliang	31 March 2021	31 March 2021 to 30 March 2024	1,920,000	2,207,150	913,050	–	3,214,100
Qin Xuetang	31 March 2021	31 March 2021 to 30 March 2024	720,000	618,300	315,250	–	1,023,050
Gong Ping	31 March 2021	31 March 2021 to 30 March 2024	470,000	514,050	249,900	–	734,150
Zhuang Yuemin	31 March 2021	31 March 2021 to 30 March 2024	25,000	–	–	–	25,000
Yu Qingfei	31 March 2021	31 March 2021 to 30 March 2024	25,000	–	–	–	25,000
Zhang Shengman	31 March 2021	31 March 2021 to 30 March 2024	25,000	50,250	25,000	–	50,250
Zhang Huaqiao	31 March 2021	31 March 2021 to 30 March 2024	25,000	50,250	25,000	–	50,250
David T. Zhang	31 March 2021	31 March 2021 to 30 March 2024	25,000	50,250	25,000	–	50,250
Lee Kai-Fu	31 March 2021	31 March 2021 to 30 March 2024	25,000	50,250	25,000	–	50,250
Tsang King Suen Katherine	31 March 2021	31 March 2021 to 30 March 2024	25,000	–	–	–	25,000
Sub-total			**5,205,000**	**5,747.650**	**2,491,250**	**–**	**8,461,400**
Employees	31 March 2021	31 March 2021 to 30 March 2024	7,585,000	7,671,100	3,411,570	358,400	11,751,130
	25 August 2021	25 August 2021 to 24 August 2024	265,000				
Total			**13,055,000**[2]	**13,418,750**	**5,902,820**	**358,400**	**20,212,530**

Notes:

(1) Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 31 March 2021 shall be transferred from the Trustee to the Selected Participants upon expiry of the following vesting periods:

Percentage of Award Shares to be Vested	Vesting Date	Vesting Period
33%	31 March 2022	31 March 2021 to 30 March 2022
33%	31 March 2023	31 March 2021 to 30 March 2023
34%	31 March 2024	31 March 2021 to 30 March 2024

Subject to the satisfaction of the vesting criteria and conditions of the 2015 Share Award Scheme, the Award Shares which were granted on 25 August 2021 shall be transferred from the Trustee to the Selected Participants upon expiry of the following vesting periods:

Percentage of Award Shares to be Vested	Vesting Date	Vesting Period
33%	25 August 2022	25 August 2021 to 24 August 2022
33%	25 August 2023	25 August 2021 to 24 August 2023
34%	25 August 2024	25 August 2021 to 24 August 2024

(2) Including the 265,000 Shares which were lapsed before vesting.

2021 Share Award Scheme

The share award scheme was adopted by the Company on 30 August 2021 (the "**2021 Share Award Scheme**").

The 2021 Share Award Scheme is intended to encourage the employees of the Group to contribute and promote the long-term growth of FTG and the Group. The eligible participants to the 2021 Share Award Scheme (the "**Participants**") are any core personnel in the Group which contribute to the development and ecological empowerment of FTG.

Pursuant to the 2021 Share Award Scheme, the Company may transfer certain shares of FTG held by it to the trustee of the 2021 Share Award Scheme, Computershare Hong Kong Trustees Limited (the "**Trustee**"), in order to grant award shares to the Participants and the Participants could accept the award shares by paying a grant price at a 50% discount of as at the closing price of the shares of FTG as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant. The award shares under the 2021 Share Award Scheme will then be held by the Trustee on trust for the relevant Participants until such award shares are vested to the relevant Participants in accordance with the provisions of the 2021 Share Award Scheme. The minimum holding period of the award shares under the 2021 Share Award Scheme is one year.

Under the 2021 Share Award Scheme, the total number of award shares available for grant to Participants shall not exceed 0.4% of the total issued shares of FTG at the time of the grant. Subject to any early termination as may be determined by the Board, the 2021 Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date (i.e. 29 August 2031).

On 30 August 2021, the Board resolved to award no more than 3,860,000 shares of FTG under the 2021 Share Award Scheme (the "**2021 Share Award Scheme Shares**") to 33 Participants under the 2021 Share Award Scheme. Subject to the satisfaction of the vesting criteria and conditions of the 2021 Share Award Scheme, the 2021 Share Award Shares shall be transferred from the Trustee to the Participants upon expiry of the respective vesting period. In January 2022, 2021 Share Award Scheme Shares have been transferred to the Trustee.

The aggregate fair value of the 2021 Shares Award Scheme Shares granted during the Reporting Period amounted to approximately HKD19,051,560. The fair value of equity-settled award shares granted was estimated as at the closing price of the shares of FTG as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a business day.

Further details of the 2021 Share Award Scheme are set out in note 62 to the Consolidated Financial Statements.

Details of the movement of the 2021 Share Award Scheme Shares during the Reporting Period were as follows:

Granted during the Reporting Period				Changed during the Reporting Period			
Name of Director	Date of grant	Vesting period[1]	Number of granted shares	Outstanding as at 1 January 2021	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Outstanding as at 31 December 2021
Chen Qiyu	30 August 2021	30 August 2021 to 29 August 2023	500,000	–	–	–	500,000
Qin Xuetang	30 August 2021	30 August 2021 to 29 August 2023	200,000	–	–	–	200,000
Gong Ping	30 August 2021	30 August 2021 to 29 August 2023	200,000	–	–	–	200,000
Sub-total			**900,000**	**–**	**–**	**–**	**900,000**
Employees	30 August 2021	30 August 2021 to 29 August 2023	2,466,000	–	–	–	2,466,000
Total			**3,366,000**	**–**	**–**	**–**	**3,366,000**

Note:

(1) Subject to the satisfaction of the vesting criteria and conditions of the 2021 Share Award Scheme, the 2021 Share Award Scheme Shares which were granted on 30 August 2021 shall be transferred from the Trustee to the Participants upon expiry of the following vesting periods:

Percentage of Award Shares to be Vested	Vesting Date	Vesting Period
50%	30 August 2022	30 August 2021 to 29 August 2022
50%	30 August 2023	30 August 2021 to 29 August 2023

SHARE OPTION SCHEMES[NOTE]

Old Share Option Scheme of the Company

The Company adopted its share option scheme on 19 June 2007 and it was expired on 18 June 2017 (the "**Old Share Option Scheme**"). Hence, no further options will be available for grant under 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 major terms of the Old Share Option Scheme are as follows:

1) The purpose of the Old Share Option Scheme is to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group.

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

3) The maximum entitlement of each participant under the Old Share Option Scheme is 1% of the issued Shares of the Company unless such grant has been duly approved by resolution of the shareholders of the Company in general meeting.

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

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

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

7) Subject to earlier termination by the Company in a general meeting or by the Board, the Old Share Option Scheme shall be valid and effective for a period to be determined and notified by the Board to the grantee during which the option may be exercised and in any event shall not be more than 10 years commencing on the date on which the offer in relation to such option is deemed to have been accepted in accordance with the terms of the Old Share Option Scheme and expiring on the last day of the ten-year-period.

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

New Share Option Scheme of the Company

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

1) 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.

2) The participants of the New Share Option Scheme are any Director (including Independent Non-Executive Director), employee (whether full-time or part-time), consultant or advisor of the Group who in the sole discretion of the Board has contributed or will contribute to the Group.

Note: Having considered that the Company is unable to ensure that the total number of issued shares of the Company, FTG, Yuyuan and Gland Pharma between 19 April 2022 (being the latest practicable date ("**LPD**")) and date of this report will remain the same, the Group decided to discloses the information as required to be disclosed under Rule 17.09(3) of the Listing Rules as of the LPD instead of the date of the annual report.

3) The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes of the Company must not exceed 30% (or other percentage as stipulated in the Listing Rules) of the Shares in issue from time to time. Subject to the aforesaid limit, the total number of Shares available for issue under options which may be granted under the New Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 857,897,014 Shares, being 10% of the issued Shares in issue as at the date of the shareholders' approval of the New Share Option Scheme, unless separate shareholders' approval has been obtained. The total of 857,897,014 Shares available for issue under the New Share Option Scheme, representing approximately 10.32% of the total issued Shares as at 19 April 2022.

4) The maximum entitlement of each participant under the New Share Option Scheme is 1% of the issued Shares of the Company unless such grant has been duly approved by resolution of the shareholders of the Company in general meeting.

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

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

7) The exercise price determined by the Board shall be at least the higher of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average of the closing prices of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant.

8) Subject to earlier termination by the Company in a general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period to be determined and notified by the Board to the grantee during which the option may be exercised and in any event shall not be more than 10 years commencing on the date on which the offer in relation to such option is deemed to have been accepted in accordance with the terms of the New Share Option Scheme and expiring on the last day of the ten-year-period. The remaining life of the New Share Option Scheme is up to 5 June 2027.

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

In order to promote the Company's values of entrepreneurship, encourage value creation by the core management staff and outstanding employees of the Group, the Company has decided to grant share options (the "**Options**") under the New Share Option Scheme to the global core management staff, outstanding employees and newly-joined key staff of the Group (the "**Grantees**") during the Reporting Period, as part of its continuing efforts to develop a multi-layered and long-term incentives mechanism for ongoing management innovations and cultural heritage. The Board announced that on 31 March 2021, subject to the acceptance of relevant Grantees, the Company has decided to grant 39,910,000 Options to subscribe for an aggregate of 39,910,000 Shares under the New Share Option Scheme. The closing price of the Shares, immediately before the grant date was HKD11.46. The Board announced that on 25 August 2021, subject to the acceptance of relevant Grantees, the Company has decided to grant 780,000 Options to subscribe for an aggregate of 780,000 Shares under the New Share Option Scheme. The closing price of the Shares, immediately before the grant date was HKD9.81.

As at the end of the Reporting Period, the Company has granted accumulated 367,141,000 options to subscribe for an aggregate of 367,141,000 Shares under the Old Share Option Scheme and the New Share Option Scheme, and 242,875,100 effective options under the Old Share Option Scheme and the New Share Option Scheme were outstanding except for the exercised, expired, lapsed or cancelled options. The aggregate fair value of the share options granted during the Reporting Period amounted to approximately HKD115,489,163. The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted, as well as the factors such as risk-free interest rate, share price, volatility, expected life of options and dividend. The fair value of options is estimated at grant date using a binomial model modified to reflect the International Financial Reporting Standards 2 Share-based Payment requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of each option. The fair value of options are subject to a number of assumptions and limitations that may be subjective and uncertain.

The following table discloses movements in the Company's outstanding options under the Old Share Option Scheme and the New Share Option Scheme during the Reporting Period.

		Number of the options							
Name of Grantee	Date of grant of the options	On 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period[7]	Expired/ lapsed/ cancelled during the Reporting Period[8]	On 31 December 2021	Vesting period of the options	Exercise period of the options	Exercise price of the options per Share (HKD)
Chen Qiyu	8 January 2016	10,000,000	–	–	1,000,000	9,000,000	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	1,500,000	–	–	–	1,500,000	4 May 2017 to 3 May 2024[1]	4 May 2022 to 3 May 2027[1]	11.75
	1 April 2020	1,500,000	–	–	–	1,500,000	1 April 2020 to 31 March 2025[6]	1 April 2023 to 31 March 2030[6]	8.79
	31 March 2021	–	1,500,000	–	–	1,500,000	31 March 2021 to 30 March 2026[6]	31 March 2024 to 30 March 2031[6]	10.91
Xu Xiaoliang	8 January 2016	10,000,000	–	–	1,000,000	9,000,000	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	1,500,000	–	–	–	1,500,000	4 May 2017 to 3 May 2024[1]	4 May 2022 to 3 May 2027[1]	11.75
	1 April 2020	1,500,000	–	–	–	1,500,000	1 April 2020 to 31 March 2025[6]	1 April 2023 to 31 March 2030[6]	8.79
	31 March 2021	–	1,500,000	–	–	1,500,000	31 March 2021 to 30 March 2026[6]	31 March 2024 to 30 March 2031[6]	10.91
Qin Xuetang	8 January 2016	10,000,000	–	–	1,000,000	9,000,000	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	31 March 2021	–	1,000,000	–	–	1,000,000	31 March 2021 to 30 March 2026[6]	31 March 2024 to 30 March 2031[6]	10.91
Gong Ping	8 January 2016	4,000,000	–	–	400,000	3,600,000	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	4,900,000	–	–	–	4,900,000	4 May 2017 to 3 May 2024[1]	4 May 2022 to 3 May 2027[1]	11.75
	31 March 2021	–	1,000,000	–	–	1,000,000	31 March 2021 to 30 March 2026[6]	31 March 2024 to 30 March 2031[6]	10.91
Other grantees (being other employees of the Group)	8 January 2016	40,000,000	–	–	3,300,000	36,700,000	8 January 2016 to 7 January 2023[1]	8 January 2021 to 7 January 2026[1]	11.53
	4 May 2017	33,300,000	–	–	3,100,000	30,200,000	4 May 2017 to 3 May 2024[1]	4 May 2022 to 3 May 2027[1]	11.75
	28 March 2018	14,238,600	–	–	1,996,000	12,242,600	28 March 2018 to 27 March 2025[2,3]	28 March 2019 to 27 March 2028[2,3]	17.58
	27 March 2019	71,300,000	–	–	4,695,000	66,605,000	27 March 2019 to 26 March 2026[2,4]	27 March 2020 to 26 March 2029[2,4]	12.86
	28 August 2019	1,515,000	–	65,000	–	1,450,000	28 August 2019 to 27 August 2023[5]	28 August 2020 to 27 August 2029[5]	9.95
	1 April 2020	16,210,000	–	402,500	1,100,000	14,707,500	1 April 2020 to 31 March 2025[4,6]	1 April 2021 to 31 March 2030[4,6]	8.79
	28 August 2020	90,000	–	–	–	90,000	28 August 2020 to 27 August 2024[4]	28 August 2021 to 27 August 2030[4]	8.86
	31 March 2021	–	34,910,000	–	1,310,000	33,600,000	31 March 2021 to 30 March 2026[4,6]	31 March 2022 to 30 March 2031[4,6]	10.91
	25 August 2021	–	780,000	–	–	780,000	25 August 2021 to 24 August 2025[4]	25 August 2022 to 24 August 2031[4]	9.90
Total		**221,553,600**	**40,690,000**	**467,500**	**18,901,000**	**242,875,100**			

Notes:

1. The options under the Old Share Option Scheme are vested and become exercisable by each grantee in three tranches as set out below:

    (a) up to the first 20% of the options, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10th year period commencing from the date of the grant of options (the "**Old Option Period**");

    (b) up to a further 30% of the options, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Old Option Period; and

    (c) in respect of the remaining 50% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Old Option Period.

2. The options, being granted to the global core management staff under the New Share Option Scheme are vested and become exercisable in three tranches as set out below:

    (a) up to the first 20% of the options, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10th year period commencing from the date of grant of the options (the "**New Option Period**");

    (b) up to a further 30% of the options, at any time from the date falling on the sixth anniversary of the date of grant till the end of the New Option Period; and

    (c) in respect of the remaining 50% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the New Option Period.

3. The options, being granted to the employees of the Group under the New Share Option Scheme are vested and become exercisable in five tranches as set out below:

    (a) up to the first 20% of the options, at any time from the date falling on the first anniversary of the date of grant till the end of the New Option Period;

    (b) up to a further 20% of the options, at any time from the date falling on the second anniversary of the date of grant till the end of the New Option Period;

    (c) up to a further 20% of the options, at any time from the date falling on the third anniversary of the date of grant till the end of the New Option Period;

    (d) up to a further 20% of the options, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period; and

    (e) in respect of the remaining 20% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the New Option Period.

4. The options, being granted to the employees of the Group under the New Share Option Scheme are vested and become exercisable in four tranches as set out below:

    (a) up to the first 25% of the options, at any time from the date falling on the first anniversary of the date of grant till the end of the New Option Period;

    (b) up to a further 25% of the options, at any time from the date falling on the second anniversary of the date of grant till the end of the New Option Period;

    (c) up to a further 25% of the options, at any time from the date falling on the third anniversary of the date of grant till the end of the New Option Period; and

    (d) in respect of the remaining 25% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period.

5. The options, being granted to the newly-joined management staff and the intelligent technology professionals of the Group under the New Share Option Scheme are vested and become exercisable in either one of the exercising schedules as set out below:

   Type I exercising schedule

   (a) up to the first 25% of the options, at any time from the date falling on the first anniversary of the date of grant till the end of the New Option Period;

   (b) up to a further 25% of the options, at any time from the date falling on the second anniversary of the date of grant till the end of the New Option Period;

   (c) up to a further 25% of the options, at any time from the date falling on the third anniversary of the date of grant till the end of the New Option Period; and

   (d) in respect of the remaining 25% of the options, which, for the avoidance of doubt, comprise those Options which have not been exercised (and not lapsed) since the first anniversary of the Date of Grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period.

   Type II exercising schedule

   (a) up to the first 50% of the options, at any time from the date falling on the second anniversary of the date of grant till the end of the New Option Period;

   (b) up to a further 25% of the options, at any time from the date falling on the third anniversary of the date of grant till the end of the New Option Period; and

   (c) in respect of the remaining 25% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the second anniversary of the Date of Grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period.

6. The options, being granted to the global core management staff under the New Share Option Scheme are vested and become exercisable in three tranches as set out below:

   (a) up to the first 20% of the options, at any time from the date falling on the third anniversary of the date of grant till the end of the New Option Period;

   (b) up to a further 30% of the options, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period; and

   (c) in respect of the remaining 50% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the third anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the New Option Period.

7. The weighted average closing price of the Shares immediately before the dates on which options were exercised during the Reporting Period was HKD11.45.

8. 18,901,000 share options were lapsed and expired during the Reporting Period and the Group did not cancel any share options during the Reporting Period.

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

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

FTG PRE-IPO SHARE OPTION SCHEME

FTG adopted the FTG Pre-IPO Share Option Scheme (the "**FTG Pre-IPO Share Option Scheme**") on 29 December 2017 and the shareholders of of the Company approved the said scheme on 23 February 2018. The following detailed information in relation to the FTG Pre-IPO Share Option Scheme is set out in the circular of the Company dated 1 February 2018 (the "**FTG Pre-IPO Share Option Scheme Circular**"). Unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the FTG Pre-IPO Share Option Scheme Circular. The major terms of the FTG Pre-IPO Share Option Scheme are as follows:

1) The purpose of the FTG Pre-IPO Share Option Scheme is to provide the participants with the opportunity to acquire proprietary interests in FTG and to encourage the participants to work towards enhancing the value of FTG and its shares for the benefit of FTG and the shareholder(s) as a whole.

2) The participants of the FTG Pre-IPO Share Option Scheme include (i) any full-time employee(s) of FTG or of any of its subsidiaries; (ii) directors of FTG or of any of its subsidiaries; and (iii) any person(s) whether or not an employee(s) or officer(s) of FTG or of any of its subsidiaries who the Board of FTG, or the duly authorized committee thereof, considers to be able to enhance the operations or value of FTG and its subsidiaries (the "**FTG Group**").

3) The total number of the shares which may be issued upon exercise of all share options (the "**Pre-IPO Option(s)**") granted under the FTG Pre-IPO Share Option Scheme shall not exceed 100,000,000 shares, representing approximately 8.1% of the issued shares of FTG as of 19 April 2022. 30,738,997 and 13,816,520 Pre-IPO Options were granted on 23 February 2018 and 19 November 2018, respectively. No further Pre-IPO Options have or will be granted under the FTG Pre-IPO Share Option Scheme subsequent to the above grant dates. As at 31 December 2021, the number of underlying shares pursuant to the outstanding Pre-IPO Options (excluding those lapsed/cancelled/expired) amounted to 32,242,442 shares, representing approximately 2.6% of the issued shares of FTG as of 31 December 2021 and approximately 2.6% of the issued shares of FTG as of 19 April 2022.

4) The total number of the shares which may be issued and to be issued upon exercise of the Pre-IPO Options granted or to be granted to each participant or grantee (as the case may be) (including both redeemed and outstanding Pre-IPO Options) in any 12-month period shall not exceed 1.0% of the number of the relevant class of the shares in issue of FTG as of the proposed date of grant; unless any further grant of Pre-IPO Options (including redeemed, cancelled and outstanding Pre-IPO Options) to the participant or the grantee exceeding the 1.0% limit is made in compliance with the requirements under the Listing Rules (including the prior approval by the shareholders of the Company).

5) The exercise period of any Pre-IPO Options granted under the FTG Pre-IPO Share Option Scheme must not be more than ten years commencing on the date of grant.

6) The exercise price for the grant of Pre-IPO Options shall be determined by the board of FTG or the duly authorized committee thereof from time to time. The offer of a grant of Pre-IPO Options may be accepted within 5 business days from the date of offer, upon payment of a nominal consideration of RMB1 (or any other amount as determined by the board of FTG) in total by the grantee.

7) The exercise prices of the 30,738,997 and 13,816,520 Pre-IPO Options granted respectively on 23 February 2018 and 19 November 2018 under the FTG Pre-IPO Share Option Scheme are HK$8.43 per share and the offer price of the global offering of HK$15.60 per share, respectively. The exercise price of Pre-IPO Options shall be determined solely by the board of FTG, or the duly authorized committee thereof, with reference to a number of factors which may include business performance and value of FTG and individual performance of the relevant grantee. No option may be granted at an exercise price lower than the new issue price (if any) either after FTG resolves to seek a listing or during the period commencing six months before the lodgment of an application of listing with the relevant stock exchange for the listing up to the date of listing. In such event, the board of FTG, or the duly authorized committee thereof, shall have the discretion to adjust the exercise price of options granted during such period to not lower than the new issue price (if any). For the avoidance of doubt, no further Pre-IPO Options have or will be granted under the FTG Pre-IPO Share Option Scheme subsequent to the above grant dates.

8) The board of FTG, or the duly authorized committee thereof, shall determine and inform the grantee of the option period, during which a grantee may exercise the Pre-IPO Options in accordance with the terms of the FTG Pre-IPO Share Option Scheme, provided that in no event shall such period be more than ten (10) years from the date of grant. A Pre-IPO Option shall be vested after meeting the vesting period and vesting conditions. The board of FTG, or the duly authorized committee thereof, shall determine and inform the grantee of the option period, and determine other terms and conditions relating to the grant of Pre-IPO Options including (i) any minimum periods for which a Pre-IPO Option must be held; and/or (ii) minimum performance targets or other criteria (including a vesting period) that must be reached before the Pre-IPO Options can be vested/exercised in whole or in part; and/or (iii) such other terms as may be imposed at the discretion of the board of FTG, or the duly authorized committee thereof, either on a case-by-case basis or generally which in the opinion thereof are fair and reasonable but not being inconsistent with the rules and procedures applicable to the FTG Pre-IPO Share Option Scheme or the relevant requirements under applicable laws or the Listing Rules.

9) Subject to the termination provisions under the FTG Pre-IPO Share Option Scheme, under no circumstance shall the life of the FTG Pre-IPO Share Option Scheme be more than 10 years from its adoption date. No further Pre-IPO Options shall be granted from its adoption date to the date immediately preceding the date of listing of the shares of FTG on the Hong Kong Stock Exchange, but the provision of the FTG Pre-IPO Share Option Scheme shall remain in full force and effect in all other respects.

On 14 December 2018, the shares of FTG were listed and traded on the Main Board of the Hong Kong Stock Exchange, since then, no further Pre-IPO Option has been or will be granted under the FTG Pre-IPO Share Option Scheme.

The following table discloses movements in the Pre-IPO Options under the FTG Pre-IPO Share Option Scheme during the Reporting Period.

		Number of the Pre-IPO Options							
Name of Grantee	Date of grant of the Pre-IPO Options	As of 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period[6]	Expired/ lapsed/ cancelled during the Reporting Period[9]	As of 31 December 2021	Vesting period of the Pre-IPO Options	Exercise period of the Pre-IPO Options	Exercise price of the Pre-IPO Options per share (HKD)
Qian Jiannong	23 February 2018	20,000,000	–	–	–	20,000,000	23 February 2018 to 21 February 2026[1]	22 February 2019 to 22 February 2028	8.43
Xu Bingbin[4]	23 February 2018	775,125	–	–	–	775,125	23 February 2018 to 27 December 2021[2]	28 December 2018 to 22 February 2028	8.43
	19 November 2018	742,500	–	–	–	742,500	19 November 2018 to 17 November 2022[3]	18 November 2019 to 18 November 2028	15.60
Wang Wenping[5]	23 February 2018	536,625	–	150,000	134,156	252,469	23 February 2018 to 27 December 2021[2]	28 December 2018 to 22 February 2028	8.43
	19 November 2018	810,000	–	–	405,000	405,000	19 November 2018 to 17 November 2022[3]	18 November 2019 to 18 November 2028	15.60
Other grantees (being other employees of the FTG Group)	23 February 2018	6,506,423	–	1,914,964	567,891	4,023,568	23 February 2018 to 27 December 2021[2]	28 December 2018 to 22 February 2028	8.43
	19 November 2018	8,887,660	–	–	2,843,880	6,043,780	19 November 2018 to 17 November 2022[3]	18 November 2019 to 18 November 2028	15.60
Total		**38,258,333**	**–**	**2,064,964**	**3,950,927**	**32,242,442**			

Notes:

1. The Pre-IPO Options, being granted to Mr. Qian Jiannong on 23 February 2018 shall be vested according to the following schedule:

Percentage of Pre-IPO Options to be vested	Vesting Date
20%	22 February 2019
20%	22 February 2020
20%	22 February 2021
20%	22 February 2022
5%	22 February 2023
5%	22 February 2024
5%	22 February 2025
5%	22 February 2026

2. The Pre-IPO Options, being granted to Mr. Xu Bingbin, Mr. Wang Wenping and other grantees on 23 February 2018 shall be vested according to the following schedule:

Percentage of Pre-IPO Options to be vested	Vesting Date
25%	28 December 2018
25%	28 December 2019
25%	28 December 2020
25%	28 December 2021

3. The Pre-IPO Options, being granted to Mr. Xu Bingbin, Mr. Wang Wenping and other grantees on 19 November 2018 shall be vested according to the following schedule:

Percentage of Pre-IPO Options to be vested	Vesting Date
25%	18 November 2019
25%	18 November 2020
25%	18 November 2021
25%	18 November 2022

4. Mr. Xu Bingbin was appointed as an executive director of FTG with effect from 15 March 2021.

5. Mr. Wang Wenping resigned as an executive director of FTG with effect from 25 April 2021.

6. The weighted average closing price of the shares of FTG immediately before the dates on which options were exercised during the Reporting Period was HK$12.34.

7. No share option was granted to the suppliers of goods or services of FTG under the FTG Pre-IPO Share Option Scheme. Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Listing Rules.

8. Except for the vesting period, there is no minimum holding period before the exercise of the Pre-IPO Options.

9. During the Reporting Period, no Pre-IPO Option was cancelled and expired.

The exercise of the Pre-IPO Options by the grantees shall be subject to and conditional upon the fulfillment of certain performance targets as the board of FTG, or the duly authorized committee thereof, may determine at its sole discretion in accordance with the FTG Pre-IPO Share Option Scheme.

FTG 2019 SHARE OPTION SCHEME

FTG adopted the FTG 2019 Share Option Scheme (the "**FTG 2019 Share Option Scheme**") on 19 August 2019 and the shareholders of the Company and FTG approved the said scheme on 30 October 2019 and 27 November 2019, respectively. The following detailed information in relation to the FTG 2019 Share Option Scheme is set out in the circular of the Company dated 8 October 2019 (the "**FTG 2019 Share Option Scheme Circular**"). Unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the FTG 2019 Share Option Scheme Circular. The major terms of the FTG 2019 Share Option Scheme are as follows:

1) The purpose of the FTG 2019 Share Option Scheme is to enable the FTG Group to grant Post-IPO Options (as defined below) to the eligible participants as incentives or rewards for their contribution to the FTG Group. The directors of FTG believe the FTG 2019 Share Option Scheme will enable the FTG Group to reward the employees, the directors of FTG and other eligible participants for their contributions to the FTG Group.

2) The participants of the FTG 2019 Share Option Scheme include (i) any directors (including executive directors, non-executive directors and independent non-executive directors of FTG, where applicable) and employees of any member of the FTG Group; and (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the FTG Group.

3) The maximum number of the shares which may be issued in respect of options (the "**Post-IPO Option(s)**") which may be granted under the FTG 2019 Share Option Scheme shall not exceed 5.0% of the shares in issue on the adoption date of the FTG 2019 Share Option Scheme (representing 61,752,269 shares of FTG), representing approximately 5.0% of the issued shares of FTG as of 19 April 2022, and, when aggregated with the maximum number of shares which may be issued in respect of any options to be granted under any other share option scheme of FTG shall not exceed 10.0% of the shares in issue on the adoption date of the FTG 2019 Share Option Scheme. As at 31 December 2021, the number of underlying shares pursuant to the outstanding Post-IPO Options (excluding those lapsed/cancelled/expired) amounted to 9,789,500 shares of FTG, representing approximately 0.8% of the issued shares of FTG as of 31 December 2021 and approximately 0.8% of the issued shares of FTG as of 19 April 2022.

4) The total number of shares issued and to be issued upon exercise of the Post-IPO Options granted and to be granted under the FTG 2019 Share Option Scheme and any other share option scheme of the FTG Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the issued share capital of the FTG for the time being (the "**Individual Limit**"). Any further grant of options to a participant in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular containing the requisite information in accordance with the note to Rule 17.03(4) of the Listing Rules to be sent to the shareholders of the Company and FTG prior to respective general meetings with such participant and his/her close associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before approvals of the shareholders of the Company and FTG and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

5) The FTG 2019 Share Option Scheme will remain in force for a period of 10 years commencing on its adoption date. A Post-IPO Option may be exercised in accordance with the terms of the FTG 2019 Share Option Scheme at any time during a period to be determined and notified by the directors of FTG to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than ten (10) years from the date of grant of the option, and subject to the provisions for early termination under the FTG 2019 Share Option Scheme.

6) The exercise price per share under the FTG 2019 Share Option Scheme will be a price determined by the directors of FTG, but shall not be less than the highest of (i) the closing price of the shares of FTG as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant in respect of such Post-IPO Option, which must be a Business Day; (ii) the average closing price of the shares of FTG as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant in respect of such Post-IPO Option; and (iii) the nominal value of a share of FTG. The offer of a grant of Post-IPO Options may be accepted within 5 business days from the date of offer, upon payment of a nominal consideration of RMB1 (or any other amount as determined by the board of the directors of FTG) in total by the grantee.

7) FTG by ordinary resolution in a general meeting or the board of FTG may at any time terminate the FTG 2019 Share Option Scheme and in such event no further Post-IPO Options shall be offered or granted under the FTG 2019 Share Option Scheme but the provisions of the FTG 2019 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Post-IPO Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the FTG 2019 Share Option Scheme. Post-IPO Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the FTG 2019 Share Option Scheme.

8) For the following details, the conditions that must be met before FTG issues any shares, the conditions that must be met before a third party may require FTG to issue any shares, and any monetary or other consideration that FTG has received or will receive under the agreement, please refer to the FTG 2019 Share Option Scheme Circular.

The following table discloses movements in the Post-IPO Options under the FTG 2019 Share Option Scheme during the Reporting Period:

Type of grantees/ Name of grantees	Date of grant of the Post-IPO Options	As of 1 January 2021	Granted during the Reporting Period	Closing price of the securities immediately before the date on which the Post-IPO Options were granted (HKD)	Value of the Post-IPO Options granted (RMB)	Exercised during the Reporting Period[8]	Expired/ lapsed/ cancelled during the Reporting Period[(12)]	As of 31 December 2021	Vesting period of the Post-IPO Options	Exercise period of the Post-IPO Options	Exercise price of the Post-IPO Options per share (HKD)
Qian Jiannong	28 August 2020	500,000	–	8.25	–	0	0	500,000	28 August 2020 to 30 June 2024[(10)]	1 July 2021 to 27 August 2030	8.37
	20 August 2021	–	500,000	9.71	933,419	0	0	500,000	20 August 2021 to 30 June 2025[(11)]	1 July 2022 to 19 August 2031	9.37
Xu Bingbin[(2)]	28 August 2020	200,000	–	8.25	–	0	0	200,000	28 August 2020 to 30 June 2024[(10)]	1 July 2021 to 27 August 2030	8.37
	20 August 2021	–	320,000	9.71	597,388	0	0	320,000	20 August 2021 to 30 June 2025[(11)]	1 July 2022 to 19 August 2031	9.37
Wang Wenping[(3)]	28 August 2020	320,000	–	8.25	–	0	320,000	0	28 August 2020 to 30 June 2024[(10)]	1 July 2021 to 27 August 2030	8.37
Choi Yin On[(4)]	20 August 2021	–	300,000	9.71	560,051	0	0	300,000	20 August 2021 to 30 June 2025[(11)]	1 July 2022 to 19 August 2031	9.37
Xu Xiaoliang[(4)]	20 August 2021	–	150,000	9.71	280,026	0	0	150,000	20 August 2021 to 30 June 2025[(11)]	1 July 2022 to 19 August 2031	9.37
Pan Donghui[(4)]	20 August 2021	–	70,000	9.71	130,679	0	0	70,000	20 August 2021 to 30 June 2025[(11)]	1 July 2022 to 19 August 2031	9.37
Other grantees (being other employees of the FTG Group)	28 August 2020	3,414,000	–	8.25	–	121,250	356,250	2,936,500	28 August 2020 to 30 June 2024[(10)]	1 July 2021 to 27 August 2030	8.37
	20 August 2021	–	4,893,000	9.71	9,134,437	0	80,000	4,813,000	20 August 2021 to 30 June 2025[(11)]	1 July 2022 to 19 August 2031	9.37
Total		**4,434,000**	**6,233,000**			**121,250**	**756,250**	**9,789,500**			

Notes:

1. For details of the cancellation of certain options and share units granted on 25 August 2020, please see the FTG's announcement dated 28 August 2020.

2. Mr. Xu Bingbin was appointed as an executive director of FTG with effect from 15 March 2021.

3. Mr. Wang Wenping resigned as an executive director of FTG with effect from 25 April 2021.

4. Mr. Choi Yin On was appointed as an executive director of FTG with effect from 18 August 2021 anad Mr. Xu Xiaoliang and Mr. Pan Donghui were appointed as non-executive directors of FTG with effect from 18 August 2021.

5. On 20 August 2021, the board of FTG granted 6,233,000 share options to certain eligible participants of the FTG 2019 Share Option Scheme who are non-executive Directors or employees of the FTG Group. For details, please see FTG's announcement dated 20 August 2021.

6. No share option was granted to the suppliers of goods or services of the FTG under the FTG 2019 Share Option Scheme. Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Listing Rules.

7. Except for the vesting period, there is no minimum holding period before exercise of the Post-IPO Option.

8. The weighted average closing price of the shares immediately before the dates on which shares options were exercised during the Reporting Period was HK$11.43.

9. The value of Post-IPO Options granted was estimated based on the fair value of the options at the date of grant according to the terms and conditions to grant the share options by using the binomial tree model. The fair value of options is estimated at grant date using a binomial model modified to reflect the International Financial Reporting Standards 2 Share-based Payment requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of each option.

10. The Post-IPO Option, being granted to the such grantee(s) on 28 August 2020 shall be vested according to the following schedule:

Percentage of Post-IPO Option to be vested	Vesting Date
25%	1 July 2021
25%	1 July 2022
25%	1 July 2023
25%	1 July 2024

11. The Post-IPO Option, being granted to the such grantee(s) on 20 August 2021 shall be vested according to the following schedule:

Percentage of Post-IPO Option to be vested	Vesting Date
25%	1 July 2022
25%	1 July 2023
25%	1 July 2024
25%	1 July 2025

12. During the Reporting Period, no Post-IPO Option was cancelled and expired.

YUYUAN SHARE OPTION INCENTIVE SCHEME

Yuyuan Tranche I Share Option Incentive Scheme

The shareholders of the Company and Yuyuan approved the adoption of the Yuyuan tranche I share option incentive scheme (the "**Yuyuan Tranche I Share Option Incentive Scheme**") on 27 November 2018 and 31 October 2018, respectively. The relevant details of the Yuyuan Tranche I Share Option Incentive Scheme under the following paragraphs were set out in the circular of the Company dated 9 November 2018, unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in this circular.

The Yuyuan Tranche I Share Option Incentive Scheme is designed to provide the participants with the opportunity to acquire interests in Yuyuan, which will improve the corporate governance structure of Yuyuan and align the interests of the Grantees and Yuyuan. The participants of the Yuyuan Tranche I Share Option Incentive Scheme include the director, senior management personnel and core technical staff of Yuyuan. The total number of new Yuyuan shares which may be issued upon exercise of all 4,500,000 options granted under the Yuyuan Tranche I Share Option Incentive Scheme is 4,500,000 shares, representing approximately 0.116% of the total issued shares of Yuyuan as at 19 April 2022. The maximum number of Yuyuan shares to be issued to any of the Grantees upon exercise of the options granted under the Yuyuan Tranche I Share Option Incentive Scheme does not exceed 1% of total share capital of Yuyuan.

Subject to fulfilment of the conditions for exercising the options and after a minimum holding period of 36 months from the Date of Grant, the Grantees may exercise their options in three tranches as follows:

Tranche	Vesting period	Exercise period	Percentage of option exercisable
First tranche	The expiry of 36 months from the Date of Grant	From the first trading day after the expiry of 36 months from the Date of Grant to the last trading day within 48 months from the Date of Grant	20%
Second tranche	The expiry of 48 months from the Date of Grant	From the first trading day after the expiry of 48 months from the Date of Grant to the last trading day within 60 months from the Date of Grant	30%
Third tranche	The expiry of 60 months from the Date of Grant	From the first trading day after the expiry of 60 months from the Date of Grant to the last trading day within 72 months from the Date of Grant	50%

The following table discloses movements in the outstanding options under the Yuyuan Tranche I Share Option Incentive Scheme during the Reporting Period:

		Number of the options							
Name of Grantee	Date of grant of the options	As of 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period[note]	Expired/ lapsed/ cancelled during the Reporting Period	As of 31 December 2021	Vesting period of the options	Exercise period of the options	Exercise price of the options per share (RMB)
Employees of Yuyuan	29 November 2018	4,500,000	0	900,000	0	3,600,000	29 November 2018 to 28 November 2023	29 November 2021 to 28 November 2024	7.21
Total		**4,500,000**	**0**	**900,000**	**0**	**3,600,000**			

Note: The weighted average closing price of Yuyuan shares immediately before the dates on which options were exercised during the Reporting Period was RMB10.15.

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

No payment shall be required to be made by the Grantee for the application or acceptance of options under the Yuyuan Tranche I Share Option Incentive Scheme. The exercise price of an option shall not be lower than the nominal value of Yuyuan shares (A shares, whose nominal value is RMB1.00 per share in the share capital of Yuyuan and which is listed and traded on the SSE), and shall not be lower than the higher of:

(a) the average trading price of Yuyuan shares for the trading day immediately preceding the disclosure of the draft Yuyuan Tranche I Share Option Incentive Scheme on the SSE, being RMB7.20 per Yuyuan share; and

(b) the average trading price of Yuyuan shares for the 20 trading days immediately preceding the disclosure of the draft Yuyuan Tranche I Share Option Incentive Scheme on the SSE, being RMB7.21 per Yuyuan share.

The effective term of the Yuyuan Tranche I Share Option Incentive Scheme shall commence from the Date of Grant to the date when all the Options granted to the Grantees have been exercised or cancelled, provided that the term shall not exceed 72 months (i.e. no later than 28 November 2024).

The draft Yuyuan Tranche I Share Option Incentive Scheme was published on the website of the SSE on 10 October 2018.

Yuyuan Tranche II Share Option Incentive Scheme

The shareholders of the Company and Yuyuan approved the adoption of the Yuyuan tranche II share option incentive scheme (the "**Yuyuan Tranche II Share Option Incentive Scheme**") on 5 June 2019 and 28 May 2019, respectively. The relevant details of the Yuyuan Tranche II Share Option Incentive Scheme under the following paragraphs were set out in the circular of the Company dated 25 April 2019, unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in this circular.

The Yuyuan Tranche II Share Option Incentive Scheme is designed to provide the participants with the opportunity to acquire interests in Yuyuan, which will improve the corporate governance structure of Yuyuan and align the interests of the Grantees and Yuyuan. The participants of the Yuyuan Tranche II Share Option Incentive Scheme include the core management of the wholly-owned subsidiaries of Yuyuan. The total number of new Yuyuan shares which may be issued upon exercise of all 5,400,000 options granted under the Yuyuan Tranche II Share Option Incentive Scheme is 5,400,000 shares, representing approximately 0.139% of the total issued shares of Yuyuan as at 19 April 2022. The maximum number of Yuyuan shares to be issued to any of the Grantees upon exercise of the options granted under the Yuyuan Tranche II Share Option Incentive Scheme does not exceed 1% of total share capital of Yuyuan.

Subject to fulfilment of the conditions for exercising the options, and after a minimum holding period of 36 months from the Date of Grant, Grantees may exercise their Options in three tranches as follows:

Tranche	Vesting period	Exercise period	Percentage of option exercisable
First tranche	The expiry of 36 months from the Date of Grant	From the first trading day after the expiry of 36 months from the Date of Grant to the last trading day within 48 months from the Date of Grant	20%
Second tranche	The expiry of 48 months from the Date of Grant	From the first trading day after the expiry of 48 months from the Date of Grant to the last trading day within 60 months from the Date of Grant	30%
Third tranche	The expiry of 60 months from the Date of Grant	From the first trading day after the expiry of 60 months from the Date of Grant to the last trading day within 72 months from the Date of Grant	50%

The following table discloses movements in the outstanding options under the Yuyuan Tranche II Share Option Incentive Scheme during the Reporting Period:

		Number of the options							
Name of Grantee	Date of grant of the options	As of 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	As of 31 December 2021	Vesting period of the options	Exercise period of the options	Exercise price of the options per share (RMB)
Employees of Yuyuan's wholly-owned subsidiaries	13 June 2019	5,400,000	0	0	0	5,400,000	13 June 2019 to 12 June 2024	13 June 2022 to 12 June 2025	9.09
Total		**5,400,000**	**0**	**0**	**0**	**5,400,000**			

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

No payment shall be required to be made by the Grantee for the application or acceptance of options under the Yuyuan Tranche II Share Option Incentive Scheme. The exercise price of an option shall not be lower than the nominal value of Yuyuan shares, and shall not be lower than the higher of:

(a) the average trading price of Yuyuan shares for the trading day immediately preceding the disclosure of the draft Yuyuan Tranche II Share Option Incentive Scheme on the SSE, being RMB9.09 per Yuyuan share; and

(b) the average trading price of Yuyuan shares for the 20 trading days immediately preceding the disclosure of the draft Yuyuan Tranche II Share Option Incentive Scheme on the SSE, being RMB8.68 per Yuyuan share.

The effective term of the Yuyuan Tranche II Share Option Incentive Scheme shall commence from the Date of Grant to the date when all the Options granted to the Grantees have been exercised or cancelled, provided that the term shall not exceed 72 months (i.e. no later than 12 June 2025).

The draft Yuyuan Tranche II Share Option Incentive Scheme was published on the website of the SSE on 26 March 2019.

Yuyuan Tranche I Employee Share Option Incentive Scheme

The shareholders of the Company and Yuyuan approved the adoption of the Yuyuan Tranche I Employee Share Option Incentive Scheme (the "**Yuyuan Tranche I Employee Share Option Incentive Scheme**") on 30 October 2019 and 23 October 2019, respectively. The relevant details of the Yuyuan Tranche I Employee Share Option Incentive Scheme under the following paragraphs were set out in the circular of the Company dated 8 October 2019, unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in this circular.

The Yuyuan Tranche I Employee Share Option Incentive Scheme is designed to provide the participants with the opportunity to acquire interests in Yuyuan, which will improve the corporate governance structure of Yuyuan and align the interests of the Grantees and Yuyuan. The participants of the Yuyuan Tranche I Employee Share Option Incentive Scheme include Yuyuan's senior management and mid-level management team as well as the core management team of Yuyuan's subsidiaries. The total number of new Yuyuan shares which may be issued upon exercise of all 3,650,000 options granted under the Yuyuan Tranche I Employee Share Option Incentive Scheme is 3,650,000 shares, representing approximately 0.094% of the total issued shares of Yuyuan as at 19 April 2022. The maximum number of Yuyuan shares to be issued to any of the Grantees upon exercise of the options granted under the Yuyuan Tranche I Employee Share Option Incentive Scheme does not exceed 1% of total share capital of Yuyuan.

Subject to fulfilment of the conditions for exercising the options, and after a minimum holding period of 12 months from the Date of Grant, Grantees may exercise their options in three tranches as follows:

Tranche	Vesting period	Exercise period	Percentage of option exercisable
First tranche	The expiry of 12 months from the Date of Grant	From the first trading day after the expiry of 12 months from the Date of Grant to the last trading day within 24 months from the Date of Grant	33%
Second tranche	The expiry of 24 months from the Date of Grant	From the first trading day after the expiry of 24 months from the Date of Grant to the last trading day within 36 months from the Date of Grant	33%
Third tranche	The expiry of 36 months from the Date of Grant	From the first trading day after the expiry of 36 months from the Date of Grant to the last trading day within 48 months from the Date of Grant	34%

The following table discloses movements in the outstanding options under the Yuyuan Tranche I Employee Share Option Incentive Scheme during the Reporting Period:

		Number of the options							
Name of Grantee	Date of grant of the options	As of 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period[1]	Expired/ lapsed/ cancelled during the Reporting Period[2]	As of 31 December 2021	Vesting period of the options	Exercise period of the options	Exercise price of the options per share (RMB)
Employees of Yuyuan and its subsidiaries	31 October 2019	2,445,500	0	865,920	672,800	906,780	31 October 2019 to 30 October 2022	31 October 2020 to 30 October 2023	8.62
Total		**2,445,500**	**0**	**865,920**	**672,800**	**906,780**			

Notes:

1. The weighted average closing price of Yuyuan shares immediately before the dates on which options were exercised during the Reporting Period was RMB9.57.

2. During the Reporting Period, 672,800 options were cancelled and no option was lapsed and expired. The exercise price of the options cancelled is RMB8.62.

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

No payment shall be required to be made by the Grantee for the application or acceptance of options under the Yuyuan Tranche I Employee Share Option Incentive Scheme. The exercise price of an option shall not be lower than the nominal value of the Yuyuan shares, and shall not be lower than the higher of:

(a) the average trading price of Yuyuan shares for the trading day immediately preceding the disclosure of the draft Yuyuan Tranche I Employee Share Option Incentive Scheme on the SSE, being RMB8.62 per Yuyuan share; and

(b) the average trading price of Yuyuan shares for the 20 trading days immediately preceding the disclosure of the draft Yuyuan Tranche I Employee Share Option Incentive Scheme on the SSE, being RMB8.24 per Yuyuan share.

The effective term of the Yuyuan Tranche I Employee Share Option Incentive Scheme shall commence from the Date of Grant to the date when all the Options granted to the Grantees have been exercised or cancelled, provided that the term shall not exceed 48 months (i.e. no later than 30 October 2023).

The draft Yuyuan Tranche I Employee Share Option Incentive Scheme was published on the website of the SSE on 27 August 2019.

GLAND PHARMA SHARE OPTION INCENTIVE SCHEME

The Shareholders approved the adoption of the Gland Pharma Share Option Incentive Scheme at the annual general meeting of the Company held on 5 June 2019 (the "**Gland Pharma Share Option Incentive Scheme**"). The summary of the principal terms of the Gland Pharma Share Option Incentive Scheme is as follows:

(1) Purpose

The purpose of the Gland Pharma Share Option Incentive Scheme is to (i) reward the employees for their past and future performance, (ii) align the interests of the employees with those of shareholders of Gland Pharma, (iii) foster the sense of ownership of the employees, and (iv) reward the employees for their loyalty.

(2) Participants

The committee as created by the board of directors of Gland Pharma ("**GP Board**") for administration and superintendence of the Gland Pharma Share Option Incentive Scheme thereunder ("**GP Committee**") will decide which of the employees should be the participants to be granted options under the share option scheme and accordingly, Gland Pharma would offer the options to the employees who are the participants to the extent permissible by applicable laws.

(3) Maximum number of shares subject to options

Subject to the provisions of the Gland Pharma Share Option Incentive Scheme, after Gland Pharma's share subdivision on 17 March 2020, the maximum number of Gland Pharma shares that may be issued pursuant to exercise of options granted to the participants under the Gland Pharma Share Option Incentive Scheme shall not exceed 1,704,440 Gland Pharma shares, representing approximately 1% of the total number of issued Gland Pharma shares as at 19 April 2022. Subject to the limitations prescribed under the Gland Pharma Share Option Incentive Scheme, Gland Pharma reserves the right to increase or reduce such number of Gland Pharma shares as it deems fit.

(4) Maximum entitlements to each grantee or participant

The total number of Gland Pharma shares issued and to be issued upon exercise of the options granted and to be granted to each grantee or participant (as the case may be) (including both exercised and outstanding options) in any twelve-month period shall not exceed 1% of the number of the relevant class of Gland Pharma shares in issue as of the proposed grant date.

(5) Vesting of options

There shall be a minimum period of one year between grant of options and vesting of options.

Provided that the relevant employee performance conditions and vesting conditions are satisfied, the granted options will be vested in three batches: (a) subject to the terms of the Gland Pharma Share Option Incentive Scheme and the achievement of certain performance targets, 40% of the options granted will vest on 31 March 2020, or 31 March 2021 or 31 March 2022; (b) subject to the achievement of certain performance targets, the next 30% of the options granted will vest on 31 March 2021 or 31 March 2022; and (c) subject to the achievement of certain performance targets, the next 30% of the options granted will vest on 31 March 2022. Details of the vesting conditions of the share options are set out in the section "6. VESTING OF OPTIONS" in the Appendix of the circular of the Company dated 26 April 2019. The actual vesting date of first 40%, next 30% and remaining 30% options granted are 20 November 2020, 31 March 2021 and 31 March 2022, respectively.

(6) No payment payable on application or acceptance of options

No payment shall be required to be made by the participant for the application or acceptance of options under the Gland Pharma Share Option Incentive Scheme.

(7) Exercise price and its basis of determination

The exercise price of an option shall be determined based on the fair market value of the underlying Gland Pharma share, which shall be determined by the GP Board/GP Committee in accordance with the norms provided in the Gland Pharma Share Option Incentive Scheme. Such fair market value as accepted by the GP Board/GP Committee shall be final and binding on all parties. For the purposes of incentivising and rewarding the employees for their contribution to Gland Pharma and retaining key talent in Gland Pharma, the exercise price of an option granted under the Gland Pharma Share Option Incentive Scheme will also represent a 20% discount to the fair market value so that the relevant exercise price will be equal to 80% of such fair market value, provided, however, that, with respect to the period from the date of Fosun Pharma resolving to seek a listing of Gland Pharma or during the period commencing six months before the lodgement of an application for listing up to the date of listing, the rules under note (2) to Rule 17.03(9) of the Hong Kong Listing Rules shall be complied with, in particular, in the event that Gland Pharma seeks a listing in Hong Kong, the exercise price of options granted during the above-mentioned period must be not less than the new issue price.

(8) Validity period of the scheme and exercise period of options

The Gland Pharma Share Option Incentive Scheme shall continue in effect from the adoption date until the earlier to occur of (i) all the options granted pursuant to the share option scheme have vested and been exercised by the participants; (ii) the date of termination determined by Gland Pharma/GP Committee; (iii) the tenth (10th) anniversary date (i.e. 24 June 2029) from the adoption date.

After vesting of options, an employee should exercise his right to apply for the underlying shares in pursuance of the Gland Pharma Share Option Incentive Scheme, and such period shall end in any event not later than 10 years from the grant date subject to the provisions for early termination thereof.

(9) Grant of options and adjustments made to options granted

On 27 June 2019, a total of 154,950 options were granted to 103 participants under the Gland Pharma Share Option Incentive Scheme with an exercise price of INR5,420 per Gland Pharma share. The number of Gland Pharma shares may be issued upon the exercise of the granted options represents approximately 1% of the total issued shares of Gland Pharma on the date of adoption of the Gland Pharma Share Option Incentive Scheme.

On 17 March 2020, Gland Pharma completed the share subdivision on the basis that every one (1) outstanding Gland Pharma share be subdivided into ten (10) Gland Pharma shares. According to the provisions of the Gland Pharma Share Option Incentive Scheme, upon the completion of the share subdivision of Gland Pharma, adjustments shall be made to the exercise price of the outstanding options and the number of Gland Pharma Shares to be allotted and issued upon exercise of all the outstanding options in accordance with the terms of the Gland Pharma Share Option Incentive Scheme.

The details of the options granted under the Gland Pharma Share Option Incentive Scheme during the Reporting Period are set out below:

Participant	Date of Grant (dd-mm-yyyy)	Vesting Period (dd-mm-yyyy)[1]	Option share[1]	Exercise period[1]	Outstanding options as at 1 January 2021	Exercise price per share	Granted during the Reporting Period	Exercised during the Reporting Period[2]	Cancelled, forfeited and lapsed during the Reporting Period[3]	Outstanding options as at 31 December 2021
		27-6-2019 to 19-11-2020	40%	20-11-2020 to 26-6-2029						
Employees of Gland Pharma	27-6-2019	27-6-2019 to 30-3-2021	30%	31-3-2021 to 26-6-2029	1,480,500	INR542	0	1,019,900	5,100	455,500
		27-6-2019 to 30-3-2022	30%	31-3-2022 to 26-6-2029						

Notes:

(1) The vesting of the options granted shall be subject to the requirement for a minimum period of one year between the date of grant and vesting of the options and the relevant performance targets under the Gland Pharma Share Option Incentive Scheme.

(2) The weighted average closing price of the Gland Pharma shares immediately before the dates on which options were exercised during the Reporting Period was INR2,889.45.

(3) During the Reporting Period, as two participants ceased to be employees of Gland Pharma, the granted share options underlying 5,100 shares of Gland Pharma in aggregate were lapsed, forfeited and cancelled.

Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Listing Rules and no options have been granted during the Reporting Period according to the Gland Pharma Share Option Incentive Scheme. The exercise price of the options lapsed, forfeited and cancelled during the Reporting Period is INR542.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the Consolidated Statement of Changes in Equity of this annual report and details of movements in the reserves of the Company during the Reporting Period are set out in note 72 to financial statements.

On 31 December 2021, the Company's reserves available for distribution, calculated in accordance with the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to RMB9,124,906,000 of which RMB2,040,431,000 has been proposed as a final dividend for 2021.

AUDITOR

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

MAJOR CUSTOMERS AND SUPPLIERS

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

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

DIRECTORS

The Directors during the Reporting Period were:

Executive Directors[note]

Mr. Guo Guangchang *(Chairman)*
Mr. Wang Qunbin *(Co-Chairman)*
Mr. Chen Qiyu *(Co-Chief Executive Officer)*
Mr. Xu Xiaoliang *(Co-Chief Executive Officer)*
Mr. Qin Xuetang
Mr. Gong Ping

Non-Executive Directors

Ms. Chen Shucui
Mr. Zhuang Yuemin
Mr. Yu Qingfei

Independent Non-Executive Directors

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

Note: Mr. Huang Zhen has been appointed as an Executive Director of the Company with effect from 23 March 2022. According to Article 111 of the Articles of Association, Mr. Huang Zhen shall retire at the AGM and shall be eligible for re-election.

According to Articles 106 and 107 of the Articles of Association, Mr. Guo Guangchang, Mr. Chen Qiyu, Mr. Qin Xuetang, Mr. Gong Ping and Mr. Zhang Huaqiao shall retire by rotation at the AGM. All of the above five retiring Directors, being eligible, will offer themselves for re-election at the same meeting.

Pursuant to B.2.3 of the CG Code, it is, inter alia, stated that if an independent non-executive director has served more than 9 years, such director's further appointment should be subject to a separate resolution to be approved by the shareholders. Mr. Zhang Huaqiao has served the Company as an Independent Non-Executive Director for over nine years since 28 March 2012. The Shareholders shall approve the re-election of Mr. Zhang as an Independent Non-Executive Director through a separate resolution.

While Mr. Zhang has served the Company as an Independent Non-Executive Director for more than 9 years, the Nomination Committee has assessed the nomination of the Directors, in accordance with the adopted nomination procedures and the Board Diversity Policy of the Company, and considered that (1) he still has the required independence, character, integrity and experience and is able to carry out his duties as an Independent Non-Executive Director and (2) an appropriate balance between continuity of experience and refreshment of the Board can be maintained upon his re-election based on the following reasons:

(i) Mr. Zhang is able to confirm his independence in respect of each of the factors set out in Rule 3.13 of the Listing Rules;

(ii) Mr. Zhang does not have any management role in the Company and its subsidiaries;

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

(iv) Mr. Zhang is considered to be independent as he has continually demonstrated strong independence in character and judgment and contributed effectively by providing impartial and objective views, and which, coupled with familiarity with the business of the Group, have proven himself to be a valuable member of the Board.

Having considered the above factors, and taking into account that Mr. Zhang would continue to bring in fresh perspectives, objective insights and independent judgment to the Board and the Board committees of which he serves as a member, the Nomination Committee therefore recommended the Board to propose him to be re-elected at the AGM despite he has been an Independent Non-Executive Director of the Company for more than 9 years. After considering the the recommendation of the Nomination Committee, the Board is confident that Mr. Zhang remains independent and has a healthy level of professional scepticism. He will continue to make valuable contributions and bring fresh perspective to the Company by providing his unique, balanced and objective views to the Board, and would like to seek the approval from the Shareholders for his re-election as an Independent Non-Executive Director.

The Company has received annual confirmation of independence from all Independent Non-Executive Directors pursuant to Rule 3.13 of the Listing Rules, and as at the date of this report considers all of them to be independent.

DIRECTORS OF SUBSIDIARIES

As at 31 December 2021, the names of all the directors who serve the board of subsidiaries of the Company or act as the sole director of subsidiaries of the Company are published on the Company's website.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

All Directors have entered into service contracts with the Company. The service contracts of Mr. Zhuang Yuemin and Mr. Yu Qingfei are effective from 5 June 2020 and 10 December 2020, respectively, for a term of 2 years. The service contract of Ms. Chen Shucui is effective from 17 December 2021 for a term of 1 year. The service contract of Mr. Huang Zhen is effective from 23 March 2022 for a term of 3 years; and the service contracts of other Directors are effective from 28 March 2021 for a term of 3 year. None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

Remuneration Policy

The Remuneration Committee of the Company considers and recommends to the Board the remuneration and other benefits paid by the Company to the Directors and senior management. The remuneration of all Directors and senior management is subject to regular monitoring by the Remuneration Committee and approval by the Shareholders to ensure that the levels of their remuneration and compensation are appropriate. Such remuneration is determined with reference to expertise and industry experience of the Directors and senior management, performance and profitability of the Group, market conditions, remuneration standards of the industry as well as the business development of the Company.

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

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

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

Details of the Directors remuneration for the year ended 31 December 2021 are set out in note 9 to financial statements.

The remuneration of senior management of the Company by band (including share-based payment) for the Reporting Period is set out below:

	Number of senior management
RMB5,000,001 – RMB5,500,000	1
RMB19,000,001 – RMB19,500,000	1
	2

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors subsequent to interim report 2021 and up to the end of the Reporting Period are set out below:

(1) Changes in the Major Positions Held Within the Group

Name of Director	Company Name	Date of change	Original position	Current position
Chen Qiyu	Shanghai Henlius	November 2021	non-executive director and chairman	non-executive director
Xu Xiaoliang	FTG	August 2021	–	non-executive director
Qin Xuetang	the Company	August 2021	Executive Director and Senior Vice President	Executive Director and Executive President
Gong Ping	the Company	August 2021	Executive Director, Senior Vice President and CFO	Executive Director, Executive President and CFO
	Fosun Pharma	November 2021	non-executive director	–

(2) Changes in Other Directorships Held in Public Companies the Securities of Which are Listed on Any Securities Market in Hong Kong or Overseas and Other Major Appointments

Name of Director	Company Name	Date of change	Original position	Current position
Chen Shucui	Xinhu Zhongbao Co., Ltd.	July 2021	director	–

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2021, none of the Directors nor their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

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

As at 31 December 2021, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

(1) Long Positions in the Shares, Underlying Shares and Debentures of the Company

Name of Director/chief executive	Class of Shares	Number of Shares and/or underlying shares	Type of interests	Approximate percentage of Shares in issue
Guo Guangchang	Ordinary	6,044,246,673[1]	Corporate	72.66%
Chen Qiyu	Ordinary	22,998,000	Individual	0.28%
Xu Xiaoliang	Ordinary	20,077,800	Individual	0.24%
Qin Xuetang	Ordinary	16,812,640	Individual	0.20%
Gong Ping	Ordinary	11,280,000	Individual	0.14%
Zhuang Yuemin	Ordinary	25,000	Individual	0.00%
Yu Qingfei	Ordinary	25,000	Individual	0.00%
Zhang Shengman	Ordinary	75,250	Individual	0.00%
Zhang Huaqiao	Ordinary	480,000	Individual	0.01%
David T. Zhang	Ordinary	180,000	Individual	0.00%
Lee Kai-Fu	Ordinary	135,000	Individual	0.00%
Tsang King Suen Katherine	Ordinary	25,000	Individual	0.00%

(2) Long Positions in the Shares, Underlying Shares and Debentures of the Company's Associated Corporations (Within the Meaning of Part XV of The SFO)

Name of Director/chief executive	Name of associated corporation	Class of shares	Number of shares and/or underlying shares	Type of interests	Approximate percentage in relevant class of shares
Guo Guangchang	Fosun Holdings	Ordinary	1[2]	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	85.29%
	Fosun Pharma	A shares[3]	114,075	Individual	0.01%
		A shares[3]	938,095,290[2]	Corporate	46.65%
		H shares	77,533,500[2]	Corporate	14.05%
	Sisram Med	Ordinary	330,758,800[2]	Corporate	70.95%
	FTG	Ordinary	1,015,389,932[2]	Corporate	81.97%
	Shanghai Henlius	Domestic shares	291,365,387[2]	Corporate	80.00%
		H shares	24,211,239[2]	Corporate	14.81%
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	14.71%
	Fosun Pharma	A shares[3]	114,075	Individual	0.01%
Chen Qiyu	Fosun Pharma	A shares[3]	114,075	Individual	0.01%
	FTG	Ordinary	501,478	Individual	0.04%
Xu Xiaoliang	FTG	Ordinary	252,328	Individual	0.02%
Qin Xuetang	FTG	Ordinary	200,000	Individual	0.02%
Gong Ping	FTG	Ordinary	200,988	Individual	0.02%

Notes:

(1) Pursuant to Division 7 of Part XV of the SFO, 6,044,246,673 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.

(2) Pursuant to Division 7 of Part XV of the SFO, the shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun International Holdings, Fosun Holdings, the Company and/or its subsidiaries.

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

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

As at 31 December 2021, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of the substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	6,044,246,673[2]	72.66%
Fosun International Holdings[1]	6,044,246,673[2] [3]	72.66%

Notes:

(1) Fosun International Holdings is owned as to 85.29% and 14.71% by Messrs. Guo Guangchang and Wang Qunbin, respectively.

(2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings and, therefore, Fosun International Holdings is deemed, or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

(3) Mr. Guo Guangchang, by virtue of his ownership of shares in Fosun International Holdings as to 85.29%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2021, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the Subscription as disclosed in the section headed "Connected Transactions" under the "Directors' Report" in this report, no contracts of significance (including those for the provision of services to the Group) were entered into between the Company or any of its subsidiaries and any controlling shareholder or any of its subsidiaries during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

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

CONNECTED TRANSACTIONS

For the year ended 31 December 2021, the Company entered into the following connected transactions:

1. On 11 February 2021, Fosun High Technology (a wholly-owned subsidiary of the Company and as the subscriber), and Shanghai Xingye Investment Development Co., Ltd. (as the issuer, "**Xingye Investment**"), entered into the Convertible Bonds Investment Agreement, pursuant to which, Xingye Investment has agreed to issue and Fosun High Technology has agreed to subscribe for the Convertible Bonds in the principal amount of RMB2.8 billion, with a consideration of RMB2.8 billion. The consideration shall be paid in cash within 180 calendar days following the signing date of the Convertible Bonds Investment Agreement in one lump sum. It will be satisfied by own fund of the Group. The Interest Rate of the Convertible Bonds is simple interest of 6.8% per annum and the Maturity Date is the fifth anniversary of the Issue Date. The Convertible Bonds could be converted into the equity interest of Xingye Investment pursuant to the terms and conditions of the Convertible Bonds Investment Agreement. Fosun High Technology has the right to convert all or part of the Convertible Bonds at any time during the Conversion Period from 36 months after the Issue Date till the Maturity Date. If Fosun High Technology chooses to exercise its Conversion right, the Conversion price shall be based on the 100% equity valuation of Xingye Investment as at 30 June 2020 which amounts to approximately RMB13.639 billion multiplied by 0.9. If Fosun High Technology chooses to exercise its Conversion right in entirety, it will account for approximately 18.57% of the total share capital of Xingye Investment after the Conversion (calculated on the basis of the enlarged registered capital). Fosun High Technology has the right to transfer the Convertible Bonds and all corresponding rights to a third party. If the conditions precedent to the Conversion are not fulfilled or waived by the Maturity Date, Fosun High Technology shall have the right to calculate the interest at the Interest Rate from the Issue Date, and require Xingye Investment to repay the entire principal amount of the Convertible Bonds and the corresponding interest on the Maturity Date.

   Mr. Guo Guangchang ("**Mr. Guo**"), as an executive Director, the chairman and the ultimate Controlling Shareholder of the Company, is a connected person of the Company. Xingye Investment is indirectly held as to over 30% by Mr. Guo, it is therefore an associate of Mr. Guo and also a connected person of the Company. As such, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Company believes the Convertible Bonds will enable the Group to obtain considerable bond yields with manageable risks, and the principal business of Xingye Investment is in line with the Group's core strategy of "Health, Happiness and Wealth". The Company also expects to grasp the business opportunities for the future development of the Group through the Subscription. Therefore, the Board approved the Subscription. The Subscription was completed as at the end of the Reporting Period. For details of the above connected transaction, please refer to the announcement of the Company dated 11 February 2021 and the capitalized terms set out in this paragraph shall have the same meanings as defined in such announcement unless the context otherwise requires.

2. On 31 March 2021, the Board resolved to award an aggregate of 12,790,000 award shares (the "**Award Shares 2021**") to 88 selected participants, including Directors and directors of significant subsidiaries of the Company who are connected persons of the Company, under the Share Award Scheme. Upon issuance and allotment of the Award Shares 2021, the Trustee will hold the Award Shares 2021 on trust for the Selected Participants and such Award Shares 2021 shall be transferred to the Selected Participants upon satisfaction of their respective vesting conditions. The number of Award Shares 2021 granted to each of the Selected Participants was determined in accordance with their respective contributions to the Group. The selected participants include: (i) Directors and directors of significant subsidiaries of the Company; (ii) the Group's business and functional backbone employees; and (iii) senior management of the Group's core affiliated enterprises. Out of the 12,790,000 Award Shares 2021 granted to the 88 Selected Participants, 7,995,000 Award Shares 2021 were granted to the connected persons of the Company. Based on the closing price of HKD10.88 per Share as quoted on the Hong Kong Stock Exchange on 31 March 2021, the market value of the 12,790,000 Award Shares 2021 awarded is HKD139,155,200. No funds will be raised by the Company as a result of the issue and allotment of the Award Shares 2021. Pursuant to Rule 14A.12(1)(b) of the Listing Rules, the Trustee (in its capacity as trustee of the Trust) is an associate of connected persons of the Company and the issue of the Award Shares 2021 to the Trustee shall constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As at the end of the Reporting Period, the Award Shares 2021 have been fully issued to the Trustee. The purpose and further details about the Share Award Scheme are set out in the section headed "Share Award Schemes" under the "Directors' Report" in this annual report, the announcement dated 31 March 2021 and the circular dated 27 April 2021 of the Company. The capitalized terms set out in this paragraph shall have the same meanings as defined in this circular unless the context otherwise requires.

3. On 3 September 2021, Shanghai Fuyu Culture and Development Co., Ltd., a wholly-owned subsidiary of the Company (as the purchaser), and Shanghai Foyo Culture and Entertainment Co., Ltd. (as the seller, "**Foyo Culture**") entered into the Asset and Equity Transfer Agreement, pursuant to which and subject to the terms and conditions, Shanghai Fuyu Culture and Development Co., Ltd. agreed to acquire and Foyo Culture agreed to sell the Domestic Targets, with a total cash consideration of RMB80 million. On the same day, Fosun Sports, a wholly-owned subsidiary of the Company (as the purchaser), and HD Games Limited (a wholly-owned subsidiary of Foyo Culture, as the seller, "**HD Games**"), entered into the Equity Transfer Agreement, pursuant to which and subject to the terms and conditions, Fosun Sports agreed to acquire and HD Games agreed to sell the HK Targets, with a total cash consideration of RMB180 million. The consideration shall be paid in cash within 10 business days following the satisfaction of all conditions precedent. It will be satisfied by self-funded resources of the Group. Following the completion of the Acquisition, each of the Domestic Target Companies and the HK Target Companies shall become a subsidiary of the Group. As each of Foyo Culture and HD Games is indirectly held as to over 30% by Mr. Guo, they are associates of Mr. Guo (as an executive Director, the chairman and the ultimate controlling Shareholder of the Company) and therefore connected persons of the Company as defined under Chapter 14A of the Listing Rules. The transactions under the Transfer Agreements hence constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The above transactions were completed as at the end of the Reporting Period. Upon the completion of the Acquisition, Fosun Sports Group under the Group will further expand its business footprint in sports, e-sports, game publishing. The Group expects that Fosun Sports Group will be facilitated to expand various businesses faster, better and more economically, and improve profitability, and expects create a multiplier effect within the Group, and will also help empower the brands of the members within the Group, thereby leveraging greater synergy. Therefore, the Board approved the Acquisition. For details of the above connected transactions, please refer to the announcement of the Company dated 3 September 2021 and the capitalized terms set out in this paragraph shall have the same meanings as defined in such announcement unless the context otherwise requires.

MATERIAL TRANSACTIONS AND SIGNIFICANT INVESTMENTS HELD

For the year ended 31 December 2021, the Company entered into the following material transactions:

1. On 29 April 2021, Fosun Industrial Holdings Limited ("**Fosun Industrial**"), a subsidiary of the Company, entered into a placing agreement with Citigroup Global Markets Limited (the "**Agent**"), pursuant to which the Agent shall procure the purchasers to purchase 24,000,000 H shares of Tsingtao Brewery Company Limited ("**Tsingtao Brewery**") held by Fosun Industrial (the "**Disposal of Fosun Industrial**"), failing which, the Agent shall purchase such H shares held by Fosun Industrial subject to the terms and conditions set forth in the Fosun Industrial Placing Agreement. Pursuant to the Fosun Industrial Placing Agreement and the pricing notice given by the Agent, the price per H share of Tsingtao Brewery under the Disposal of Fosun Industrial is HKD70.88 and the total consideration of the Disposal of Fosun Industrial is approximately HKD1,701 million. The Disposal of Fosun Industrial was completed as at the end of the Reporting Period. For details of the above discloseable transaction, please refer to the announcement of the Company dated 29 April 2021 and the capitalized terms set out in this paragraph shall have the same meanings as defined in such announcement unless the context otherwise requires.

2. On 26 October 2021, (1) Shanghai Fosun Pharmaceutical Industrial Development Company Limited (a subsidiary of the Company, "**Fosun Pharma Industrial**") entered into the Equity Transfer Agreements with each Selling Shareholder in relation to, among others, Fosun Pharma Industrial agreed to purchase an aggregate of approximately 32.52% equity interest in Antejin (the "**Target Company**") held by the Selling Shareholders for an aggregate consideration of approximately RMB1,108.0338 million in cash; and (2) Fosun Pharma Industrial entered into the Capital Increase Agreement with the Target Company and Existing Shareholders in relation to, among others, Fosun Pharma Industrial agreed to make a capital contribution by way of injection of the 100% equity interest of Aleph, its subsidiary, at the value of RMB2,898 million, to subscribe for an additional registered capital of RMB47,958,605 of the Target Company, representing 60% of the enlarged total equity interest in the Target Company after completion of the Capital Increase. The Acquisition and the Capital Increase were completed as at the end of the Reporting Period. For details of the above discloseable transaction, please refer to the announcement of the Company dated 27 October 2021 and the capitalized terms set out in this paragraph shall have the same meanings as defined in such announcement unless the context otherwise requires.

Saved as disclosed above, there was no other material acquisitions or disposal of subsidiaries, associates and joint ventures during the Reporting Period. There is no plan for material investments or capital assets as at the date of this annual report. There are no significant investments held by the Company during the Reporting Period.

NON-COMPETITION UNDERTAKING

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

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

RELATED PARTY TRANSACTIONS

Related party transactions entered by the Group during the Reporting Period are disclosed in note 65 to financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the Reporting Period of the Group are set out in note 70 to financial statements.

ENVIRONMENTAL POLICY AND THE PERFORMANCE

"Self-improvement, Teamwork, Performance and Contribution to Society" constitutes the cultural values of the Group. The Group always regards environmental protection, occupational health, work safety and quality management ("**EHS&Q**") as the important parts of our corporate social responsibility and has incorporated them in the Group's strategy for sustainable development. We revised the *Fosun Group Environment, Health, Safety & Quality Policy* (《復星集團安全質量環境政策》) in 2021 that specified the management requirements on water, energy and climate change, biodiversity, etc., and required companies under the Group to implement the policy.

To ensure the implementation of the policy, the Group has established the EHSQ Department to supervise the implementation of EHS&Q by each member company and to inspect compliance operations of all member companies. The member companies responded positively, getting involved and improving the EHS&Q governance structure. To urge the implementation of a regional responsibility system, the Group issued the *Regulations on the Line Management of Environment, Health, Safety & Quality* (《上海復星高科技(集團)有限公司關於安全健康環保條線管理的規定》) that clearly stated that the year-end performance appraisal of the heads of the business segments and core member companies shall be linked to the environmental performance of the companies. In order to strictly implement the national objectives of energy conservation and emission reduction, carbon reduction and environmental protection, the Group has established a Carbon Neutralization Committee and EHS Committee, which require member companies to strictly implement the requirements of laws and regulations, integrate the concept of sustainable development into each level, take quantitative indicators as the assessment indicators of management and employees, and further clarify the incentive and guarantee system,

The Group established and implemented the management framework system for environmental protection, occupational health and work safety ("**EHS**") to systematize and standardize the EHS performance of member companies on a regular basis every year. Member companies are also encouraged to establish management systems and obtain relevant certifications, such as Occupational Health and Safety Management System, Environmental Management System, National Work Safety Standardization, etc.

Sticking to the principle of sustainable development, the Group supervises and guides its member companies to mitigate the impact of production and business activities on the environment and mankind in the following aspects: reducing emissions of greenhouse gases, solid waste, wastewater and atmospheric pollutants; effectively utilizing resource, and at the same time seeking opportunities to recycle wastes; optimizing the energy structure and improving the utilization efficiency of energy and water; adapting to or mitigating the impact of climate change on the Group's business and the impact of the Group's business on climate change; and responsibly protecting natural resources and biodiversity. In 2021, the Group put forward the goal of carbon neutralization: "comprehensively implement the carbon neutralization policy and strive to achieve carbon neutralization before 2050". At the same time, the Group carried out research and deployment on biodiversity and the use of water resources, strengthened the management and control of resource utilization and carbon emission, proactively promoted green transformation and enabled the sustainable development of enterprises.

RELATIONSHIP WITH ITS EMPLOYEES, CUSTOMERS, SUPPLIERS AND INVESTORS

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

The Group attaches great importance to corporate social responsibility and established Shanghai Fosun Foundation in November 2012. Fosun Foundation's projects include disaster relief, poverty alleviation, culture, education, young entrepreneurs and other social welfare activities. Responding to the sudden outbreak of COVID-19, while undergoing the pandemic, Fosun has switched the business mode of the whole ecosystem to the "wartime" mode to fight against the pandemic on all fronts, including the deployment of medical supplies, provision of frontline medical treatment, containment of pandemic through technology innovation, and resumption of production and work. Having steered through the crisis, Fosun firmly adheres to its globalization strategy. We not only leverage our Global + Local resources, but also try to increase empathy and unite the world to fight the pandemic. We wish we could do our bit to make the world a community of common interests, common responsibility and common destiny. As of the end of the Reporting Period, the Group had provided more than 50 million units of medical supplies and supported over 30 countries to fight against the pandemic. Comirnaty® (mRNA COVID-19 vaccine) jointly developed by Fosun and BioNTech, was included in the government vaccination programs in Hong Kong and Macau in March 2021 and supplied to the Taiwan region in September 2021.

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

The Company established the Customer and Marketing Center and issued the *Regulations on Global Customer Service and Product Quality Supervision Management* (《全球客戶服務與產品質量監督管理規定》) to further improve the Group's user experience and product. During the Reporting Period, the Company has established the ISO10002 Complaints Handling Management System and passed the certification, so as to further maintain a stable customer relationship and improve service awareness and capacity. The Group strictly abides by relevant laws and regulations such as the *Product Quality Law of the PRC* (《中華人民共和國產品質量法》), the *Food Safety Law of the PRC* (《中華人民共和國食品安全法》), *EU General Food Law and French Public Health Code*, etc. and actively promotes the establishment and certification of quality management system among member companies.

The basic principles of the Group for procurement practices are openness, fairness and impartiality. Onelinkplus (www.onelinkplus.com) empowers the supply chain management of the Group and member companies more transparent, smart and prominent. We also establish a business ecosystem of mutual benefit and win-win cooperation with suppliers. The Group formulated and issued the *Fosun Group Supplier Code of Conduct* (《復星集團供應商行為準則》) to advocate and regulate the business ethics of suppliers. During the Reporting Period, the Fosun FC2M Conference – Global Ecological Supply Chain Summit in the theme of "Global Expansion, Mutually Beneficial Cooperation within Businesses Ecosystem" was held, with the aim to demonstrate Fosun's determination to actively promote high-quality cooperation with our supply chain partners for sustainable development.

The Company actively manages the relationship with investors. Under the premise of compliance, the Capital Markets and Investor Relations Department actively conveys the Company's information to the market to ensure high transparency and smooth communication. In addition to the daily communication with the analysts and investors, we also hold results press conferences, roadshows and reverse roadshows, investors' teleconferences, etc.

For more details of the Group's environmental policy and the performance as well as the relationship with stakeholders, please refer to our separate *2021 Environmental, Social and Governance Report* published on the websites of the Hong Kong Stock Exchange and the Company or visit the Company's Sustainability Page: https://en.fosun.com/development/.

COMPLIANCE WITH LAWS AND REGULATIONS

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

DONATIONS

Details of donations of the Group during the Reporting Period are set out in the *2021 Environmental, Social and Governance Report* of the Company.

MAJOR RISKS AND RESPONSIVE MEASURES

The Group adopts a prudent attitude in the course of investment and operation, and minimizes the costs of risks for the Group and dynamically manages the risk exposure through a scientific investment decision-making process, a stringent pre-investment assessment and post-investment management system. The Group has further strengthened risk management and control at the group level in 2021 and improved the enterprise risk management system in the aspects of, among other things, governance structure, rules and policies, management tools and workflows to enhance the risk management standards. Nevertheless, the Group is still fully aware of the risks and uncertainties faced in its operations, such as:

1. Strategic Risk

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

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

2. Market Risk

Market risk refers to the risk of unexpected losses suffered by the Group arising from adverse movements in, among other things, interest rates, equity prices, real estate prices, commodity prices and exchange rates.

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

3. Credit Risk

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

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

4. Liquidity Risk

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

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

5. Insurance Risk

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

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

6. Compliance Risk

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

The Group deeply understands the importance of compliance in operation to the development of a corporation and always regards EHS&Q as the key contents of performing social responsibility. The Group complies with the information disclosure requirements of the Hong Kong Stock Exchange and stock exchanges in places where the investment enterprises operate and performs disclosure obligations in a timely manner. With the background of tightened supervision and regulation over the global financial industry, the Group has strengthened its tracking on regulatory changes and issued compliance risk alerts of the financial sectors to timely analyze and assess the effects of new supervisory and regulatory rules on the operation of the financial enterprises of the Group, as well as to trace the effects of implemented measures to control compliance risk.

7. Operation Risk

The Group has made investments in the areas of "Health, Happiness, Wealth and Intelligent Manufacturing" in a number of countries and regions around the world. After completion of acquisitions, with subsidiaries acquired globally, the Group is faced with post-investment execution and consolidation risks in the aspects of, among other things, operational management, cultural integration and sense of identity among employees. The ongoing COVID-19 pandemic and containment measures may adversely and materially affect the results of operation, financial condition and cash flow of our business.

While pursuing globalization, the Group drives progress in the localization of our investment team, core management members and platforms. By maintaining understanding of the local market through quality management measures, in-depth development of the invested industry is realized. The Group also enhances mutual interflow and communication between subsidiaries and the group level through the Overseas Operation Committee, various types of measures are also adopted to enhance cultural identity, manage and control operation risk. In light of the spread of COVID-19, the Company and our portfolio companies have taken or may take temporary precautionary measures to help minimize the risk of the virus to our employees, our customers, and the markets in which we operates.

8. Reputation Risk

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

The Group has established the Crisis Management Committee to coordinate the crisis management of the headquarters, industrial groups and core enterprises, formed a reputation risk management mechanism comprising pre-event warning, responsive measures to risk events, post-event risk review and restoration. In the end of 2021, the Group upgraded the organization of the Crisis Management Committee so as to better coordinate the Group's internal and external resources for reputation risk management, supervise the Group to evolve its crisis management mechanism, and enhance the Group's crisis management capabilities, with a view to safeguarding the Group's production and operation and serving its global family customers.

9. Capital Management

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

10. Risk Contagion

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

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

FUTURE DEVELOPMENT OF THE GROUP

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

AUDITORS

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

On Behalf of the Board

Guo Guangchang
Chairman

23 March 2022

AWARDS RECEIVED BY FOSUN IN 2021

January	Fosun International was awarded the "Best ESG", "Best IR Team" and "Best PR Team" awards in The Fifth Golden Hong Kong Stock Awards jointly organized by Zhitongcaijing.com ("智通財經") and www.10jqka.com.cn ("同花順財經").
	At the "Golden Key – Actions for China's SDG" promulgate ceremony hosted by the *China Sustainability Tribune*, Fosun High Technology and Fosun Foundation won the "Golden Key·Winning Award" in the category of "Eliminate Poverty" on its "Rural Doctors Program".
February	The National Poverty Alleviation Summary and Commendation Conference has been held in Beijing, Fosun's project of "Rural Doctors Program" won the award of "Model Poverty Fighters".
March	Fosun International was awarded the "Best Innovation-Driven Consumer Group China and Hong Kong 2021" and "Best Multi Consumer Products and Service Provider China 2021" by *International Business Magazine*, a Dubai, UAE based financial magazine.
	Fosun International was ranked second in the "Best Investor Relations – High Yield" and "Best Use of Debt – High Yield" in "2020 Global Fixed-Income Investor Relations Awards" under the categories of industrials and consumer goods by *Institutional Investor*.
	Fosun International was granted "Best Innovation-driven Consumer Group Hong Kong 2021" and "Best Corporate Communications Hong Kong 2021" awards by an international finance and business analysis magazine *Finance Derivative*.
May	Fosun International was ranked No. 459 on "Forbes Global 2000" by the U.S. magazine *Forbes*.
June	Fosun International's corporate video "2020 Review & 2021 Outlook" was granted the bronze award in Questar Awards 2021 organised by MerComm, Inc., an internationally renowned multimedia judging institute, in the category of "Internal Communications".
	Fosun International was awarded the Gold Award of "ESG Benchmark Awards – ESG Leader" in "ESG Achievement Awards 2020" organized by Institute of ESG & Benchmark and honorary supported by Heng Seng Indexes.
July	Fosun International was selected as one of the "2021 China Best Managed Companies". The program is organized by Deloitte China together with Bank of Singapore, HKUST Business School and *Harvard Business Review* Chinese version. Fosun International is one of the Year 2 Winners of China Best Managed Companies of the program.
	Fosun International was ranked No. 82 on "China's Fortune 500" by *Fortune* China in 2021.
	Fosun International was granted "5 Year Plus Caring Company" logo and certificate by The Hong Kong Council of Social Service.
August	Fosun International was awarded the "CSR Awards – Best CSR Company Asia 2021", "Brand of the Year Awards – Holding Group Brand of the Year China 2021" and "Business Awards – Most Innovative Holding Group China 2021" by *Global Banking and Finance Review*, a UK leading financial magazine.

September

In the 17th New Fortune Gold Board Secretary and the 4th New Fortune Best IR of Hong Kong Listed Company Selection Ceremony, Fosun International was awarded "Best IR of Hong Kong Listed Company".

In the 11th China Charity Awards Commendation Conference, Shanghai Fosun Foundation's "Rural Doctors Program" was awarded the "China Charity Award".

Fosun Foundation won the "5th Annual Top10 Public Welfare Organization" at the 2021 public welfare Gala.

October

Fosun International was granted the certificate of "Recognition for ESG Disclosure" from the Hong Kong ESG Reporting Awards (HERA) 2021 which was supported by the Environment Bureau and InvestHK under the Government of the Hong Kong Special Administrative Region and organized by Hong Kong ESG Reporting Awards.

November

Fosun Foundation won the "Model Award" of "2021 CEIBS Alumni Charity Campaign Award" by CEIBS, CEIBS Alumni for the "Rural Doctors Program".

Fosun Foundation was granted the"2021 Shanghai Brand Society Organization" by Shanghai Civil Affairs Bureau.

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

The Rural Doctors Program team of Fosun Foundation was selected as the "13th China Youth Volunteer Excellent Organization Award" by China Young Volunteers.

Fosun International received the "Outstanding Social Caring Organization Award" and the "ESG Investment Excellence Award" by the 2020/21 Social Caring Pledge Awards organized by Social Enterprise Research Academy (SERA).

December

Fosun Foundation was awarded "CSR China Top 100 Best Corporate Responsibility Brand of the Year" by CSR China Education Award.

Fosun International was granted the Gold Award at "The Asset ESG Corporate Awards 2021" by *The Asset*, a renowned international financial magazine.

Fosun International won the "ESG Communications Award" at the PR Newswire New Communications Awards 2021 organised by *PR Newswire*.

Fosun International won the "Best Information Disclosure Award" in the 5th China Excellent IR Awards.

Fosun International received the "2021 ESG Green Company Star" award from the www.zmoney.com.cn ("投資時報") and the Biaodian Financial Research Institute ("標點財經研究院").

Fosun High Technology ranked fifth in the "2021 Top 100 Chinese Private Companies in CSR" from the *CSR Report of Chinese Private Companies (2021)* published by the All-China Federation of Industry and Commerce.

Independent Auditor's Report

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To the members of Fosun International Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Fosun International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 121 to 328, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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

To the members of Fosun International Limited
(Incorporated in Hong Kong with limited liability)

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of investment properties	
As at 31 December 2021, the carrying amount of investment properties, which are stated at fair value, amounted to approximately RMB67,230 million. Management uses external valuers to facilitate its determination of the fair values of all investment properties and the Group's policy is that property valuations are performed by external valuers on a regular basis. The valuation of the investment properties is highly dependent on estimates and assumptions, such as estimated rental, capitalisation rates, occupancy rates and market knowledge. The use of different estimates and assumptions could result in significantly different fair values.	Amongst our audit procedures, we considered the objectivity, independence and expertise of the external valuers. We involved internal valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples, which included reference to the leasing contracts, external market rents and historical information of occupancy rates, and in respect of the capitalisation rates, our internal specialists assisted us in checking to the market data applied by real estate industry analysis, etc.
The Group's disclosures about the fair value measurement of investment properties are included in notes 2.5 "Summary of significant accounting policies" and 3 "Significant accounting judgements and estimates – estimation uncertainty (v)", which specify the policies regarding the fair value measurement of investment properties, and note 14 which specifically explains the fair value hierarchy and valuation techniques and the key inputs to the valuation of investment properties.	We also assessed the adequacy of the disclosures on the fair value measurement of investment properties.

To the members of Fosun International Limited**
(Incorporated in Hong Kong with limited liability)

Key audit matter	How our audit addressed the key audit matter
Classification and measurement of financial assets under HKFRS 9 and Amendments to HKFRS 4	
The classification of financial assets depends on the financial assets' contractual cash flow characteristic (sole payments of principal and interest ("SPPI") on the principal amount outstanding or not) and the Group's business model for managing them. As at 31 December 2021, the carrying value of financial assets at fair value through other comprehensive income ("OCI"), financial assets at fair value through profit or loss and financial assets at amortised cost, amounted to RMB81,444 million, RMB70,128 million and RMB25,984 million, respectively. This matter is significant to our audit as significant judgements are involved in the SPPI test and the determination of the business models. The Group also applied the overlay approach for designated eligible financial assets in accordance with Amendments to HKFRS 4. Under the overlay approach, the Group reclassified between profit or loss and OCI an amount that results in the profit or loss for the year for the designated financial assets being the same as if the Group had applied HKAS 39 to the designated financial assets. The carrying value as at 31 December 2021 of financial assets applying the overlay approach amounted to RMB18,140 million. As a result, management carried out impairment tests on these financial assets at the end of the year under the overlay approach as if HKAS 39 were applied and impairment losses were recognised when objective evidence of impairment existed. The matter is significant to our audit because significant management judgements and estimates are involved to determine if the financial assets are eligible for the overlay approach and to perform the impairment tests for related financial assets. The Group's disclosures about the classification and measurement under HKFRS 9 and Amendments to HKFRS 4 are included in notes 2.5 "Summary of significant accounting policies" and 3"Significant accounting judgements and estimates – judgements (vi) and estimation uncertainty (iv)", and notes 23, 24, 25 and 26 in which the details of the financial assets, the impairment losses recognised in the current year and the impact of the overlay approach are disclosed.	In our audit, we obtained an understanding of and evaluated the internal controls over the SPPI testing and business model assessment performed by the Group. We evaluated the design of SPPI testing logic and re-performed SPPI testing on a sampling basis by examining the contracts of these financial instruments. We evaluated appropriateness of business model assessment by analysing the activities that the entity undertakes, including frequency and reasons for the sales of these financial assets, and reviewed the supporting evidence on a sampling basis. We understood and evaluated the internal controls over identifying and designating eligible financial assets under overlay approach and the Group's impairment tests process as if HKAS 39 were applied to those assets. We selected samples to test the eligibility of the financial assets applying overlay approach. We assessed the significant estimations and rationale used by the management in evaluating the objective evidence of impairment for such financial assets and we performed independent tests by analyzing the observable data that came to our attention to evaluate if there was any objective evidence of impairment. We examined the impairment tests performed by the management in determining the amount of impairment losses when there was objective evidence of impairment. We also assessed the adequacy of the disclosures on the classification of the financial assets and the impact of the overlay approach, including the impairment recognized for the designated eligible financial assets under overlay approach.

To the members of Fosun International Limited
(Incorporated in Hong Kong with limited liability)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities	
The Group had significant insurance contract liabilities (including current and non-current portions) of RMB74,687 million as at 31 December 2021. The valuation of insurance contract liabilities relies on significant judgement over uncertain future outcomes, mainly including the timing and ultimate settlement of long-term policyholder liabilities. Actuarial models are used to support the calculation of insurance contract liabilities. The complexity of the models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Assumptions used in the valuation, such as investment return, discount rate, mortality, morbidity, expense and lapse are set up by applying significant judgements. The Group's disclosures about the valuation for insurance contract liabilities are included in notes 2.5 "Summary of significant accounting policies" and 3 "Significant accounting judgements and estimates – estimation uncertainty (xiv) which specifically explain the methodologies, and assumptions used in the valuation, and notes 48, 49 and 51 which disclose the details of the insurance contract liabilities recognized as at 31 December 2021.	In our audit, we have performed audit procedures on the underlying data used in valuation of some specific liabilities by tracing to source documentation. By applying our industry knowledge and experience, we compared the methodology, models and assumptions used against recognised actuarial practices. We involved our internal actuarial specialists to assist us in performing the following procedures in this area which among others included: assessing the design and testing the operating effectiveness of internal controls over the technical areas including management's determination and approval process for setting up assumptions, actuarial analyses including estimated versus actual results and experience studies; assessing the assumptions by reference to the historical experience, business expectation of the Group, and the market practices; reviewing the methodology and assumptions used on management's liability adequacy testing which is a test performed to check whether the liabilities are adequate as compared to the expected future contractual obligations and assessing the impact of changes in estimation to be in line with the changes in assumptions adopted by the Group. We also assessed the adequacy of the disclosures of the valuation for insurance contract liabilities.

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To the members of Fosun International Limited
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Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

To the members of Fosun International Limited
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Auditor's responsibilities for the audit of the consolidated financial statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

To the members of Fosun International Limited
(Incorporated in Hong Kong with limited liability)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lawrence K.W. Lau.

Ernst & Young
Certified Public Accountants

Hong Kong
23 March 2022

Consolidated Statement of Profit or Loss

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
REVENUE	6	**161,291,184**	136,741,567
Cost of sales		**(105,639,791)**	(86,148,813)
Gross profit		**55,651,393**	50,592,754
Other income and gains	6	**27,397,190**	22,422,876
Selling and distribution expenses		**(23,155,878)**	(20,615,916)
Administrative expenses		**(27,319,917)**	(22,582,046)
Other expenses		**(6,912,265)**	(7,852,669)
Finance costs	7	**(9,889,745)**	(9,984,613)
Amount reported in profit or loss applying the overlay approach	24	**121,262**	(294,869)
Share of profits of:			
Joint ventures		**3,241,598**	1,387,339
Associates		**5,519,242**	3,885,176
PROFIT BEFORE TAX	8	**24,652,880**	16,958,032
Tax	10	**(7,567,067)**	(5,875,846)
PROFIT FOR THE YEAR		**17,085,813**	11,082,186
Attributable to:			
Owners of the parent		**10,089,922**	7,999,648
Non-controlling interests		**6,995,891**	3,082,538
		17,085,813	11,082,186
EARNINGS PER SHARE EQUITY HOLDERS OF THE PARENT ATTRIBUTABLE TO ORDINARY			
Basic			
– For profit for the year (RMB)	12	**1.21**	0.94
Diluted			
– For profit for the year (RMB)	12	**1.21**	0.94

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

	2021 RMB'000	2020 RMB'000 (Restated)
PROFIT FOR THE YEAR	**17,085,813**	11,082,186
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Financial assets designated under the overlay approach:		
Amount reported in other comprehensive (loss)/income applying the overlay approach	**(121,262)**	294,869
– Income tax effect	**(23,675)**	(45,293)
	(144,937)	249,576
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**(2,244,430)**	432,093
Changes in allowance for expected credit losses	**(122,488)**	94,198
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	**(8,859)**	(53,234)
– Income tax effect	**298,586**	(77,835)
	(2,077,191)	395,222
Change in other life insurance contract liabilities due to potential losses/(gains) on financial assets	**151,039**	(214)
– Income tax effect	**19,207**	(140)
	170,246	(354)
Fair value adjustments of hedging instruments in cash flow hedges	**147,958**	36,797
– Income tax effect	**(47,600)**	(12,963)
	100,358	23,834
Fair value adjustments of hedging of a net investment in a foreign operation	**(425,599)**	194,813
– Income tax effect	**97,428**	(44,631)
	(328,171)	150,182
Share of other comprehensive income/(loss) of joint ventures	**49,620**	(47,357)
Share of other comprehensive income/(loss) of associates	**230,286**	(4,882)
Exchange differences on translation of foreign operations	**(3,673,313)**	(1,780,784)
Reclassification adjustments for a foreign operation disposed of during the year	**–**	(84,573)
	(3,673,313)	(1,865,357)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(5,673,102)**	(1,099,136)

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
OTHER COMPREHENSIVE INCOME *(Continued)*			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Revaluation gain upon transfer from owner-occupied property to investment property	14	**5,305**	4,858
– Income tax effect		**(1,313)**	(1,046)
		3,992	3,812
Actuarial reserve relating to employee benefits		**41,168**	(50,942)
– Income tax effect		**2,207**	1,879
		43,375	(49,063)
Equity investments designated at fair value through other comprehensive income:			
Change in fair value		**(58,158)**	(246,103)
– Income tax effect		**7,166**	7,461
		(50,992)	(238,642)
Share of other comprehensive (loss)/income of associates		**(16,371)**	118,710
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(19,996)**	(165,183)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(5,693,098)**	(1,264,319)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,392,715**	9,817,867
Attributable to:			
Owners of the parent		**6,166,270**	7,514,529
Non-controlling interests		**5,226,445**	2,303,338
		11,392,715	9,817,867

Consolidated Statement of Financial Position

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	**42,387,533**	42,460,156
Investment properties	14	**67,229,732**	65,688,473
Right-of-use assets	15	**18,608,758**	18,434,077
Exploration and evaluation assets	16	**411,330**	555,489
Mining rights	17	**496,997**	512,824
Oil and gas assets	18	**1,959,612**	1,387,545
Intangible assets	19	**27,243,823**	26,223,404
Goodwill	20	**24,804,818**	24,479,151
Investments in joint ventures	21	**33,395,605**	25,621,386
Investments in associates	22	**92,808,915**	92,254,373
Financial assets at fair value through profit or loss	24	**27,599,749**	25,193,993
Equity investments designated at fair value through other comprehensive income	23	**535,491**	746,295
Debt investments at fair value through other comprehensive income	25	**61,654,863**	66,371,132
Debt investments at amortised cost	26	**19,664,789**	23,741,297
Properties under development	27	**13,201,244**	18,233,525
Due from related companies	28	**1,470,128**	1,075,137
Prepayments, other receivables and other assets	29	**4,541,722**	4,176,404
Deferred tax assets	30	**6,939,879**	6,323,426
Policyholder account assets in respect of unit-linked contracts	32	**10,658,853**	3,732,640
Insurance and reinsurance debtors	33	**79,879**	76,264
Reinsurers' share of insurance contract provisions	34	**4,286,097**	4,769,326
Term deposits	35	**501,471**	1,121,996
Placements with and loans to banks and other financial institutions		**36,099**	40,125
Loans and advances to customers	36	**1,324,555**	361,491
Derivative financial instruments	37	**1,544,894**	407,526
Finance lease receivables	38	**226,315**	244,537
Contract assets and other assets	40	**–**	12,566
Total non-current assets		**463,613,151**	454,244,558

	Notes	**2021 RMB'000**	2020 RMB'000 (Restated)
CURRENT ASSETS			
Cash and bank balances	*35*	**96,278,048**	105,725,216
Financial assets at fair value through profit or loss	*24*	**42,528,438**	33,969,450
Debt investments at fair value through other comprehensive income	*25*	**19,253,551**	22,771,181
Debt investments at amortised cost	*26*	**6,319,685**	11,071,593
Derivative financial instruments	*37*	**1,512,688**	1,604,363
Trade and notes receivables	*39*	**10,618,340**	9,020,547
Contract assets and other assets	*40*	**36,125**	97,410
Prepayments, other receivables and other assets	*29*	**30,819,560**	21,215,726
Inventories	*31*	**22,263,338**	17,664,600
Completed properties for sale		**14,781,146**	11,762,976
Properties under development	*27*	**38,007,620**	36,961,448
Due from related companies	*28*	**16,739,960**	11,851,404
Policyholder account assets in respect of unit-linked contracts	*32*	**2,049,768**	468,689
Insurance and reinsurance debtors	*33*	**17,118,624**	17,285,390
Reinsurers' share of insurance contract provisions	*34*	**7,404,807**	5,825,518
Placements with and loans to banks and other financial institutions		**389,384**	37
Loans and advances to customers	*36*	**15,469,317**	4,035,666
Finance lease receivables	*38*	**612,374**	1,351,935
		342,202,773	312,683,149
Non-current assets classified as held for sale	*41*	**556,217**	792,496
Total current assets		**342,758,990**	313,475,645

31 December 2021

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*42*	**105,227,290**	89,339,137
Contract liabilities	*43*	**20,315,595**	25,165,866
Trade and notes payables	*44*	**21,406,410**	18,300,932
Accrued liabilities and other payables	*45*	**37,872,829**	37,940,452
Tax payable		**11,896,130**	9,599,948
Deposits from customers	*47*	**71,742,751**	47,788,958
Due to the holding company	*28*	**–**	659,378
Due to related companies	*28*	**3,836,309**	2,233,789
Derivative financial instruments	*37*	**3,027,559**	2,021,960
Accounts payable to brokerage clients		**421,560**	1,184,878
Unearned premium provisions	*48*	**9,859,032**	9,650,294
Provision for outstanding claims	*49*	**24,577,492**	21,137,373
Provision for unexpired risks		**513,322**	371,607
Financial liabilities for unit-linked contracts	*50*	**109,911**	129,720
Investment contract liabilities	*50*	**9,571,295**	11,989,305
Other life insurance contract liabilities	*51*	**1,088,504**	387,828
Insurance and reinsurance creditors	*52*	**9,070,251**	10,259,769
Financial liabilities at fair value through profit or loss	*53*	**4,078,714**	2,134,246
Due to banks and other financial institutions	*54*	**1,541,056**	1,992,004
Assets sold under agreements to repurchase	*46*	**1,467,606**	3,120,034
Placements from banks and other financial institutions		**122,735**	212,595
		337,746,351	295,620,073
Liabilities directly associated with the assets classified as held for sale	*41*	**27,151**	4,614
Total current liabilities		**337,773,502**	295,624,687
NET CURRENT ASSETS		**4,985,488**	17,850,958
TOTAL ASSETS LESS CURRENT LIABILITIES		**468,598,639**	472,095,516

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	42	**131,892,195**	140,463,287
Deposits from customers	47	**108,641**	69,570
Derivative financial instruments	37	**2,713,232**	671,197
Deferred income	55	**971,999**	1,184,499
Other long term payables	56	**18,967,634**	16,035,233
Deferred tax liabilities	30	**16,771,734**	16,654,453
Provision for outstanding claims	49	**18,842,918**	19,265,658
Financial liabilities for unit-linked contracts	50	**12,598,710**	4,071,609
Investment contract liabilities	50	**36,319,428**	50,856,395
Other life insurance contract liabilities	51	**19,805,347**	24,037,018
Insurance and reinsurance creditors	52	**160,993**	132,202
Contract liabilities	43	**626,871**	700,277
Due to banks and other financial institutions	54	**2,834,815**	944,141
Due to the holding company	28	**2,770,224**	3,000,000
Due to related companies	28	**–**	923,453
Financial liabilities at fair value through profit or loss	53	**–**	2,000
Total non-current liabilities		**265,384,741**	279,010,992
Net assets		**203,213,898**	193,084,524
EQUITY			
Equity attributable to owners of the parent			
Share capital	57	**36,919,889**	36,785,936
Treasury shares		**(254,519)**	(163,600)
Other reserves		**94,404,536**	91,187,676
		131,069,906	127,810,012
Non-controlling interests		**72,143,992**	65,274,512
Total equity		**203,213,898**	193,084,524

Guo Guangchang
Director

Gong Ping
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

2021	Attributable to owners of the parent										
	Issued capital RMB'000 (note 57)	Treasury shares RMB'000	Other deficits RMB'000 (note 58(a))	Surplus reserve RMB'000 (note 58(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2020 and 1 January 2021 (As previously reported)	36,785,936	(163,600)	(443,540)	14,662,667	469,333	6,185,130	71,545,316	(1,229,216)	127,812,026	65,274,601	193,086,627
Retrospective adjustments of business combination under common control	–	–	–	–	–	21,309	(23,365)	42	(2,014)	(89)	(2,103)
At 1 January 2021 (As restated)	36,785,936	(163,600)	(443,540)	14,662,667	469,333	6,206,439	71,521,951	(1,229,174)	127,810,012	65,274,512	193,084,524
Profit for the year	–	–	–	–	–	–	10,089,922	–	10,089,922	6,995,891	17,085,813
Other comprehensive income for the year:											
Equity investments designated at fair value through other comprehensive income											
Changes in fair value, net of tax	–	–	–	–	(53,230)	–	–	–	(53,230)	2,238	(50,992)
Financial assets designated under the overlay approach											
Amount recorded in other comprehensive income applying the overlay approach, net of tax	–	–	–	–	(37,254)	–	–	–	(37,254)	(107,683)	(144,937)
Debt investments at fair value through other comprehensive income											
Gains on fair value adjustment, net of tax	–	–	–	–	(1,343,454)	–	–	–	(1,343,454)	(598,616)	(1,942,070)
Changes in allowance for expected credit losses	–	–	–	–	(40,320)	–	–	–	(40,320)	(65,847)	(106,167)
Reclassification adjustments for loss on disposal included in the consolidated statement of profit or loss, net of tax	–	–	–	–	(34,088)	–	–	–	(34,088)	5,134	(28,954)
Share of other comprehensive income of associates	–	–	–	–	174,614	–	–	–	174,614	39,301	213,915
Share of other comprehensive income of joint ventures	–	–	–	–	49,620	–	–	–	49,620	–	49,620
Change in other life insurance contract liabilities due to potential loss on financial assets, net of tax	–	–	–	–	–	144,702	–	–	144,702	25,544	170,246
Fair value adjustments of the hedging instruments in cash flow hedges, net of tax	–	–	–	–	–	103,520	–	–	103,520	(3,162)	100,358
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	–	–	–	–	–	–	–	(277,964)	(277,964)	(50,207)	(328,171)
Revaluation gains upon transfer from owner-occupied property to investment property, net of tax	–	–	–	–	–	1,702	–	–	1,702	2,290	3,992
Actuarial reserve relating to employee benefits, net of tax	–	–	–	–	–	36,183	–	–	36,183	7,192	43,375
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(2,647,683)	(2,647,683)	(1,025,630)	(3,673,313)
Total comprehensive income for the year	–	–	–	–	(1,284,112)	286,107	10,089,922	(2,925,647)	6,166,270	5,226,445	11,392,715

2021	Attributable to owners of the parent										
	Issued capital RMB'000 (note 57)	Treasury shares RMB'000	Other deficits RMB'000 (note 58(a))	Surplus reserve RMB'000 (note 58(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries (note 60(a))	–	–	–	–	–	–	–	–	–	621,856	621,856
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	1,190,223	1,190,223
Distribution paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(2,779,306)	(2,779,306)
Final 2020 dividends	–	–	–	–	–	–	(1,530,429)	–	(1,530,429)	–	(1,530,429)
Transfer from retained earnings	–	–	–	1,938,749	–	–	(1,938,749)	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	77,457	–	–	77,457	65,702	143,159
Share of other reserve of Joint ventures	–	–	–	–	–	4,330	–	–	4,330	–	4,330
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	804,791	–	–	804,791	3,028,975	3,833,766
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	256,175	–	–	256,175	1,756,833	2,013,008
Fair value adjustment on the share redemption option granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	(422,108)	–	–	(422,108)	(1,070,971)	(1,493,079)
Equity-settled share-based payments of the Company (note 62)**	133,953	(67,869)	–	–	–	81,196	–	–	147,280	–	147,280
Equity-settled share-based payment of subsidiaries	–	–	–	–	–	–	–	–	–	406,408	406,408
Business combination under common control***	–	–	–	–	–	(260,000)	–	–	(260,000)	–	(260,000)
Deemed acquisition of additional interests in subsidiaries	–	–	–	–	–	(25,021)	–	–	(25,021)	40,466	15,445
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(877,389)	–	–	(877,389)	(1,142,746)	(2,020,135)
Disposal of subsidiaries (note 60(b))	–	–	–	–	–	–	–	–	–	(474,405)	(474,405)
Re-purchase of shares	–	(23,050)	–	–	–	–	(1,058,412)	–	(1,081,462)	–	(1,081,462)
At 31 December 2021	36,919,889	(254,519)	(443,540)*	16,601,416*	(814,779)*	6,131,977*	77,084,283*	(4,154,821)*	131,069,906	72,143,992	203,213,898

* These reserve accounts comprise the consolidated other reserves of RMB94,404,536,000 (31 December 2020: RMB91,187,676,000 (Restated)) in the consolidated statement of financial position.

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

*** As stated in note 2.4.1, in September 2021, the Group completed these acquisitions which have been accounted for as business combination under common control and the settlement of the consideration amounting to RMB260,000,000 was accounted for as deemed distribution to the shareholder.

2020	Attributable to owners of the parent										
	Issued capital RMB'000 (note 57)	Treasury shares RMB'000	Other deficits RMB'000 (note 58(a))	Surplus reserve RMB'000 (note 58(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2019 and 1 January 2020											
(As previously reported)	36,714,828	(130,259)	(443,540)	12,873,389	97,170	5,296,747	68,400,667	(256,660)	122,552,342	58,371,874	180,924,216
Retrospective adjustments of business combination under common control	–	–	–	–	–	21,309	(5,073)	42	16,278	(89)	16,189
At 1 January 2020 (as restated)	36,714,828	(130,259)	(443,540)	12,873,389	97,170	5,318,056	68,395,594	(256,618)	122,568,620	58,371,785	180,940,405
Profit for the year (restated)	–	–	–	–	–	–	7,999,648	–	7,999,648	3,082,538	11,082,186
Other comprehensive income for the year:											
Equity investments designated at fair value through other comprehensive income											
Changes in fair value, net of tax	–	–	–	–	(169,688)	–	–	–	(169,688)	(68,954)	(238,642)
Financial assets designated under the overlay approach											
Amount recorded in other comprehensive income applying the overlay approach, net of tax	–	–	–	–	244,730	–	–	–	244,730	4,846	249,576
Debt investments at fair value through other comprehensive income											
Gains on fair value adjustment, net of tax	–	–	–	–	310,772	–	–	–	310,772	26,456	337,228
Changes in allowance for expected credit losses	–	–	–	–	40,150	–	–	–	40,150	67,162	107,312
Reclassification adjustments for loss on disposal included in the consolidated statement of profit or loss	–	–	–	–	(44,251)	–	–	–	(44,251)	(5,067)	(49,318)
Share of other comprehensive income of associates	–	–	–	–	50,887	–	–	–	50,887	62,941	113,828
Share of other comprehensive loss of joint ventures	–	–	–	–	(47,357)	–	–	–	(47,357)	–	(47,357)
Change in other life insurance contract liabilities due to potential gains on financial assets, net of tax	–	–	–	–	–	(301)	–	–	(301)	(53)	(354)
Fair value adjustments of the hedging instruments in cash flow hedges, net of tax	–	–	–	–	–	18,474	–	–	18,474	5,360	23,834
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	–	–	–	–	–	126,650	–	–	126,650	23,532	150,182
Revaluation gains upon transfer from owner-occupied property to investment property, net of tax	–	–	–	–	–	2,350	–	–	2,350	1,462	3,812
Actuarial reserve relating to employee benefits, net of tax	–	–	–	–	–	(44,979)	–	–	(44,979)	(4,084)	(49,063)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(972,556)	(972,556)	(892,801)	(1,865,357)
Total comprehensive income for the year	–	–	–	–	385,243	102,194	7,999,648	(972,556)	7,514,529	2,303,338	9,817,867

2020	Attributable to owners of the parent										
	Issued capital RMB'000 (note 57)	Treasury shares RMB'000	Other deficits RMB'000 (note 58(a))	Surplus reserve RMB'000 (note 58(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	3,769,626	3,769,626
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	2,802,143	2,802,143
Distribution paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(3,568,986)	(3,568,986)
Final 2019 dividends	–	–	–	–	–	–	(2,042,029)	–	(2,042,029)	–	(2,042,029)
Transfer from retained earnings	–	–	–	1,789,278	–	–	(1,789,278)	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	(14,894)	–	–	(14,894)	(11,984)	(26,878)
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	211,548	–	–	211,548	1,001,683	1,213,231
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	641,648	–	–	641,648	1,811,388	2,453,036
Fair value adjustment on the share redemption option granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	811,017	–	–	811,017	1,743,323	2,554,340
Equity-settled share-based payments of the Company (note 62)*	71,108	(12,918)	–	–	–	144,700	–	–	202,890	–	202,890
Equity-settled share-based payment of subsidiaries	–	–	–	–	–	–	–	–	–	284,689	284,689
Deemed acquisition of additional interests in subsidiaries	–	–	–	–	(8,078)	(273,369)	–	–	(281,447)	297,265	15,818
Acquisition of additional interests in subsidiaries	–	–	–	–	(5,002)	(734,461)	–	–	(739,463)	(3,368,846)	(4,108,309)
Disposal of subsidiaries (note 60(b))	–	–	–	–	–	–	–	–	–	(156,723)	(156,723)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	(4,189)	(4,189)
Re-purchase of shares	–	(20,423)	–	–	–	–	(1,041,984)	–	(1,062,407)	–	(1,062,407)
At 31 December 2020	36,785,936	(163,600)	(443,540)	14,662,667	469,333	6,206,439	71,521,951	(1,229,174)	127,810,012	65,274,512	193,084,524

* According to the share award scheme announced by the Company, during the year of 2020, the Company issued and the employee benefit trust established by the Company allotted 7,633,680 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the year, 5,116,320 shares were vested.

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**24,652,880**	16,958,032
Adjustments for:			
Depreciation of items of property, plant and equipment	8	**3,257,330**	3,193,570
Depreciation of right-of-use assets	8	**2,438,440**	2,328,672
Amortisation of intangible assets	8	**1,836,607**	1,652,217
Amortisation of mining rights	8	**15,827**	23,199
Amortisation of oil and gas assets	8	**368,548**	305,905
Exploration expensed and written off	16	**317,372**	105,375
Provision for impairment loss of oil and gas assets	8	**–**	194,623
Provision for impairment of right of use assets	8	**20,002**	–
Provision for impairment of items of property, plant and equipment	8	**155,181**	70,154
Provision for impairment of intangible assets	8	**240,449**	296,750
Provision for impairment of goodwill	8	**172,556**	336,308
(Reversal of)/provision for impairment of debt investments at fair value through other comprehensive income	6/8	**(122,488)**	94,198
Provision for impairment of investments in associates	8	**1,393,451**	908,904
Provision for impairment of receivables	8	**184,544**	587,195
Provision for impairment of insurance and reinsurance debtors	8	**–**	203,186
Provision for impairment of debt investments at amortised cost	8	**14,299**	3,395
Provision for inventories	8	**421,411**	93,027
Provision for impairment of completed properties for sale	8	**4,976**	41,973
Provision for impairment of finance lease receivables	8	**32,881**	20,377
(Reversal of)/provision for impairment of loans and advances to customers	6/8	**(137,720)**	31,198
Amount reported in profit or loss applying the overlay approach	24	**(121,262)**	294,869
Gain on disposal of subsidiaries	6	**(2,903,575)**	(5,072)
Gain on bargain purchase of subsidiaries	6	**(1,207,500)**	–
Gain on disposal/partial disposal of associates	6	**(2,029,335)**	(1,889,842)
Gain on deemed disposal of associates	6	**(431,459)**	(531,101)
Gain on remeasurement of previously held interests in step acquisitions of subsidiaries	6	**–**	(832,742)
Subtotal carried forward		**28,573,415**	24,484,370

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES *(Continued)*			
Loss on disposal of right-of-use assets	*15c*	**–**	10,157
Gain on disposal of items of property, plant and equipment	*6*	**(68,130)**	–
Gain on disposal of investment properties	*6*	**(71,491)**	–
Gain on disposal of debt investments at fair value through other comprehensive income	*6*	**(295,788)**	(314,899)
Gain on disposal of intangible assets	*6*	**(119,309)**	(598,513)
Gain on bargain purchase of associates	*6*	**–**	(3,471,769)
Gain on fair value adjustment of financial assets at fair value through profit or loss	*6*	**(8,965,253)**	(3,143,131)
Gain on fair value adjustment of investment properties	*6*	**(980,707)**	(1,747,229)
Loss/(gain) on derivative financial instruments	*8*	**1,651,132**	(1,311,498)
Covid-19-related rent concessions from lessors	*15b*	**(268,733)**	(330,278)
Interest expenses	*7*	**9,521,347**	9,504,114
Interest income	*6*	**(1,244,839)**	(1,100,648)
Dividends and interest from equity investments at fair value through other comprehensive income	*6*	**(5,400)**	(49,473)
Dividends and interest from debt investments at fair value through other comprehensive income	*6*	**(2,002,546)**	(2,285,683)
Dividends and interest from financial assets at fair value through profit or loss	*6*	**(1,617,384)**	(1,280,682)
Share of profits and losses of associates		**(5,519,242)**	(3,885,176)
Share of profits and losses of joint ventures		**(3,241,598)**	(1,387,339)
Equity-settled share-based payments	*8*	**513,818**	326,175
Subtotal carried forward		**15,859,292**	13,418,498

	2021 RMB'000	2020 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES *(Continued)*		
CASH INFLOW BEFORE WORKING CAPITAL CHANGES	**15,859,292**	13,418,498
Decrease/(increase) in properties under development	**2,577,652**	(4,108,319)
(Increase)/decrease in completed properties held for sale	**(4,665,528)**	835,423
Increase in trade and notes receivables	**(1,791,351)**	(465,780)
Increase in notes receivables included in debt investments at fair value through other comprehensive income	**–**	(275,136)
Increase in prepayments, other receivables and other assets	**(4,559,496)**	(1,800,279)
Increase in inventories	**(3,148,801)**	(3,638,627)
Decrease/(increase) in insurance and reinsurance debtors	**181,947**	(3,467,064)
(Increase)/decrease in reinsurers' share of insurance contract provisions	**(1,008,726)**	32,350
(Increase)/decrease in amounts due from related companies and the holding company	**(3,039,495)**	1,389,606
(Increase)/decrease in loans and advances to customers	**(194,443)**	193,903
Increase in trade and notes payables	**3,862,074**	495,805
(Decrease)/increase in accrued liabilities and other payables	**(3,222,271)**	6,991,829
Decrease in deferred income	**(149,355)**	(6,278)
Increase/(decrease) in other long-term payables	**2,293,209**	(358,533)
Increase/(decrease) in amounts due to related companies and the holding company	**1,638,459**	(263,947)
(Decrease)/increase in accounts payable to brokerage clients	**(763,318)**	1,028,365
Decrease in placements with and loans to banks and other financial institutions	**217,879**	272,427
(Decrease)/increase in placements from banks and other financial institutions	**(202,628)**	195,094
(Decrease)/increase in amounts due to banks and other financial institutions	**(1,083,875)**	942,083
Increase in deposits from customers	**8,010,274**	6,824,452
Decrease in restricted pre-sale proceeds of properties	**351,807**	89,150
Increase in required reserve deposits	**(24,442)**	(35,771)
Changes in derivative financial instruments	**1,093,862**	192,488
Decrease in finance lease receivables	**724,902**	601,194
Increase in unearned premium provisions	**560,907**	1,205,626
Increase in provision for outstanding claims	**5,204,959**	2,553,879
(Decrease)/increase in insurance and reinsurance creditors	**(1,171,113)**	2,028,136
Increase in provision for unexpired risks	**141,715**	123,141
Decrease in other life insurance contract liabilities	**(1,007,993)**	(2,347,696)
Decrease in investment contract liabilities	**(11,267,525)**	(7,473,353)
Decrease in contract assets and other assets	**73,851**	81,258
Decrease in contract liabilities	**(3,456,081)**	(266,901)
CASH GENERATED FROM OPERATIONS	**2,036,348**	14,987,023
Tax paid	**(5,322,424)**	(6,099,617)
NET CASH FLOWS (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(3,286,076)**	8,887,406

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(5,964,775)**	(5,692,859)
Prepayment for the addition of right-of-use assets		**(156,042)**	(308,646)
Increase of investment properties		**(4,992,496)**	(3,335,992)
Purchase of intangible assets		**(2,482,980)**	(2,717,226)
Purchase of exploration and evaluation assets		**(175,974)**	(167,420)
Purchase of oil and gas assets		**(174,565)**	(299,233)
Purchase of financial assets at fair value through profit or loss		**(131,356,329)**	(84,925,476)
Purchase of equity investments designated at fair value through other comprehensive income		**(44,396)**	(85,769)
Purchase of debt investments at fair value through other comprehensive income		**(25,334,110)**	(22,650,769)
Purchase of debt investments at amortised cost		**(5,282,053)**	(10,492,237)
Increase in deposits included in prepayments, other receivables and other assets		**(6,288,658)**	(84,074)
Proceeds from disposal of financial assets at fair value through profit or loss		**131,908,366**	87,488,733
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**198,631**	84,600
Proceeds from disposal of debt investments at fair value through other comprehensive income		**26,107,904**	22,942,026
Proceeds from maturity of debt investments at amortised cost		**9,224,266**	12,801,431
Proceeds from disposal of items of property, plant and equipment		**941,788**	1,048,030
Proceeds from disposal of intangible assets		**425,259**	464,499
Disposal of subsidiaries	*60(b)*	**3,468,007**	(216,066)
Proceeds from disposal of associates and disposal of partial interests in associates		**6,468,073**	5,644,199
Proceeds from disposal of joint ventures		**–**	136,534
Proceeds from disposal of assets of a disposal group classified as held for sale		**815,033**	13,327
Acquisition of subsidiaries	*60(a)*	**(586,321)**	(2,921,412)
Acquisition of associates		**(2,063,524)**	(6,305,880)
Acquisition of joint ventures		**(4,274,639)**	(195,841)
Dividends and interest received from debt investments		**2,120,838**	2,649,876
Dividends and interest received from equity investments		**1,622,784**	1,330,155
Dividends received from associates		**1,484,344**	1,571,254
Dividends received from joint ventures		**401,997**	909,110
Decrease/(increase) in pledged bank balances and time deposits with original maturity of more than three months		**2,112,274**	(179,200)
Prepayments for proposed acquisitions of long-term assets		**(814,536)**	(903,306)
Proceeds received from disposal of investment properties		**969,758**	4,024,693
Interest received		**1,149,886**	985,457
NET CASH FLOWS (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(572,190)**	612,518

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercising of the share options of the Company		**3,984**	–
Capital contribution from non-controlling shareholders of subsidiaries		**3,870,111**	4,694,945
New bank and other borrowings		**138,162,253**	127,610,586
Principal portion of lease payments		**(2,615,025)**	(2,313,651)
Repayment of bank and other borrowings		**(126,985,624)**	(106,310,265)
Decrease in loans from non-controlling shareholders		**(311,958)**	(2,444,075)
Distribution paid to non-controlling shareholders of subsidiaries		**(2,481,230)**	(4,280,037)
Acquisition of additional interests in subsidiaries		**(2,085,356)**	(4,036,371)
Disposal of partial interests in a subsidiary without losing control		**2,013,008**	2,453,036
Dividends paid to shareholders		**(942,433)**	(1,487,300)
Repurchase of shares		**(1,081,462)**	(1,062,407)
Interest paid		**(10,944,749)**	(10,531,499)
Business combination under common control		**(260,000)**	–
NET CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(3,658,481)**	2,292,962
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(7,516,747)**	11,792,886
Cash and cash equivalents at beginning of year		**93,774,474**	81,981,588
CASH AND CASH EQUIVALENTS AT END OF YEAR	*35*	**86,257,727**	93,774,474

1. CORPORATE AND GROUP INFORMATION

Fosun International Limited (the "Company") was incorporated as a company with limited liability in Hong Kong on 24 December 2004 under the Hong Kong Companies Ordinance.

The registered office of the Company is located at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong.

The principal businesses of the Company and its subsidiaries (collectively referred to as the "Group") include Health, Happiness, Wealth and Intelligent Manufacturing. The Wealth Segment includes two major sub-segments: Insurance and Asset Management.

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain financial assets and liabilities (including derivative instruments) which have been measured at fair value, and insurance contract liabilities, which have been measured primarily based on actuarial methods. Assets of a disposal group classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform-Phase 2*
Amendment to HKFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and impact of the revised HKFRSs are described below:

(a) 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 risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities 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 or HKAS 39 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 Group had certain interest-bearing bank borrowings denominated in foreign currencies and interest rate related derivatives based on various interbank offered rates as at 31 December 2021. Since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these instruments are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB268,733,000 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 2021. There was no impact on the opening balance of equity as at 1 January 2021.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-Current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 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
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits qualified insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

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

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

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

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.

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

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.

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

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

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The Group is currently assessing the impact of the amendments on the Group's consolidated financial statements.

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

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.

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.

2.4 PRIOR YEAR RESTATEMENT

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

In September 2021, Shanghai Fuyu Culture and Development Co., Ltd. (renamed as Shanghai Fosun Sports Group Co., Ltd), an indirectly owned subsidiary of the Company acquired the domestic target assets held by Shanghai Foyo Culture and Entertainment Co., Ltd. and 100% equity interest in Shanghai Mengmeng Information Technology Co., Ltd. ("**Shanghai Mengmeng**"), Shanghai Yichuan Information Technology Co., Ltd. ("**Shanghai Yichuan**"), Shanghai Quanzhudong Information Technology Co., Ltd. ("**Shanghai Quanzhudong**"), Shanghai Fuqinglan Information Technology Co., Ltd. ("**Shanghai Fuqinglan**"), Shanghai Maibu Information Technology Co., Ltd. ("**Shanghai Maibu**") at a purchase consideration of RMB80,000,000. The Domestic Target Companies (namely, Shanghai Mengmeng, Shanghai Yichuan, Shanghai Quanzhudong, Shanghai Fuqinglan and Shanghai Maibu) are principally engaged in the businesses of e-sports, sports, information services and games.

In September 2021, Fosun Sports Group S.àr.l., an indirectly owned subsidiary of the Company, acquired 80.00% equity interest in Restart Limited ("**Restar**") held by HD Games Limited and 100% equity interest in EZ Games Digital Technology Co., Ltd. ("**EZ Games**") at a purchase consideration of RMB180,000,000. The HK Target Companies (namely, EZ Games and Restar) are principally engaged in businesses of game publishing in Hong Kong, Macau, Taiwan region, and Japan.

After the completion of the acquisition, these acquired companies were accounted for as subsidiaries of the Group. Since the Company and these acquired companies were under common control of Mr. Guo Guangchang ("**Mr. Guo**", the ultimate controlling shareholder of the Company) before and after the completion of the aforesaid acquisition, the business combination of these acquired companies have been accounted for by applying pooling of interest method.

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

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

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

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

The opening balances as at 1 January 2020 and comparative information as at 31 December 2020 and for the year ended 31 December 2020 have been restated in the consolidated financial statements.

2.4 PRIOR YEAR RESTATEMENT *(Continued)*

2.4.2 Quantitative impact on the consolidated financial statements

I. RESTATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020:

	As previously reported RMB'000	Effect of prior year adjustments RMB'000 (note 2.4.1)	As restated RMB'000
Profit for the year	11,100,478	(18,292)	11,082,186
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(1,099,136)	–	(1,099,136)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(165,183)	–	(165,183)
Total comprehensive income for the year	9,836,159	(18,292)	9,817,867
Attributable to:			
Owners of the parent	7,532,821	(18,292)	7,514,529
Non-controlling interests	2,303,338	–	2,303,338

Details of the restated consolidated statement of comprehensive income for the year ended 31 December 2020 includes the followings:

	As previously reported RMB'000	Effect of prior year adjustments RMB'000 (note 2.4.1)	As restated RMB'000
Revenue	136,629,482	112,085	136,741,567
Cost of sales	(86,058,947)	(89,866)	(86,148,813)
Other income and gains	22,422,645	231	22,422,876
Selling and distribution expenses	(20,600,768)	(15,148)	(20,615,916)
Administrative expenses	(22,572,515)	(9,531)	(22,582,046)
Other expenses	(7,841,919)	(10,750)	(7,852,669)
Finance costs	(9,981,696)	(2,917)	(9,984,613)
Tax	(5,873,450)	(2,396)	(5,875,846)

2.4 PRIOR YEAR RESTATEMENT *(Continued)*

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

II. RESTATED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020:

	As previously reported RMB'000	Effect of prior year adjustments RMB'000 (note2.4.1)	As restated RMB'000
Total non-current assets	454,243,455	1,103	454,244,558
Total current assets	313,437,146	38,499	313,475,645
Total current liabilities	295,582,982	41,705	295,624,687
Total non-current liabilities	279,010,992	–	279,010,992
Equity attributable to owners of the parent	127,812,026	(2,014)	127,810,012
Non-controlling interests	65,274,601	(89)	65,274,512
Total equity	193,086,627	(2,103)	193,084,524

Details of the restated consolidated statement of financial position as at 31 December 2020 includes the followings:

	As previously reported RMB'000	Effect of prior year adjustments RMB'000 (note 2.4.1)	As restated RMB'000
Non-current assets			
Property, plant and equipment	42,459,864	292	42,460,156
Prepayments, deposits and other assets	4,175,895	509	4,176,404
Deferred tax assets	6,323,124	302	6,323,426
Current assets			
Cash and bank	105,717,947	7,269	105,725,216
Trade and notes receivables	9,016,852	3,695	9,020,547
Prepayments, deposits and other assets	21,208,160	7,566	21,215,726
Due from related companies	11,831,435	19,969	11,851,404
Current liabilities			
Trade and notes payables	18,296,504	4,428	18,300,932
Accrued liabilities and other payables	37,940,450	2	37,940,452
Tax payable	9,599,619	329	9,599,948
Due to related companies	2,196,843	36,946	2,233,789

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

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

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

Interests in joint operations

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

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

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

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

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

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

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

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

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

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

Buildings	2 to 50 years
Plant and machinery	3 to 20 years
Office equipment	2 to 30 years
Motor vehicles	2 to 10 years
Leasehold improvements	The shorter of the lease terms and their useful lives
Freehold land	Not depreciated

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

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

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

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

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

Non-current assets and disposal groups held for sale

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

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

Intangible assets (other than goodwill)

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

TRADEMARKS

Trademarks with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives of not exceeding 30 years. Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of trademarks are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

MEDICINE LICENCES, TECHNICAL KNOW-HOW AND OPERATING CONCESSION RIGHTS

Medicine licences and technical know-how with finite useful lives are measured initially at cost and are amortised on the straight-line basis over the respective estimated useful lives. Medicine licences, technical know-how and operating concession rights with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of medicine licences, technical know-how and operating concession rights are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

PATENTS

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

BUSINESS NETWORK

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

RESEARCH AND DEVELOPMENT COSTS

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

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

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

CUSTOMER RELATIONSHIP

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation assets

FOR MINING RIGHTS

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

FOR OIL AND GAS ASSETS

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

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

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

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

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

Mining rights

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

Oil and gas assets

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(A) RIGHT-OF-USE ASSETS

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold Land	40 to 50 years
Buildings	2 to 48 years
Machinery	2 to 10 years
Furniture, fixtures and other equipment	1 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(B) LEASE LIABILITIES

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in accrued liabilities and other payables and other long term payables.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

GROUP AS A LESSEE *(Continued)*

(C) SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of vehicles, furniture, laptop computers and telephones that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

GROUP AS A LESSOR

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

SUBSEQUENT MEASUREMENT

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

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (DEBT INVESTMENTS)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (EQUITY INVESTMENTS)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

ASSETS HELD UNDER REVERSE REPURCHASE AGREEMENTS

The amounts advanced under these agreements are recognised and presented as "financial assets held under reverse repurchase agreements". The Group may not take physical possession of assets purchased under such agreements. The difference between the purchasing price and reselling price is recognised as interest income over the term of the agreement using the effective interest method.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

SUBSEQUENT MEASUREMENT *(Continued)*

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

DESIGNATED ELIGIBLE FINANCIAL ASSETS UNDER THE OVERLAY APPROACH

In accordance with amendments to HKFRS 4, since 1 January 2018, the Group elected to apply the overlay approach to designate certain eligible financial assets which meet both of the following criteria:

(a) it is measured at fair value through profit or loss applying HKFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying HKAS 39; and

(b) it is not held in respect of an activity that is unconnected with contracts within the scope of HKFRS 4.

Applying the overlay approach, the Group shall reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated eligible financial assets being the same as if HKAS 39 had been applied to them. Accordingly, the amount reclassified is equal to the difference between:

(a) the amount reported in profit or loss for the designated eligible financial assets applying HKFRS 9; and

(b) the amount that would have been reported in profit or loss for the designated eligible financial assets as if HKAS 39 had been applied.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

GENERAL APPROACH

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

SIMPLIFIED APPROACH

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

DESIGNATED ELIGIBLE FINANCIAL ASSETS UNDER THE OVERLAY APPROACH

The management has applied the overlay approach for designated eligible financial assets and carried out impairment tests on these financial assets at the end of the year under the overlay approach as if HKAS 39 were applied.

For designated eligible financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If a designated eligible financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss, is removed from other comprehensive income and recognised in the consolidated statement of profit or loss.

In the case of equity investments classified as designated eligible financial assets, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of profit or loss – is removed from other comprehensive income and recognised in the consolidated statement of profit or loss. Impairment losses on equity instruments classified as designated eligible financial assets are not reversed through the consolidated statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as designated eligible financial assets, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the consolidated statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of profit or loss.

Financial liabilities

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, accrued liabilities and other payables, due to the holding company, due to related companies, other long term payables, interest-bearing bank and other borrowings, financial liabilities at fair value through profit or loss, derivative financial instruments, due to banks and other financial institutions, deposits from customers, accounts payable to brokerage clients, placements from banks and other financial institutions and assets sold under agreements to repurchase.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

SUBSEQUENT MEASUREMENT

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

FINANCIAL LIABILITIES AT AMORTISED COST (LOANS AND BORROWINGS)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

Assets sold under repurchase agreements continue to be recognised but a liability is recognised and presented as "assets sold under agreements to repurchase" for the proceeds from selling such assets. The Group may be required to provide additional collateral based on the fair value of the underlying assets and such non-cash collateral assets continue to be recognised on the balance sheet. The difference between the selling price and repurchasing price is recognised as interest expense over the term of the agreement using the effective interest method.

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

As HKFRS 9 includes an accounting policy choice to remain with hedge accounting under HKAS 39. The Group elected to continue to apply hedge accounting in accordance with HKAS 39.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT *(Continued)*

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

FAIR VALUE HEDGES

The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit or loss as other expenses or other income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the consolidated statement of profit or loss as other expenses or other income.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the consolidated statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value ofthe firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the consolidated statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the consolidated statement of profit or loss.

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts recognised in other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT *(Continued)*

HEDGES OF A NET INVESTMENT

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

CURRENT VERSUS NON-CURRENT CLASSIFICATION

Derivative instruments that are not designated as effective hedging instruments are classified as current or noncurrent or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Treasury shares

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

Inventories

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

Properties under development

Properties under development are stated at cost which includes all development expenditures, including land costs, construction costs, borrowing costs and other costs directly attributable to such properties during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle.

Properties under development are valued at the lower of cost and net realisable value at the end of each reporting period and any excess of cost over the net realisable value of an individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling prices in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Completed properties for sale

Completed properties for sale are recognised in the consolidated statement of financial position at the lower of cost and net realisable value. Net realisable value is estimated by the directors based on the prevailing market conditions. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Any excess of cost over the net realisable value of an individual item of completed properties for sale is accounted for as a provision.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(A) SALE OF GOODS

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(B) SALES OF PROPERTIES

Revenues are recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides benefits which are received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(B) SALES OF PROPERTIES (Continued)

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each contract.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

(C) RENDERING SERVICES

The revenue is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

REVENUE FROM OTHER SOURCES

(A) INSURANCE INCOME

Non-life insurance contract premiums, life insurance and investment contracts with a discretionary profit sharing component are recognised as income when written in "Net premiums written" in the consolidated statement of profit or loss.

Premiums written on non-life insurance contracts are recognised as income over the corresponding risk periods, through the use of the unearned premiums provision.

(B) INTEREST INCOME

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(C) DIVIDEND INCOME

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(D) RENTAL INCOME

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

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

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the binomial option pricing model, further details of which are given in note 62 to the financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

The cost of equity-settled transactions is recognised in employee benefit expense and capitalised employee benefit expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where nonvesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

The Group provides the post-employment benefits mainly as follows: (i) defined contribution pension schemes for all employees of the companies in Chinese Mainland; (ii) employee benefits to qualified former employees ("Qualified SOE Employees") and qualified retirees ("Qualified Retirees") of former state-owned enterprises in Chinese Mainland; (iii) a pension scheme for all eligible employees of the companies in Hong Kong; (iv) accommodation benefits for all eligible employees of the companies in Chinese Mainland, details of which are set out below; (v) employee benefits to all eligible employees of the subsidiaries in Portugal; and (vi) employee benefits to all eligible employees of the subsidiary in France.

(I) DEFINED CONTRIBUTION PENSION SCHEMES

The full-time employees of the companies in Chinese Mainland, other than Qualified SOE Employees and Qualified Retirees of former state-owned enterprises ("Former SOEs") as set out below, are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

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

The Group took over Qualified SOE Employees and Qualified Retirees from the Former SOEs upon the Group's acquisition of the Former SOEs in Chinese Mainland. A liability in respect of the retirement benefits of Qualified SOE Employees and Qualified Retirees was taken over by the Group from the former parent company of the Former SOEs upon taking up Qualified SOE Employees and Qualified Retirees. All the following retirement benefits are covered by the abovementioned liability taken over and the details of the retirement benefits are as follows:

QUALIFIED SOE EMPLOYEES

The Qualified SOE Employees consist of two different categories of employees:

(a) Qualified SOE Employees being made redundant by the Former SOEs before their statutory retirement age prior to the Group's acquisition of the Former SOEs

The Former SOEs paid basic salary and social benefit funds on a monthly basis to these Qualified SOE Employees until they reach their statutory retirement age as stipulated by the State Regulations. The Group is required to continue paying such monthly payments to these redundant Qualified SOE Employees until they reach their statutory retirement age as stipulated by the State Regulations.

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

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

QUALIFIED RETIREES

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

The Group recognises the liability taken over as a non-current liability at initial recognition, and subsequent payments of the retirement benefits to Qualified SOE Employees and Qualified Retirees are debited against the non-current liability. Payments are made by the Group to Qualified SOE Employees and Qualified Retirees, but the use of the fund is monitored and supervised jointly by the former parent company of the Former SOEs and the union. Except for the payment of the retirement benefits of the Qualified SOE Employees and the Qualified Retirees, the fund cannot be used for any other purpose including the transfer to the Group's consolidated statement of profit or loss or reserve without the joint approval from the former parent company of the Former SOEs, the union and the Municipal Labour & Social Security Bureau.

(III) PENSION SCHEME FOR ALL ELIGIBLE EMPLOYEES OF THE COMPANIES IN HONG KONG

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all employees of the companies in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

(IV) ACCOMMODATION BENEFITS FOR ALL ELIGIBLE EMPLOYEES OF THE COMPANIES IN CHINESE MAINLAND

According to the relevant People's Republic of China ("**PRC**") rules and regulations, the PRC companies now comprising the Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administrated by a government agency are charged to the consolidated statement of profit or loss as and when they are incurred.

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

As per the collective labour agreement in force at the time for the insurance activity, the companies in Portugal undertook the commitment to make cash payments to complement the retirement pensions paid by the social security services to the employees hired prior to 22 June 1995, the date when the labour agreement became effective. These payments corresponded to a percentage, which grew with the number of years of employment, applied to the table of salaries in force at the date of retirement.

Following the new labour agreement for the insurance activity, signed at 23 December 2011, the previous defined benefit pension plan was replaced, regarding workers actively employed, effective 1 January 2012, with a plan of defined contributions, with the current value of liabilities for services rendered at 31 December 2011 being transferred to the individual account of each participant. This change has not been applied to pensions due to workers who were retired or pre-retired at 31 December 2011, or to employees who did not sign up to the current collective employment agreement.

In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

Contributions by the companies in Portugal to the defined contribution plan are made in accordance with the rules set forth in the collective labour agreement, and recorded as an expense in the period they are due as a charge to administrative expenses.

(VI) EMPLOYEE BENEFITS TO ALL ELIGIBLE EMPLOYEES OF THE SUBSIDIARY IN FRANCE

All eligible employees of the subsidiary in France receive certain short-term benefits, such as vacation pay, "13th month" bonuses, sick leave, health insurance, and unemployment insurance in France.

The post-employment benefit plans of the subsidiary in France are based on legal obligations in each host country and on its subsidiaries' compensation policies. Long-term benefit plans include both defined contribution and defined benefit plans.

(A) DEFINED CONTRIBUTION PLANS

Under defined contribution plans, the subsidiary in France pays contributions to an external fund that is responsible for paying the benefits. The payment of contributions releases the employer of its further obligation towards his employees. The main defined contribution plans consist of government-sponsored basic and supplementary pension plans in Europe and defined-contribution pension plans in North America.

Contributions to all of these plans are recognised as an expense for the period in which they are due.

(B) DEFINED BENEFIT PLANS

Under defined benefit plans, the subsidiary in France has an obligation to pay benefits to employees either at the end of their employment or during their retirement. The defined benefit plans of the subsidiary in France are unfunded and are covered by provisions recorded in the financial statements.

The main defined benefit plans of the subsidiary in France concern indemnities payable to employees on retirement (France, Greece and Turkey) or when they leave the subsidiary in France (Italy and Japan).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The functional currencies of the Company and PRC subsidiaries are Hong Kong dollars ("**HKD**") and RMB, respectively. The financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and its subsidiaries incorporated outside Chinese Mainland are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

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

Insurance and investment contracts

(A) CLASSIFICATION OF CONTRACTS

Transactions associated with insurance contracts written and reinsurance contracts held by the Group are recognised in accordance with HKFRS 4 "Insurance Contracts". Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Contracts without a significant insurance risk are considered to be investment contracts.

As provided for in HKFRS 4, investment contracts with a discretionary profit sharing component also continue to be classified as insurance contracts, and other investment contracts are accounted for under HKAS 39.

An insurance or investment contract is considered to include profit sharing with a discretionary component when the respective contractual conditions provide for the allocation of additional benefits to the insured, as a complement to the contract's guaranteed component part.

The liabilities related to life insurance contracts and investment contracts with discretionary profit sharing components are recorded in the "Other life insurance contract liabilities" account. This provision and the respective cost are recognised simultaneously with the income associated with premiums.

Potential capital gains, net of capital losses, resulting from the revaluation of assets allocated to life insurance contracts with profit sharing and which are expected to be paid to policyholders are recognised in other life insurance contract liabilities (profit sharing provision).

(B) PROVISION FOR UNEARNED PREMIUMS

The provision for unearned premiums comprises the value of insurance contract premiums written and allocated to the following period, i.e., the part comprising the period between financial statements close and end of the period to which the premium refers. It is calculated, for each contract in force, by the application of the pro rata temporis method on the respective gross premiums written.

Expenditure incurred with the acquisition of non-life insurance contracts, including brokerage commissions and other expenses allocated to the acquisition, is deferred over the course of the period to which it relates and is recognised as a deduction from the amount of the unearned premium reserves on insurance contracts.

(C) CLAIMS PROVISION

This provision recognises the estimated amount of indemnities payable on accidents which have already occurred, including claims incurred but not reported (IBNR) and administrative costs on future claims settlements whose management procedure is currently being processed together with IBNR claims. Except for mathematical provisions and whole-life assistance for workman's compensation, the claims provisions set up by the Group are not discounted.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(D) MATHEMATICAL PROVISION FOR LIFE INSURANCE

This corresponds to the estimated actuarial value of the insurance company's commitments, including profit sharing payments already distributed and following the deduction of the actuarial value of future premiums, calculated for each policy in accordance with actuarial methods and their respective technical bases.

In the case of life insurance contracts in which the investment risk is borne by the policyholder, this account heading only includes any additional technical provisions which may be set up to cover mortality risks, administrative or other expenditure (e.g., guaranteed payments on maturity or guaranteed redemption values).

(E) PROFIT SHARING PROVISION

The profit sharing provision in other life insurance contract liabilities includes amounts payable to policyholders or contract beneficiaries, in the form of a profit sharing scheme, whether already allocated or yet to be allocated, provided that such amounts have not yet been distributed.

PROFIT SHARING PROVISION TO BE ALLOCATED

This provision includes the balances originated by the net capital gains attributable to the insured and it also reflects the net amount of the subsequent potential capital gains and losses (fair value adjustments) relating to investments linked to life insurance contracts with a profit sharing component, for the estimated part of the policyholder or contract beneficiary, as long as the balances by portfolio are not negative.

This provision is set up as a charge to profit sharing to be attributed, in the consolidated statement of profit or loss, or as a direct charge to the other comprehensive income resulting from adjustments to the fair value of available-for-sale financial assets linked to life insurance with a profit sharing component, depending on the assets' classification.

Throughout the duration of the contracts of each type or set of types, the balance of the provision for profit sharing to be allocated corresponding to this is utilised in full.

PROVISION FOR ALLOCATED PROFIT SHARING

This provision includes the amounts payable to policyholders or contract beneficiaries, in the form of profit sharing, which have still not been distributed but have been attributed to them.

For most of the products, the provision is calculated on the basis of income generated by the allocated assets, including realised capital gains and losses and the recognition of impairment losses for the period, less the negative balances of past years, in which cases the said deduction is contractually provided for.

(F) PROVISION FOR INTEREST RATE COMMITMENTS

The provision for interest rate commitments is set up for all life insurance and life insurance operations with a guaranteed interest rate, whenever the effective yield on investments representing mathematical provisions on certain insurance contracts, lower than the technical interest rate used to determine the mathematical provisions of those contracts.

(G) PORTFOLIO STABILISATION PROVISION

The portfolio stabilisation provision is set up for annually renewable group insurance contracts, guaranteeing death risk as their principal cover, and it is designed to provide for the heightened risk inherent to the progression of the average age of the insured group, whenever the tariff is based on a single rate, which, owing to contractual commitments, is to be maintained over a certain period.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Insurance and investment contracts *(Continued)*

(H) PROVISION FOR UNEXPIRED RISKS

This provision is calculated for all non-life insurance and is intended to respond to situations in which premiums to be allocated to subsequent years regarding contracts in force at the date of the financial statements are not sufficient to pay for the indemnities and the expenses to be allocated to the respective technical lines of business. This provision is calculated on the basis of the ratios for claims, operating costs, ceding and income, in accordance with which is defined by the Portuguese Insurance Regulator.

(I) TECHNICAL PROVISIONS FOR OUTWARDS REINSURANCE

These provisions are assessed by applying the above described criteria for direct insurance, based on ceding percentages, in addition to other clauses existing in the treaties in force.

(J) LIABILITIES TO SUBSCRIBERS OF UNIT-LINKED PRODUCTS

Liabilities, associated with unit-linked investment contracts issued by the Group in which the risk is borne by the policyholder, are recognised at fair value and assessed on the basis of the fair value of investment portfolio assets allocated to each of the products, less the corresponding management costs and recognised in "financial liabilities for unit-linked contracts".

Investment portfolios allocated to unit-linked products comprise financial assets, including fixed-income securities, variable-income securities, derivative instruments and deposits in credit institutions, which are recognised at fair value and whose corresponding unrealised capital gains and losses are recognised in the consolidated statement of profit or loss for the year.

(K) LIABILITIES TO SUBSCRIBERS OF OTHER INVESTMENT CONTRACTS

Liabilities to subscribers of other regulated products, classified as investment contracts under HKFRS 4, which do not include a discretionary profit sharing component, are valued in accordance with the requirements of HKAS 39 and recognised in "Investment contract liabilities".

(L) IMPAIRMENT OF DEBTOR BALANCES RELATED TO INSURANCE AND REINSURANCE CONTRACTS

At each reporting date, the Group assesses the existence of evidence of impairment on assets originated by insurance or reinsurance contracts, namely accounts receivable from insured persons, agents, inwards and outwards reinsurers, and technical provisions for outwards reinsurance.

If impairment losses are identified, the carrying value of the respective assets is reduced as a charge to the consolidated statement of profit or loss for the year.

(M) LIABILITY ADEQUACY TEST

In accordance with HKFRS 4, at the date of the financial statements, the Group performs liability adequacy tests relating to contracts in force. These tests include estimates of the present value of future cash flows under its insurance contracts, including claims handling costs and cash flows resulting from embedded options and guarantees.

If that assessment shows that the carrying amount of the insurance liabilities recognised in the financial statements, net of related intangible assets, is inadequate in light of the estimated future cash flows, the entire insufficiency shall be recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(I) PROPERTY LEASE CLASSIFICATION – GROUP AS LESSOR

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

(II) SIGNIFICANT JUDGEMENT IN DETERMINING THE LEASE TERM OF CONTRACTS WITH RENEWAL OPTIONS

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

The Group includes the renewal period as part of the lease term for leases of property due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on operations if a replacement is not readily available.

(III) CLASSIFICATION BETWEEN INVESTMENT PROPERTIES AND OWNER-OCCUPIED PROPERTIES

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(IV) CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN A MAJORITY OF VOTING RIGHTS

The Group considers that it controls Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("**Fosun Pharma**") even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Fosun Pharma with a 39.6% equity interest as at 31 December 2021. The remaining 60.4% of the equity shares in Fosun Pharma are widely held by many other shareholders. The Group controls the board of directors of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders. Since the date of Fosun Pharma's domestic shares being listed on the Shanghai Stock Exchange, there has been no history and no expectation that the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

The Group considers that it controls Hainan Mining Co., Ltd. ("**Hainan Mining**") even though it owns less than 50% of the voting rights. This is because the Group is the largest shareholder of Hainan Mining with a 48.86% equity interest as at 31 December 2021. The Group holds relatively larger voting rights than other shareholders. Since the date of Hainan Mining's domestic shares being listed on the Shanghai Stock Exchange, there has been no history and no expectation that the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements *(Continued)*

(V) DEFERRED TAX LIABILITIES

Deferred tax liabilities are recognised for withholding corporate income taxes arising from the distributions of dividends from certain subsidiaries of the Group according to the relevant tax jurisdictions. Significant management judgement is required to determine whether to recognise such deferred tax liabilities based upon the plan of the dividend distribution from these subsidiaries in the foreseeable future. As at 31 December 2021, the management is of the opinion that it is not probable that those subsidiaries will make any profit distribution in the foreseeable future and accordingly no provision for the withholding tax has been made.

(VI) CLASSIFICATION OF FINANCIAL ASSETS

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial assets' contractual cash flow characteristics: (1) management needs to make significant judgement when assessing its business model, including but is not limited to (a) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; (b) the risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way in which those risks are managed; and (c) how managers of the business are compensated. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, management needs to consider the reasons for the sales, timing of sales, frequency and value in prior periods; and (2) management needs to make significant judgement on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, such as whether contractual cash flows could be significantly different from the benchmark cash flows involves judgement when assessing a modified time value of a money element, and whether the fair value of prepayment features is insignificant also requires judgement when assessing the financial assets with prepayment features.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(I) IMPAIRMENT OF GOODWILL

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2021 was RMB24,804,818,000 (31 December 2020: RMB24,479,151,000). Further details are given in note 20 to the financial statements.

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

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. For the year ended 31 December 2021, impairment losses in the amount of RMB1,809,083,000 (2020: RMB1,470,431,000) have been recognised as set out in note 8 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

(III) LEASES – ESTIMATING THE INCREMENTAL BORROWING RATE

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(IV) IMPAIRMENT OF DESIGNATED ELIGIBLE FINANCIAL ASSETS UNDER THE OVERLAY APPROACH

Management has applied the overlay approach for designated eligible financial assets and carried out impairment tests on these financial assets at the end of the year under the overlay approach as if HKAS 39 were applied. When the fair value declines, management makes judgement about the decline in value to determine whether there is an impairment that should be recognised in the consolidated statement of profit or loss. As at 31 December 2021, the carrying amount of designated eligible financial assets under the overlay approach (including current and non-current portions) was RMB18,139,956,000 (2020: RMB18,815,563,000). For the year ended 31 December 2021, impairment losses in the amount of RMB138,998,000 (2020: RMB362,993,000) have been recognised as set out in Note 24.

(V) ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES

As described in note 14 to the financial statements, investment properties were revalued on 31 December 2021 on an open market value and existing use basis. Such valuations were based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2021 was RMB67,229,732,000 (31 December 2020: RMB65,688,473,000). Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

(VI) FAIR VALUE OF FINANCIAL INSTRUMENTS DETERMINED USING VALUATION TECHNIQUES

The fair value of financial instruments, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks, etc, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 69 to the financial statements.

(VII) USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(VIII) USEFUL LIVES OF INTANGIBLE ASSETS (OTHER THAN GOODWILL)

The Group determines the estimated useful lives for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(IX) ESTIMATION OF REHABILITATION COST PROVISIONS

FOR MINING RIGHTS

Provisions for the Group's obligations for land rehabilitation are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its liabilities for final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditure expected to be required to settle the obligation.

Estimates used in the provision for rehabilitation cost are subjective in nature and involve uncertainties and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

FOR OIL AND GAS ASSETS

The Group estimates the future removal costs of on- and offshore oil and gas platforms, production facilities, wells and pipelines at the time of installation of the assets. In most instances, removal of assets will occur in future years. This requires judgemental assumptions regarding removal data, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating costs, future removal technologies in determining the removal costs, and asset-specific discount rates to determine the present value of these cash flows.

(X) MEASUREMENT OF THE EXPECTED CREDIT LOSS ALLOWANCE

The Group assesses the impairment of financial assets at amortised cost and debt investments at fair value through other comprehensive income ("**FVOCI**") using the ECL model. The application of the ECL model requires significant estimation, and consideration of all reasonable and relevant information including forward-looking information. When making such estimation, the Group estimates the expected changes of the debtor's credit risk based on historical repayment data along with economic policies, macro-economic indicators, and industrial risk.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

(XI) DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences, and the carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2021 was RMB2,852,651,000 (31 December 2020: RMB2,566,763,000). The amount of unrecognised tax losses and deductible temporary differences as at 31 December 2021 was RMB44,523,910,000 (31 December 2020: RMB34,296,083,000). Further details are contained in note 30 to the financial statements.

(XII) NET REALISABLE VALUE OF INVENTORIES, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES FOR SALE

The net realisable value of inventories, properties under development and completed properties for sale is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of each reporting period.

(XIII) CONTINGENT CONSIDERATION FOR THE ACQUISITION OF SUBSIDIARIES

The Group estimated the fair value of contingent consideration for the acquisition of subsidiaries by using the expected cash flows, to be discounted to the acquisition date at an appropriately chosen discount rate. Significant management judgement is required to determine the expected cash flows and discount rate. Management reassesses these estimates at the end of each reporting period.

(XIV) ASSESSMENT OF INSURANCE CONTRACT LIABILITIES

The Group's insurance contract liabilities are assessed on the basis of the methodologies and assumptions described in note 2.4. These liabilities reflect a quantified estimate of the impact of future events on the accounts of the Group's insurance companies, based on actuarial assumptions, claims history and other methods accepted in the sector. Owing to the nature of insurance activity, the assessment of claims provisions and other insurance contract liabilities is highly subjective and the real amounts payable in the future may differ significantly from the estimates. Management reassesses these estimates at the end of each reporting period, however, that the liabilities on insurance contracts recognised in the consolidated financial statements adequately reflect the best estimate at the end of the reporting period of the amounts to be disbursed by the Group. As at 31 December 2021, the total carrying amount of insurance contract liabilities was RMB74,686,615,000 (2020: RMB74,849,778,000), which included unearned premium provisions amounting to RMB9,859,032,000 (2020: RMB9,650,294,000), provision for outstanding claims amounting to RMB43,420,410,000 (2020: RMB40,403,031,000), provision for unexpired risks amounting to RMB513,322,000 (2020: RMB371,607,000) and other life insurance contract liabilities amounting to RMB20,893,851,000 (2020: RMB24,424,846,000).

(XV) VALUATION OF THE IDENTIFIABLE ASSETS AND LIABILITIES THROUGH BUSINESS COMBINATIONS AND THE RECOGNISED CORRESPONDING GOODWILL OR GAIN ON BARGAIN PURCHASE

The Group completed certain business combinations during the year. The purchase prices are allocated between the fair values of the identifiable assets acquired and the liabilities assumed which result in the recognition of goodwill or gains on bargain purchase. Management, assisted by the external appraisers, evaluated the fair values of identifiable assets acquired and liabilities assumed and completed the purchase price allocation. The fair value determination in the accounting for business combinations relied on significant management estimation in respect of fair value assessments.

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2021 are set out below:

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries						
Asset Management segment						
上海復星高科技(集團)有限公司#^ (Shanghai Fosun High Technology (Group) Co., Ltd.) ("Fosun High Technology")	PRC/ Chinese Mainland	RMB4,800,000,000	100.0%	–	100.0%	Investment holding
上海復星產業投資有限公司# (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC/ Chinese Mainland	RMB600,000,000	–	100.0%	100.0%	Investment holding
復星金融控股有限公司 (Fosun Financial Holdings Limited)	Hong Kong	HKD18,598,275,001	100.0%	–	100.0%	Investment holding
復星地產控股有限公司 (Fosun Property Holdings Limited)	Hong Kong	HKD1	100.0%	–	100.0%	Investment holding
上海復星創富投資管理股份有限公司# (Shanghai Fosun Capital Investment & Management Co., Ltd.)	PRC/ Chinese Mainland	RMB200,000,000	–	100.0%	100.0%	Capital investment and management
復地(集團)股份有限公司# (Shanghai Forte Land Co., Ltd.) ("Forte")	PRC/ Chinese Mainland	RMB2,504,155,034	–	100.0%	100.0%	Property development
浙江復星商業發展有限公司# (Zhejiang Fosun Commercial Development Co., Ltd)	PRC/ Chinese Mainland	RMB100,000,000	–	100.0%	100.0%	Property development
復星產業控股有限公司 (Fosun Industrial Holdings Limited)	Hong Kong	HKD500,000,000	100.0%	–	100.0%	Investment holding
Fortune Star (BVI) Limited	Virgin Islands, British	USD1	–	100.0%	100.0%	Capital investment and management
上海復星工業技術發展有限公司# (Shanghai Fosun Industrial & Technology Development Co., Ltd)	PRC/Chinese Mainland	RMB8,200,000,000	–	100.0%	100.0%	Capital investment and management
Hauck Aufhäuser Lampe Privatbank AG (Hauck & Aufhäuser Privatbankiers AG)	Germany	EUR28,839,372	–	99.9%	99.9%	Private banking and financial services

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2021 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Health segment						
上海復星醫藥(集團)股份有限公司*/# (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.) ("Fosun Pharma")	PRC/ Chinese Mainland	RMB2,562,899,000	0.2%	39.4%	39.6%	Investment holding
上海復星醫藥產業發展有限公司# (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)	PRC/ Chinese Mainland	RMB2,253,308,000	–	100.0%	39.6%	Investment holding
上海復星健康科技(集團)有限公司# (Shanghai Yicheng Hospital Investment Management Co., Ltd.)	PRC/ Chinese Mainland	RMB380,435,000	–	92.0%	36.5%	Medical consultation
錦州奧鴻藥業有限責任公司# (Jinzhou Aohong Pharmaceutical Co., Ltd.)	PRC/ Chinese Mainland	RMB510,000,000	–	100.0%	39.6%	Manufacture and trading of medicine
江蘇萬邦生化醫藥集團有限責任公司# (Jiangsu Wanbang Biopharmaceutical Co., Ltd.)	PRC/ Chinese Mainland	RMB440,455,000	–	100.0%	39.6%	Manufacture and trading of medicine
Alma Lasers Ltd	State of Israel	NIS14,000,000	–	74.8%	29.6%	Manufacture and sale of medical devices
湖北新生源生物工程有限公司# (Shine Star (Hubei) Biological Engineering Co., Ltd.)	PRC/ Chinese Mainland	RMB51,120,000	–	51.0%	20.2%	Manufacture and trading of medicine
重慶藥友製藥有限責任公司# (Chongqing Yao Pharmaceutical Co., Ltd.)	PRC/ Chinese Mainland	RMB196,540,000	–	61.0%	24.2%	Manufacture and trading of medicine
桂林南藥股份有限公司# (Guilin South Pharma Co., Ltd.)	PRC/ Chinese Mainland	RMB285,030,000	–	96.4%	38.2%	Manufacture and trading of medicine
江蘇萬邦醫藥營銷有限公司# (Jiangsu Wanbang Pharmaceutical Marketing & Distribution Co., Ltd.)	PRC/ Chinese Mainland	RMB274,000,000	–	100.0%	39.6%	Manufacture and trading of medicine

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2021 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Health segment (Continued)						
復星實業(香港)有限公司 (Fosun Industrial Co., Limited)	Hong Kong	USD571,446,000	–	100.0%	39.6%	Investment holding
佛山復星禪誠醫院有限公司# (Chancheng Central Hospital of Foshan City)	PRC/ Chinese Mainland	RMB50,000,000	–	87.4%	34.6%	Provision of healthcare services
蘇州二葉製藥有限公司# (Suzhou Erye Pharmaceutical Co. Ltd.)	PRC/ Chinese Mainland	RMB238,420,000	–	90.0%	35.7%	Manufacture and trading of medicine
Gland Pharma Limited ("Gland")	India	RS164,302,723	–	58.0%	23.0%	Manufacture and trading of medicine
上海複宏漢霖生物技術股份有限公司# (Shanghai Henlius Biotech Co. Ltd.) (Henlius)	PRC/ Chinese Mainland	RMB543,495,000	–	57.5%	22.8%	Research and development of biopharmaceutical drugs
Luz Saúde, S.A.	Portugal	EUR95,542,254	–	99.9%	92.2%	Provision of healthcare services
Intelligent Manufacturing Segment						
海南礦業股份有限公司*# (Hainan Mining Co., Ltd.)	PRC/ Chinese Mainland	RMB2,021,702,000	–	48.9%	48.9%	Sale of iron and steel products
上海翌耀科技股份有限公司# (Shanghai Easun Technology Co., Ltd.)	PRC/ Chinese Mainland	RMB600,000,000	–	59.1%	48.4%	Provision of digital and intelligent solution
Happiness segment						
Club Med SAS	France	EUR149,704,804	–	100.0%	80.7%	Tourism
海南亞特蘭蒂斯商旅發展有限公司# (Hainan Atlantis Commerce And Tourism Development Co., Ltd)	PRC/ Chinese Mainland	RMB801,500,000	–	100.0%	80.7%	Tourism
上海豫園旅遊商城(集團)股份有限公司# (Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.) ("Yuyuan")	PRC/ Chinese Mainland	RMB3,890,382,974	–	68.5%	68.5%	Retail

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2021 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Happiness segment (Continued)						
北京復地通盈置業有限公司# (Beijing Forte Tongying Property Co., Ltd.)	PRC/ Chinese Mainland	RMB20,000,000	–	100.0%	81.1%	Property development
海南復地投資有限公司# (Hainan Forte Investment Co., Ltd.)	PRC/ Chinese Mainland	RMB10,000,000	–	100.0%	68.5%	Property development
成都復地明珠置業有限公司# (Chengdu Forte Mingzhu Property Co., Ltd.)	PRC/ Chinese Mainland	RMB500,000,000	–	66.0%	45.2%	Property development
上海豫園珠寶時尚集團有限公司# (Shanghai Yuyuan Jewelry Fashion Group Co., Ltd)	PRC/ Chinese Mainland	RMB200,000,000	–	100.0%	68.5%	Retail
Insurance segment						
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong	USD791,405,154	–	86.5%	86.5%	Reinsurance
Fidelidade – Companhia de Seguros, S.A.	Portugal	EUR509,263,524	–	85.0%	85.0%	Underwriting of life and non-life insurance
AmeriTrust Group, Inc.	United States of America	USD513,727,000	–	100.0%	100.0%	Underwriting of non-life insurance

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2021 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and place of business	Nominal value of registered capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Associates						
國藥產業投資有限公司# (Sinopharm Industrial Investment Co., Ltd.) ("Sinopharm")	PRC/ Chinese Mainland	RMB100,000,000	–	49.0%	19.4%	Distribution of pharmaceutical products
Banco Comercial Português, S.A.	Portugal	EUR4,725,000,000	–	30.0%	30.0%	Banking and financial services
新華人壽保險股份有限公司@/# (New China Life Insurance Co LTD.)	PRC/ Chinese Mainland	RMB3,119,546,600	–	5.4%	5.1%	Life insurance
天津建龍鋼鐵實業有限公司# (Tianjin Dragon Steel Industrial Co., Ltd.)	PRC/ Chinese Mainland	RMB2,000,000,000	–	25.7%	25.7%	Manufacture and sale of iron and steel products
Joint ventures						
南京南鋼鋼鐵聯合有限公司#/& (Nanjing Nangang Iron&Steel United Co., Ltd.)	PRC/ Chinese Mainland	RMB3,000,000,000	–	60.0%	60.0%	Manufacture and sale of iron and steel products
上海復星外灘置業有限公司# (Shanghai Fosun Bund Property Co., Ltd.)	PRC/ Chinese Mainland	RMB7,000,000,000	–	50.0%	50.0%	Property development
四川沱牌捨得集團有限公司#/& (Sichuan Tuopai Shede Group Co., Ltd.)	PRC/ Chinese Mainland	RMB232,240,000	–	70.0%	47.9%	Wine, beverage and refined tea manufacturing

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

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

The above table lists the subsidiaries, associates and joint ventures of the Group which, in the opinion of the directors of the Company, principally affected the results of the Group for the year ended 31 December 2021 or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries, associates and joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes:

* Fosun Pharma continues to be accounted for as a subsidiary because the Group continues to be the single major shareholder of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders, despite the fact that the Group's equity interest in this company was 39.6% as at 31 December 2021.

  Hainan Mining Co., Ltd. continues to be accounted for as a subsidiary because the Group continues to be the largest major shareholder of Hainan Mining Co., Ltd. and holds relatively larger voting rights than other dispersed public shareholders, despite the fact that the Group's equity interest in this company was 48.9% as at 31 December 2021.

@ The Group's investments in these associates are accounted for under the equity method of accounting because the Group has significant influence over these entities by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Group's direct or indirect equity interests in these associates were lower than 20% for the year ended 31 December 2021.

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

& Although the Group held a 60% equity interest in Nanjing Nangang Iron & Steel United Co., Ltd. ("**Nanjing Nangang**") as at 31 December 2021, the Group delegated 10% voting rights in Nanjing Nangang to Nanjing Iron & Steel (Group) Co., Ltd., and Nanjing Nangang was accounted for as a joint venture of the Group.

  The Group, through Yuyuan held 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd.("**Tuopai Shede**") as at 31 December 2021. The remaining 30% equity interest is held by the People's Government of Shehong County. According to the articles of association of Tuopai Shede, the resolutions on the relevant activities required 100% shareholders' approval and Tuopai Shede was accounted for as a joint venture of the Group.

^ Wholly foreign-owned enterprise.

5. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on reportable segment profit or loss, which is measured consistently with the Group's profit or loss after tax. The head office and corporate expenses are allocated to each reportable segments based on their respective utilization of internal resources. Certain interest bearing bank and other borrowings which are managed on the group basis are allocated to each reportable segments based on their respective utilization of the financing.

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2021

	Health	Happiness	Wealth		Intelligent manufacturing		
			Insurance	Asset Management		Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	43,242,573	66,741,794	32,149,316	11,420,607	7,736,894	–	161,291,184
Inter-segment sales	737,180	156,528	–	129,459	–	(1,023,167)	–
Total revenue	43,979,753	66,898,322	32,149,316	11,550,066	7,736,894	(1,023,167)	161,291,184
Segment results							
Profit before tax	6,244,861	2,713,140	3,059,709	8,694,168	4,043,535	(102,533)	24,652,880
Tax	(1,049,856)	(3,142,294)	(914,801)	(2,178,586)	(281,530)	–	(7,567,067)
Profit for the year	5,195,005	(429,154)	2,144,908	6,515,582	3,762,005	(102,533)	17,085,813
Segment and total assets	107,245,951	194,575,279	208,579,832	259,246,571	47,755,786	(11,031,278)	806,372,141
Segment and total liabilities	51,848,370	138,408,998	185,589,288	220,157,048	16,346,353	(9,191,814)	603,158,243
Other segment information:							
Interest and dividend income	371,285	255,611	3,260,145	1,103,239	28,793	(148,904)	4,870,169
Other income and gains (excluding interest and dividend income)	3,754,634	2,018,122	4,951,338	11,301,325	510,663	(9,061)	22,527,021
Amount reported in profit or loss applying the overlay approach	–	–	121,262	–	–	–	121,262
Impairment losses recognised in the statement of profit or loss, net	(937,147)	(272,771)	96,481	(30,375)	(1,235,730)	–	(2,379,542)
Finance costs	(1,046,990)	(2,557,464)	(1,643,130)	(4,489,578)	(301,406)	148,823	(9,889,745)
Share of profits and losses of							
– Joint ventures	(244,806)	788,086	(77,133)	816,549	1,966,134	(7,232)	3,241,598
– Associates	2,097,223	(340,174)	835,559	830,595	2,165,929	(69,890)	5,519,242
Depreciation and amortisation	(1,888,341)	(4,069,829)	(653,541)	(646,125)	(658,916)	–	(7,916,752)
Research and development costs	(3,841,046)	(155,393)	–	(14,165)	(182,468)	–	(4,193,072)
Fair value gains on fair value adjustments of investment properties	38,453	164,133	430,720	347,401	–	–	980,707
Fair value (loss)/gain on financial assets at fair value through profit or loss	421,865	254,973	514,745	7,467,958	304,896	816	8,965,253
Investments in joint ventures	292,030	6,037,024	1,378,107	11,743,636	14,352,514	(407,706)	33,395,605
Investments in associates	25,129,547	10,927,410	11,107,012	37,971,494	9,944,504	(2,271,052)	92,808,915
Capital expenditure*	4,457,699	4,906,307	3,068,378	830,116	605,999	–	13,868,499

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2020 (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	33,833,815	55,839,115	29,840,096	12,278,296	4,950,245	–	136,741,567
Inter-segment sales	773,298	177,447	–	401,354	–	(1,352,099)	–
Total revenue	34,607,113	56,016,562	29,840,096	12,679,650	4,950,245	(1,352,099)	136,741,567
Segment results							
Profit before tax	5,354,993	1,973,640	2,440,834	5,000,435	2,272,152	(84,022)	16,958,032
Tax	(685,162)	(2,588,219)	(844,327)	(1,670,665)	(87,473)	–	(5,875,846)
Profit/(loss) for the year	4,669,831	(614,579)	1,596,507	3,329,770	2,184,679	(84,022)	11,082,186
Segment and total assets	100,117,588	178,545,852	214,233,433	243,338,968	42,055,524	(10,571,162)	767,720,203
Segment and total liabilities	45,006,099	123,514,424	193,525,754	207,315,956	15,041,512	(9,768,066)	574,635,679
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	2,167,395	3,551,065	8,578,992	225,300	(1,477)	17,706,390
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)	(2,278,384)	(1,774,037)	(4,715,597)	(271,148)	181,808	(9,984,613)
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)
Fair value (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

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(A) REVENUE FROM EXTERNAL CUSTOMERS

	2021 **RMB'000**	2020 RMB'000 (Restated)
Chinese Mainland	**93,586,513**	80,721,641
Portugal	**17,014,614**	16,882,535
Other countries and regions	**50,690,057**	39,137,391
	161,291,184	136,741,567

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

(B) NON-CURRENT ASSETS

	2021 **RMB'000**	2020 RMB'000 (Restated)
Chinese Mainland	**221,784,082**	233,195,232
Portugal	**24,741,786**	26,465,939
Other countries and regions	**80,564,221**	60,378,202
	327,090,089	320,039,373

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 2021 and 2020.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods or properties sold after allowances for returns, trade discounts and various types of government surcharges, where applicable during the year. In addition, it includes the net earned premiums from the insurance business, the value of services rendered and rental income from investment properties during the year.

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

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
Revenue			
Revenue from contracts with customers			
– Sale of goods	*(1)*	**100,247,012**	81,673,247
– Rendering of services	*(2)*	**27,478,023**	23,657,196
		127,725,035	105,330,443
Revenue from other sources			
– Insurance revenue	*(3)*	**31,762,618**	29,508,505
– Rental income		**1,831,460**	1,875,296
– Interest income		**786,511**	555,104
		34,380,589	31,938,905
Others			
– Less: Government surcharges		**(814,440)**	(527,781)
		161,291,184	136,741,567

(1) Sale of goods:

	2021 RMB'000	2020 RMB'000
Pharmaceuticals and medical products	**34,385,885**	25,334,154
Properties	**21,843,006**	23,249,943
Gold and jewelleries	**27,443,246**	22,167,937
Ore products	**2,826,494**	1,996,100
Oil and gas	**1,137,246**	646,226
Others	**12,611,135**	8,278,887
	100,247,012	81,673,247

(2) Rendering of services:

	2021 RMB'000	2020 RMB'000
Tourism	**7,280,970**	7,029,804
Healthcare	**8,224,878**	7,129,663
Property agency	**389,308**	462,410
Property management	**1,549,251**	1,522,074
Asset management	**881,971**	870,373
Fee and commission income	**2,077,363**	1,628,845
Others	**7,074,282**	5,014,027
	27,478,023	23,657,196

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

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

(3) Insurance revenue:

	2021 RMB'000	2020 RMB'000
Gross premiums written	**39,566,145**	38,041,100
Less: Premiums ceded to reinsurers and retrocessionaires	**(7,055,028)**	(7,397,160)
Net premiums written	**32,511,117**	30,643,940
Change in unearned premium provisions, net of reinsurance	**(748,499)**	(1,135,435)
Net earned premiums	**31,762,618**	29,508,505

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.

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

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

Disaggregated revenue information

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

Segments:

For the year ended 31 December 2021

	Health	Happiness	Wealth		Intelligent Manufacturing	
			Insurance	Asset Management		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services						
Sale of goods	33,977,485	54,759,726	2	3,810,189	7,699,610	100,247,012
Rendering of services	9,351,186	11,951,165	387,918	5,643,345	144,409	27,478,023
	43,328,671	66,710,891	387,920	9,453,534	7,844,019	127,725,035
Timing of revenue recognition						
Goods transferred at a point in time	33,977,485	54,759,726	2	3,810,189	7,699,610	100,247,012
Services transferred over time	9,351,186	11,951,165	387,918	5,643,345	144,409	27,478,023
	43,328,671	66,710,891	387,920	9,453,534	7,844,019	127,725,035

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 (restated)

	Health	Happiness	Wealth		Intelligent Manufacturing	
			Insurance	Asset Management		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services						
Sale of goods	25,741,624	45,219,431	–	5,762,514	4,949,678	81,673,247
Rendering of services	8,190,163	10,466,898	332,380	4,603,044	64,711	23,657,196
	33,931,787	55,686,329	332,380	10,365,558	5,014,389	105,330,443
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	10,466,898	332,380	4,603,044	64,711	23,657,196
	33,931,787	55,686,329	332,380	10,365,558	5,014,389	105,330,443

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

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

	2021 RMB'000	2020 RMB'000 (Restated)
Other income		
Interest income	**1,244,839**	1,100,648
Dividends and interest from financial assets at fair value through profit or loss	**1,617,384**	1,280,682
Dividends from equity investments at fair value through other comprehensive income (note 23)	**5,400**	49,473
Interest income from debt investments at fair value through other comprehensive income	**2,002,546**	2,285,683
Rental income	**549,206**	615,402
Government grants	**987,136**	792,352
Consultancy and other service income	**–**	539,007
Fee income relating to investment contracts and reinsurance profit sharing	**712,209**	718,387
Others	**1,181,481**	1,015,943
	8,300,201	8,397,577
Gains		
Gain on disposal of subsidiaries (note 60(b))	**2,903,575**	5,072
Gain on bargain purchase of subsidiaries	**1,207,500**	–
Gain on remeasurement of previously held interests in step acquisitions of subsidiaries	**–**	832,742
Gain on disposal/partial disposal of associates	**2,029,335**	1,889,842
Gain on deemed disposal of associates	**431,459**	531,101
Gain on bargain purchase of associates	**–**	3,471,769
Gain on disposal of debt investments at fair value through other comprehensive income	**295,788**	314,899
Gain on disposal of items of property, plant and equipment	**68,130**	–
Gain on disposal of items of intangible assets	**119,309**	598,513
Gain on disposal of investment properties	**71,491**	–
Gain on fair value adjustment of financial assets at fair value through profit or loss	**8,965,253**	3,143,131
Gain on derivative financial instruments	**–**	1,311,498
Gain on fair value adjustment of investment properties (note 14)	**980,707**	1,747,229
Gain on reversal of impairment of loans and advances to customers	**137,720**	–
Gain on reversal of impairment of debt investments measured at fair value through other comprehensive income	**122,488**	–
Gain on rent concessions as a result of the COVID-19 pandemic	**149,734**	179,503
Exchange gain, net	**1,614,500**	–
	19,096,989	14,025,299
Other income and gains	**27,397,190**	22,422,876

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 RMB'000	2020 RMB'000 (Restated)
Interest on bank and other borrowings (including convertible bonds)	**10,602,746**	10,519,867
Incremental interest on other long term payables (note 56)	**6,199**	16,881
Interest on lease liabilities (note 15)	**617,347**	654,878
	11,226,292	11,191,626
Less: Interest capitalised, in respect of bank and other borrowings (note 13 and note 27)	**(1,704,945)**	(1,687,512)
Interest expenses, net	**9,521,347**	9,504,114
Interest on discounted notes	**16,577**	14,155
Bank charges and other financial costs	**351,821**	466,344
Total finance costs	**9,889,745**	9,984,613

8. PROFIT BEFORE TAX

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

	2021 RMB'000	2020 RMB'000 (Restated)
Cost of sales:		
Cost of inventories sold	**65,256,752**	51,379,549
Cost of services provided	**40,383,039**	34,769,264
	105,639,791	86,148,813
Staff costs (including directors' and chief executive's remuneration and five highest paid employees as set out in note 9):		
Wages and salaries	**19,903,903**	16,430,868
Accommodation benefits:		
Defined contribution fund	**793,455**	673,949
Retirement costs:		
Defined contribution fund	**936,048**	333,484
Defined benefit fund	**195,381**	169,381
Equity-settled share-based payments (note 62)	**513,818**	326,175
Total staff costs	**22,342,605**	17,933,857

8. PROFIT BEFORE TAX *(Continued)*

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

	Notes	**2021 RMB'000**	2020 RMB'000 (Restated)
Research and development costs		**4,193,072**	3,004,495
Auditor's remuneration		**10,800**	10,350
Depreciation of items of property, plant and equipment	*13*	**3,257,330**	3,193,570
Depreciation of right-of-use assets	*15*	**2,438,440**	2,328,672
Amortisation of mining rights	*17*	**15,827**	23,199
Amortisation of oil and gas assets	*18*	**368,548**	305,905
Amortisation of intangible assets	*19*	**1,836,607**	1,652,217
Impairment of financial assets, net:			
– Impairment of receivables		**184,544**	587,195
– (Reversal of)/provision for impairment of debt investments measured at fair value through other comprehensive income		**(122,488)**	94,198
– (Reversal of)/provision for loans and advances to customers		**(137,720)**	31,198
– Provision for impairment of insurance and reinsurance debtors	*33*	**–**	203,186
– Provision for impairment of debt investments at amortised cost		**14,299**	3,395
– Impairment of finance lease receivables	*38*	**32,881**	20,377
Provision for inventories		**421,411**	93,027
Provision for impairment of oil and gas assets	*18*	**–**	194,623
Provision for impairment of completed properties for sale		**4,976**	41,973
Provision for impairment of items of property, plant and equipment	*13*	**155,181**	70,154
Provision for impairment of investments in associates		**1,393,451**	908,904
Provision for impairment of intangible assets	*19*	**240,449**	296,750
Provision for impairment of right of use assets	*15*	**20,002**	–
Provision for impairment of goodwill	*20*	**172,556**	336,308
Lease payment not included in the measurement of lease liabilities		**269,647**	396,468
Exchange (gain)/loss, net		**(1,614,500)**	2,131,963
Loss/(gain) on derivative financial instruments		**1,651,132**	(1,311,498)

* At 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2020: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 RMB'000	2020 RMB'000
Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	31,388	28,105
Performance related bonus*	107,298	67,859
Equity-settled share award scheme expense	61,230	50,340
Pension scheme contributions	395	108
	200,311	146,412

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

During 2020 and 2021, certain directors were granted share awards and share options in respect of their services to the Group under the share award scheme and share option scheme, respectively, of the Company, further details of which are set out in note 62 to the financial statements. The fair value of the share award and share option, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

There were no emoluments paid by the Group to the directors as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the year.

(i) Independent non-executive directors

There were no fees paid to independent non-executive directors during the year (2020: nil). The other emoluments including the equity-settled share award/option scheme expenses of independent non-executive directors during the year were as follows:

	2021 RMB'000	2020 RMB'000
Zhang Shengman	814	739
Zhang Huaqiao	814	739
David T. Zhang	814	739
Lee Kai-Fu	814	739
Tsang King Suen Katherine (appointed as independent director on 10 December 2020)	685	30
Yang Chao (resigned as an independent director on 21 February 2020)	–	114
	3,941	3,100

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

(ii) Executive directors', non-executive directors' and chief executive's remuneration

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Equity-settled share award scheme expenses RMB'000	Total remuneration RMB'000
31 December 2021						
Executive directors:						
Guo Guangchang	–	**5,250**	**20,104**	**72**	–	**25,426**
Wang Qunbin*	–	**5,090**	**19,310**	**72**	–	**24,472**
Chen Qiyu*	–	**4,860**	**28,395**	**57**	**21,535**	**54,847**
Xu Xiaoliang*	–	**4,670**	**21,576**	**50**	**20,941**	**47,237**
Qin Xuetang	–	**3,890**	**8,896**	**72**	**9,425**	**22,283**
Gong Ping	–	**3,476**	**9,017**	**72**	**8,294**	**20,859**
	–	**27,236**	**107,298**	**395**	**60,195**	**195,124**
Non-executive directors:						
Zhuang Yuemin**	–	**623**	–	–	–	**623**
Yu Qingfei***	–	**623**	–	–	–	**623**
Chen Shucui	–	–	–	–	–	–
	–	**28,482**	**107,298**	**395**	**60,195**	**196,370**
31 December 2020						
Executive directors:						
Guo Guangchang	–	4,926	15,336	20	–	20,282
Wang Qunbin*	–	4,726	15,199	20	–	19,945
Chen Qiyu*	–	4,430	13,499	4	16,139	34,072
Xu Xiaoliang*	–	4,440	13,329	19	16,139	33,927
Qin Xuetang	–	3,830	4,305	20	9,051	17,206
Gong Ping	–	3,103	6,191	20	7,650	16,964
Wang Can (resigned as an executive director on 21 January 2020)	–	174	–	5	316	495
	–	25,629	67,859	108	49,295	142,891
Non-executive directors:.						
Zhuang Yuemin**	–	381	–	–	–	381
Yu Qingfei***	–	40	–	–	–	40
Chen Shucui	–	–	–	–	–	–
	–	26,050	67,859	108	49,295	143,312

* Mr. Wang Qunbin has been re-designated as Co-Chairman and has ceased to be the Chief Executive Officer of the Company with effect from 21 February 2020; Mr. Chen Qiyu and Mr. Xu Xiaoliang have been re-designated as Co-Chief Executive Officers of the Company with effect from the same day.

** Mr. Zhuang Yuemin was appointed as non-executive directors on 5 June 2020.

*** Mr.Yu Qingfei was appointed as non-executive directors on 10 December 2020.

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

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

(iii) Five highest paid employees

The five highest paid employees during the year included five directors (2020: three directors), details of whose remuneration are set out in note 9(ii) above. There are nil highest paid employees who are neither a director nor chief executive of the Company for the year of 2021 (2020: two). Details of the remaining highest paid employees who are neither a director nor chief executive of remuneration are as follows:

	2021 **RMB'000**	2020 RMB'000
Salaries, allowances and benefits in kind	–	4,697
Performance related bonuses	–	53,675
Equity-settled share award scheme expense	–	8,377
Pension scheme contributions	–	24
	–	66,773

During 2021, no non-director highest paid employees (2020: two) were granted share award and share option in respect of their services to the Group, further details of which are included in the disclosures in note 62 to the financial statements. The fair value of the share award and share option, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director highest paid employees' remuneration disclosures.

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2021 **Number of employees**	2020 Number of employees
RMB32,400,001 to RMB32,800,000	–	1
RMB32,800,001 to RMB33,200,000	–	–
RMB33,200,001 to RMB33,600,000	–	–
RMB33,600,001 to RMB34,000,000	–	1
	–	2

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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% (2020: 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% (2020: 6.0%).

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% (2020: 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% (2020: 21%).

The provision for income tax of Club Med Holding and its subsidiaries incorporated in France is based on a rate of 28.41% (2020: 32.02%).

The provision for income tax of Hauck Aufhäuser Lampe Privatbank AG ("**HAL**") and its subsidiaries which was incorporated in Germany is based on a rate of 31.77% (2020: 32.10%).

The provision for income tax of Gland Pharma Limited ("**Gland**"), which was incorporated in India, is based on a statutory rate of 25.17% in 2021 (2020: 25.17%).

The provision for income tax of entities incorporated in the Chinese Mainland was based on a statutory rate of 25% (2020: 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 2021 and 2020 are as follows:

	2021 **RMB'000**	2020 RMB'000 (Restated)
Current – Portugal, Hong Kong and others	**2,519,116**	1,270,901
Current – Chinese Mainland		
– Income tax in the Chinese Mainland for the year	**2,846,846**	2,596,633
– LAT in the Chinese Mainland for the year	**2,828,797**	2,197,932
Deferred	**(627,692)**	(189,620)
Tax expenses for the year	**7,567,067**	5,875,846

10. TAX *(Continued)*

A reconciliation between the tax expenses and profit before tax excluding share of profits and losses of associates and joint ventures at the applicable statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled is as follows:

	Portugal, Hong Kong and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2021			
Profit before tax excluding share of profits and losses of associates and joint ventures	7,293,673	8,598,367	15,892,040
Tax at the applicable tax rate	1,668,948	2,159,437	3,828,385
Different tax rates for specific entities	141,870	(934,016)	(792,146)
Tax effect of:			
Income not subject to tax	(1,002,305)	(95,649)	(1,097,954)
Influence of the change of tax rate on the deferred income tax balance	(3,667)	53,661	49,994
Expenses not deductible for tax	906,322	128,385	1,034,707
Tax losses and temporary differences not recognised	1,212,367	2,134,022	3,346,389
Tax losses utilised	(255,937)	(331,009)	(586,946)
Under-provision/(over-provision) in prior years	95,270	12,949	108,219
Tax incentives on eligible expenditures	(110,561)	(226,871)	(337,432)
Subtotal	2,652,307	2,900,909	5,553,216
Provision for LAT for the year	–	1,904,411	1,904,411
Deferred tax effect of provision for LAT	–	(475,772)	(475,772)
Prepaid LAT for the year	–	924,386	924,386
Tax effect of prepaid LAT	–	(214,019)	(214,019)
Decrease in deferred LAT in deferred tax liabilities (note 30)	–	(125,155)	(125,155)
Tax expenses	2,652,307	4,914,760	7,567,067

10. TAX *(Continued)*

	Portugal, Hong Kong and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2020 (Restated)			
Profit before tax excluding share of profits and losses of associates and joint ventures	3,760,174	7,925,343	11,685,517
Tax at the applicable tax rate	1,083,272	1,981,336	3,064,608
Different tax rates for specific entities	310,283	(457,132)	(146,849)
Tax effect of:			
Income not subject to tax	(1,696,752)	(691,117)	(2,387,869)
Influence of the change of tax rate on the deferred income tax balance	46,594	17,448	64,042
Expenses not deductible for tax	1,235,207	161,555	1,396,762
Tax losses and temporary differences not recognised	857,872	2,235,405	3,093,277
Tax losses utilised	(193,903)	(360,566)	(554,469)
Under-provision/(over-provision) in prior years	299	(84,817)	(84,518)
Tax incentives on eligible expenditures	(41,082)	(99,901)	(140,983)
Subtotal	1,601,790	2,702,211	4,304,001
Provision for LAT for the year	–	1,118,926	1,118,926
Deferred tax effect of provision for LAT	–	(279,731)	(279,731)
Prepaid LAT for the year	–	1,079,006	1,079,006
Tax effect of prepaid LAT	–	(249,916)	(249,916)
Decrease in deferred LAT in deferred tax liabilities (note 30)	–	(96,440)	(96,440)
Tax expenses	1,601,790	4,274,056	5,875,846

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 RMB924,386,000 (2020: RMB1,079,006,000).

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 RMB1,904,411,000 (2020:RMB1,455,926,000) in respect of the sales of properties in the year in accordance with the requirements set forth in the relevant PRC tax laws and regulations. During the year, there was no unpaid LAT provision (2020: RMB337,000,000) was reversed to the consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group.

11. DIVIDENDS

	2021 RMB'000	2020 RMB'000
2020 final dividend declared in 2021 – HKD0.22 per ordinary share (2019 final dividend declared in 2020 – HKD0.27 per ordinary share)	**1,530,429**	2,042,524

A final dividend of HKD0.22 per ordinary share for the year ended 31 December 2020 was declared and approved by the shareholders at the annual general meeting of the Company on 3 June 2021, amounting to a total of approximately HKD1,843,313,000.

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

On 23 March 2022, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2021 of HKD0.30 per ordinary share, amounting to a total of approximately HKD2,495,635,000, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the share award scheme, and the weighted average number of ordinary shares of 8,345,347,770 (2020: 8,483,146,200) in issue during the year.

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

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent	**10,089,922**	7,999,648
Less: Cash dividends distributed to the share award scheme	**(3,941)**	(1,708)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**10,085,981**	7,997,940
Cash dividends distributed to the share award scheme	**3,941**	1,708
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**10,089,922**	7,999,648

	Number of shares	
	2021	2020
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**8,345,347,770**	8,483,146,200
Effect of dilution – weighted average number of ordinary shares:		
– Share award scheme	**9,114,780**	6,759,770
– Share option scheme	**1,477,959**	13,510
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**8,355,940,509**	8,489,919,480
Basic earnings per share (RMB)	**1.21**	0.94
Diluted earnings per share (RMB)	**1.21**	0.94

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
At 1 January 2020 (Restated)	28,298,230	8,050,770	2,883,322	441,185	416,477	1,345,516	4,097,042	45,532,542
Additions	483,205	809,971	373,033	35,705	391,922	–	3,394,053	5,487,889
Transfer from construction in progress	1,054,666	745,518	30,844	7,576	51,381	–	(1,889,985)	–
Transfer from investment properties (note 14)	4,073	–	–	–	–	–	–	4,073
Transfer to investment properties (note 14)	(660,337)	–	–	–	–	–	–	(660,337)
Acquisition of subsidiaries	2,007,767	462,250	76,687	9,901	252,857	–	39,840	2,849,302
Disposal of subsidiaries	(346,247)	(19,186)	(376,217)	(2,084)	(1,912)	–	(14,170)	(759,816)
Disposals	(293,425)	(358,954)	(164,432)	(46,733)	(139,632)	(3,452)	(141,906)	(1,148,534)
Included in assets classified as held for sale	(62,740)	–	–	–	–	–	–	(62,740)
Exchange realignment	(565,159)	(169,704)	(23,570)	7,776	(57,073)	–	(5,703)	(813,433)
At 31 December 2020 and 1 January 2021 (Restated)	**29,920,033**	**9,520,665**	**2,799,667**	**453,326**	**914,020**	**1,342,064**	**5,479,171**	**50,428,946**
Additions	**422,469**	**838,920**	**329,033**	**40,701**	**542,780**	**–**	**3,908,511**	**6,082,414**
Transfer from construction in progress	**1,311,004**	**1,162,708**	**46,576**	**5,276**	**33,296**	**–**	**(2,558,860)**	**–**
Transfer from investment properties (note 14)	**48,009**	**–**	**–**	**–**	**–**	**–**	**–**	**48,009**
Transfer to investment properties (note 14)	**(102,152)**	**–**	**–**	**–**	**–**	**–**	**–**	**(102,152)**
Transfer to properties under development	**–**	**–**	**–**	**–**	**–**	**–**	**(560,000)**	**(560,000)**
Acquisition of subsidiaries (note 60(a))	**21,941**	**65,497**	**6,739**	**513**	**28,123**	**–**	**258,955**	**381,768**
Disposal of subsidiaries (note 60(b))	**(9,101)**	**(53,241)**	**(122,594)**	**(8,744)**	**(16,279)**	**–**	**(425,118)**	**(635,077)**
Disposals	**(303,569)**	**(570,636)**	**(202,413)**	**(62,061)**	**(347,431)**	**(3,512)**	**(617,371)**	**(2,106,993)**
Included in assets classified as held for sale (note 41)	**(329,948)**	**(52,311)**	**–**	**–**	**–**	**–**	**–**	**(382,259)**
Exchange realignment	**(1,093,248)**	**(322,717)**	**(139,684)**	**(33,068)**	**(246,544)**	**–**	**(33,028)**	**(1,868,289)**
At 31 December 2021	**29,885,438**	**10,588,885**	**2,717,324**	**395,943**	**907,965**	**1,338,552**	**5,452,260**	**51,286,367**

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Accumulated depreciation:	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:								
At 1 January 2020 (Restated)	2,667,117	2,137,372	274,159	288,814	18,479	133,059	–	5,519,000
Charge for the year (note 8)	1,193,794	1,221,414	386,463	54,127	335,400	2,372	–	3,193,570
Transfer to investment properties (note 14)	(26,216)	–	–	–	–	–	–	(26,216)
Disposal of subsidiaries	(97,057)	(15,907)	(82,777)	(1,217)	(736)	–	–	(197,694)
Disposals	(124,477)	(267,247)	(128,214)	(41,829)	(110,787)	–	–	(672,554)
Included in assets classified as held for sale	(20,963)	–	–	–	–	–	–	(20,963)
Exchange realignment	(173,359)	(68,597)	(20,463)	3,021	(17,818)	–	–	(277,216)
At 31 December 2020 and 1 January 2021 (Restated)	**3,418,839**	**3,007,035**	**429,168**	**302,916**	**224,538**	**135,431**	**–**	**7,517,927**
Charge for the year (note 8)	**1,194,739**	**1,283,268**	**292,095**	**54,857**	**431,900**	**471**	**–**	**3,257,330**
Transfer to investment properties (note 14)	**(25,320)**	**–**	**–**	**–**	**–**	**–**	**–**	**(25,320)**
Disposal of subsidiaries (note 60(b))	**(4,752)**	**(24,414)**	**(42,712)**	**(6,865)**	**(13,777)**	**–**	**–**	**(92,520)**
Disposals	**(180,881)**	**(437,039)**	**(157,986)**	**(23,513)**	**(330,418)**	**(913)**	**–**	**(1,130,750)**
Included in assets classified as held for sale (note 41)	**(228,768)**	**(48,767)**	**–**	**–**	**–**	**–**	**–**	**(277,535)**
Exchange realignment	**(265,153)**	**(226,799)**	**(58,239)**	**(36,217)**	**(184,957)**	**–**	**–**	**(771,365)**
At 31 December 2021	**3,908,704**	**3,553,284**	**462,326**	**291,178**	**127,286**	**134,989**	**–**	**8,477,767**
Impairment loss								
At 1 January 2020	134,966	150,327	17,532	664	–	7,537	92,119	403,145
Charge for the year (note 8)	68,925	1,121	–	1	107	–	–	70,154
Transfer to investment properties (note 14)	(939)	–	–	–	–	–	–	(939)
Disposals	(14,950)	–	–	–	–	–	–	(14,950)
Included in assets classified as held for sale	(568)	–	–	–	–	–	–	(568)
Exchange realignment	(5,090)	(138)	189	(4)	–	–	(936)	(5,979)
At 31 December 2020 and 1 January 2021	**182,344**	**151,310**	**17,721**	**661**	**107**	**7,537**	**91,183**	**450,863**
Charge for the year (note 8)	**145,425**	**7,565**	**1,856**	**–**	**335**	**–**	**–**	**155,181**
Transfer to investment properties (note 14)	**(12,751)**	**–**	**–**	**–**	**–**	**–**	**–**	**(12,751)**
Disposals	**(90,296)**	**(5,056)**	**(7,042)**	**–**	**(191)**	**–**	**–**	**(102,585)**
Included in assets classified as held for sale (note 41)	**(568)**	**–**	**–**	**–**	**–**	**–**	**–**	**(568)**
Exchange realignment	**(59,380)**	**(3,638)**	**(5,705)**	**(41)**	**–**	**–**	**(309)**	**(69,073)**
At 31 December 2021	**164,774**	**150,181**	**6,830**	**620**	**251**	**7,537**	**90,874**	**421,067**
Net book value:								
At 31 December 2021	**25,811,960**	**6,885,420**	**2,248,168**	**104,145**	**780,428**	**1,196,026**	**5,361,386**	**42,387,533**
At 31 December 2020 (Restated)	26,318,850	6,362,320	2,352,778	149,749	689,375	1,199,096	5,387,988	42,460,156

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(1) The net book values of property, plant and equipment pledged as security for interest-bearing bank loans granted to the Group are as follows (note 42):

	2021 RMB'000	2020 RMB'000
Buildings	**6,557,577**	4,459,296
Plant and machinery	**2,949**	–
Construction in progress	**378,548**	300,417
	6,939,074	4,759,713

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

	2021 RMB'000	2020 RMB'000
Interest expenses capitalised	**24,481**	30,015

(3) As at 31 December 2021, the Group was in the process of applying for property certificates of plant and office buildings with a net book value of approximately RMB784,326,000 (2020: RMB963,913,000).

14. INVESTMENT PROPERTIES

	Notes	2021 RMB'000	2020 RMB'000
Carrying amount at 1 January		**65,688,473**	59,360,379
Additions		**4,992,496**	3,335,992
Acquisition of subsidiaries	*60(a)*	**199,848**	572,367
Transfer from properties under development		**–**	5,356,492
Transfer from property, plant and equipment	*13*	**64,081**	633,182
Transfer from right-of-use assets	*15*	**–**	163,365
Transfer to property, plant and equipment	*13*	**(48,009)**	(4,073)
Revaluation gain upon transfer from owner-occupied property recognised in other comprehensive income		**5,305**	4,858
Gain on fair value adjustments	*6*	**980,707**	1,747,229
Disposal of subsidiaries	*60(b)*	**(1,792,921)**	–
Disposal		**(898,267)**	(4,024,693)
Exchange realignment		**(1,961,981)**	(1,456,625)
Carrying amount at 31 December		**67,229,732**	65,688,473

The Group's investment properties consist of commercial properties, which are located in the Chinese Mainland, the United States of America, Brazil, Angola, Japan, Italy, Russia, the United Kingdom, Portugal and other countries in Europe. The directors of the Company have determined that the investment properties are commercial assets based on the nature, characteristics and risks of these properties.

The Group engages external appraisers to assist with its determination of the fair values of all investment properties and the Group's policy is that property valuations are performed by the external appraisers on a regular basis. Selection criteria of the appraiser include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Company has discussions with the appraiser on the valuation assumptions and valuation results when the valuation is performed for interim and annual financial reporting.

14. INVESTMENT PROPERTIES *(Continued)*

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

At 31 December 2021, the Group's certain investment properties with a net carrying amount of approximately RMB29,926,806,000 (2020: RMB23,400,126,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2021 using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**67,229,732**	**67,229,732**

	Fair value measurement as at 31 December 2020 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	65,688,473	65,688,473

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2020: Nil).

14. INVESTMENT PROPERTIES *(Continued)*

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

Name of company	Valuation techniques	Significant unobservable inputs	2021 range/weighted average	2020 range/weighted average
28 Liberty	Direct capitalisation approach and discounted cash flow approach	Terminal capitalisation rate (Year 10)	**4.75% to 5.00%**	5.00%
		Discount rate	**6.25% to 6.75%**	6.0% to 6.5%
		Market rent:		
		– modified gross (Year 1) (Square foot/year)	**USD30 to USD225**	USD35 to USD125
Fosun International Center in Beijing	Direct comparison approach and Direct capitalisation approach	Term yield	**5.5% to 6.5%**	5.5% to 6.5%
		Market rent:		
		– per sq.m. and per month	**RMB313 to RMB328**	RMB306 to RMB336
		– per slot of parking space/month	**RMB1205**	RMB1,205
		Level adjustments	**20% to 100%**	20% to 100%
		Market yield	**6.0% to 7.0%**	6.0% to 7.0%
		Reversionary period	**2022/1/1 to 2054/8/30**	2021/1/1 to 2054/8/30
Chengdu Forte International	Direct comparison approach and direct capitalisation approach	Term yield	**4.5% to 5.5%**	4.5% to 5.5%
		Market rent:		
		– per sq.m. and per month	**RMB49 to RMB211**	RMB49 to RMB232
		Level adjustments	**25% to 150%**	30% to 150%
		Market yield	**5.0% to 6.0%**	5.0% to 6.0%
		Reversionary period	**2022/1/1 to 2048/7/2**	2021/1/1 to 2048/7/2
Thomas More Square	Term and reversionary approach	Term yield	**0.99% to 9.39%**	0.37%to 10.2%
		Market yield	**5.28% to 9.20%**	5.25% to 8.65%
		Market rent:		
		– per sq.ft. and per annual	**GBP15 to GBP52.5**	GBP12.5 to GBP56.0
		Occupancy rate	**60% to 100%**	60% to 100%
Broggi Palace	Direct comparison approach and direct capitalisation approach	Terminal capitalisation rate	**4.5%**	4.5%
		Discount rate	**6.5%**	5.5%
		Market rent:		
		– per sq.m. and per annum	**EUR522 to EUR1,047**	EUR463 to EUR935
		Occupancy rate	**70% to 99%**	90% to 99%

14. INVESTMENT PROPERTIES *(Continued)*

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

Name of company	Valuation techniques	Significant unobservable inputs	2021 range/weighted average	2020 range/weighted average
Shenyang Yuyuan Tourist Mart	Direct comparison approach and direct capitalisation approach	Term yield	**6.0%**	6.0%
		Market rent:		
		– per sq.m. and per month	**RMB105 to RMB222**	RMB105 to RMB207
		– per slot of parking space/month	**RMB1800**	RMB1,800
		Level adjustments	**50% to 110%**	50% to 100%
		Market yield	**6.0%**	6.0%
		Reversionary period	**2022/1/1 to 2052/3/1**	2021/1/1 to 2051/10/30
Other commercial properties	Direct comparison approach and direct capitalisation approach	Term yield	**3.0% to 8.0%**	4.0% to 7.0%
		Market rent:		
		– per sq.m. and per month	**RMB18 to RMB413**	RMB18 to RMB398
		– per slot of parking space/month	**RMB237 to RMB1,800**	RMB237 to RMB1,800
		Level adjustments	**20% to 102%**	20% to 100%
		Market yield	**3.0% to 7.5%**	4.0% to 7.5%
		Reversionary period	**2022/1/1 to 2073/5/13**	2021/1/1 to 2073/5/13

The direct comparison approach is a method of valuation based on comparing the property of the Group to be assessed directly with other comparable properties which have been recently changed hands or leased. These premises are generally located in the surrounding areas or in another market which is comparable to the property of the Group. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price/rent likely to be achieved by the property under consideration.

The term and reversion method is a method by capitalising the rental from existing tenancies and the reversionary income potential at an appropriate market yield for the remaining term of the land use rights of the property of the Group. The capitalisation rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality.

The direct capitalisation approach is a method measures the fair value of the property by capitalising the rental from existing tenancies and the reversionary income potential at a market yield rate. The capitalisation rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase/(decrease) in the estimated market rent would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the term yield and market yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of land, buildings, machinery, furniture, fixtures, and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 48 years, while leases of machinery generally have lease terms between 1 and 10 years. Furniture, fixtures and other equipment generally have lease terms of 1 to 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The lease contracts with variable lease payments are further discussed below.

(A) RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold Land RMB'000	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Total RMB'000
At 1 January 2020	5,090,469	13,236,090	388,138	62,665	18,777,362
Additions	183,436	2,740,811	247,469	361,603	3,533,319
Acquisition of subsidiaries	251,007	1,125,309	54	38,831	1,415,201
Depreciation charge (note 8)	(97,117)	(1,900,784)	(129,646)	(201,125)	(2,328,672)
Disposals	–	(128,601)	(65)	(2,062)	(130,728)
Disposals of subsidiaries (note 60(b))	(68,129)	(2,139,146)	–	(8,752)	(2,216,027)
Transfer to investment properties (note 14)	(163,365)	–	–	–	(163,365)
Transfer to properties under development	(103,278)	–	–	–	(103,278)
Exchange realignment	(18,499)	(343,146)	7,652	4,258	(349,735)
As at 31 December 2020 and 1 January 2021	**5,074,524**	**12,590,533**	**513,602**	**255,418**	**18,434,077**
Additions	**156,042**	**2,655,820**	**235,749**	**490,616**	**3,538,227**
Acquisition of subsidiaries (note 60(a))	**24,149**	**662,352**	**–**	**10,257**	**696,758**
Depreciation charge (note 8)	**(93,547)**	**(1,984,079)**	**(147,995)**	**(212,819)**	**(2,438,440)**
Disposals	**(27,537)**	**(95,163)**	**(15,618)**	**(1,893)**	**(140,211)**
Disposals of subsidiaries (note 60(b))	**(189,736)**	**(6,524)**	**–**	**–**	**(196,260)**
Impairment (note 8)	**–**	**(20,002)**	**–**	**–**	**(20,002)**
Transfer to properties under development	**(6,780)**	**–**	**–**	**–**	**(6,780)**
Transfer to non-current assets held for sale (note 41)	**(32,483)**	**–**	**–**	**–**	**(32,483)**
Exchange realignment	**(64,668)**	**(1,103,682)**	**(48,624)**	**(9,154)**	**(1,226,128)**
As at 31 December 2021	**4,839,964**	**12,699,255**	**537,114**	**532,425**	**18,608,758**

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

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

The net book values of prepaid land lease payments and right-of-use assets pledged as security for interest-bearing bank loans granted to the Group are as follows (note 42):

	2021	2020
	RMB'000	RMB'000
Right-of-use assets	**1,596,739**	1,710,219
	1,596,739	1,710,219

(B) LEASE LIABILITIES

The carrying amount of lease liabilities (included under accrued liabilities and other payables and other long term payables) and the movements during the year are as follows:

		2021	2020
	Notes	**RMB'000**	RMB'000
At 1 January		**14,415,011**	14,430,720
Additions		**3,333,285**	3,175,468
Acquisition of subsidiaries	*60(a)*	**672,559**	1,419,447
Disposals		**(140,211)**	(120,571)
Disposals of subsidiaries	*60(b)*	**–**	(2,500,708)
Accretion of interest recognised during the year	*7*	**617,347**	654,878
Covid-19-related rent concessions from lessors		**(268,733)**	(330,278)
Payments		**(2,615,025)**	(2,313,651)
Exchange realignment		**(1,391,790)**	(294)
At 31 December		**14,622,443**	14,415,011
Analysed into:			
Current portion	*45*	**1,993,569**	2,110,586
Non-current portion	*56*	**12,628,874**	12,304,425

The current portion of lease liabilities are included in accrued liabilities and other payables in note 45 and the non-current portion are included in other long-term payables in note 56. The maturity analysis of lease liabilities is disclosed in note 69 to the financial statements.

The Group entered into the lease in respect of certain leasehold properties from the associates and joint ventures. The amounts of lease liabilities by the Group to the related parties under the leases were determined with reference to the amounts charged by the third parties. Included in the Group's lease liabilities are amounts due to the Group's associates and joint ventures of RMB89,189,000 (2020: RMB110,929,000) and RMB109,118,000 (2020: RMB194,829,000), respectively.

As disclosed in note 2.2. to the financial statements, the Group has early adopted the amendment to HKFRS 16 and applied the practical expedient to all eligible rent concessions granted by the lessors for leases of certain plant and equipment during the year.

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(C) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 RMB'000	2020 RMB'000
Interest on lease liabilities	**617,347**	654,878
Depreciation charge of right-of-use assets	**2,438,440**	2,328,672
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2021 and low value leases	**205,027**	351,789
Variable lease payments not included in the measurement of lease liabilities	**64,620**	44,679
Covid-19-related rent concessions from lessors	**(268,733)**	(330,278)
Impairment of right-of-use assets	**20,002**	
Loss on disposal of right-of-use assets	**–**	10,157
Total amount recognised in profit or loss	**3,076,703**	3,059,897

(D) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 61 and 63, respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties consisting of several commercial properties around the world under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB2,380,666,000 (2020: RMB2,490,698,000), details of which are included in note 6 to the financial statements.

At 31 December 2021, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2021 RMB'000	2020 RMB'000
Within one year	**1,450,166**	1,490,362
After one year but within two years	**1,300,882**	1,545,703
After two years but within three years	**1,122,478**	1,290,673
After three years but within four years	**1,003,332**	1,084,647
After four years but within five years	**866,421**	988,745
After five years	**6,794,503**	6,769,492
	12,537,782	13,169,622

16. EXPLORATION AND EVALUATION ASSETS

	2021 RMB'000	2020 RMB'000
At 1 January	555,489	507,028
Additions	175,974	167,420
Exploration assets expensed and written off	(317,372)	(105,375)
Exchange realignment	(2,761)	(13,584)
At 31 December	411,330	555,489

17. MINING RIGHTS

	2021 RMB'000	2020 RMB'000
Cost:		
At 1 January	1,392,126	1,392,126
Additions	–	–
At 31 December	1,392,126	1,392,126
Accumulated amortisation:		
At 1 January	591,217	568,018
Amortisation for the year (note 8)	15,827	23,199
At 31 December	607,044	591,217
Impairment loss:		
At 1 January and 31 December	288,085	288,085
Net book value:		
At 31 December	496,997	512,824
At 1 January	512,824	536,023

18. OIL AND GAS ASSETS

	2021 RMB'000	2020 RMB'000
Cost:		
At 1 January	**3,221,817**	3,159,180
Additions	**174,565**	299,233
Acquisition of subsidiaries (note 60(a))	**807,644**	–
Exchange realignment	**(67,783)**	(236,596)
At 31 December	**4,136,243**	3,221,817
Accumulated amortisation:		
At 1 January	**1,123,396**	911,396
Amortisation for the year (note 8)	**368,548**	305,905
Exchange realignment	**(6,957)**	(93,905)
At 31 December	**1,484,987**	1,123,396
Impairment loss:		
At 1 January	**710,876**	560,728
Charge for the year (note 8)	**–**	194,623
Exchange realignment	**(19,232)**	(44,475)
At 31 December	**691,644**	710,876
Net book value:		
At 31 December	**1,959,612**	1,387,545
At 1 January	**1,387,545**	1,687,056

19. INTANGIBLE ASSETS

	Medicine licences RMB'000	Trademarks RMB'000	Business network and customer relationship RMB'000	Patents, technical know-how and operating concession rights RMB'000	Deferred development costs RMB'000	Others RMB'000	Total RMB'000
Cost:							
At 1 January 2020	931,418	10,236,662	2,505,180	5,226,318	3,163,440	4,434,968	26,497,986
Additions	9,052	80,667	–	117,526	1,385,265	1,428,337	3,020,847
Acquisition of subsidiaries	–	3,300,928	420,866	382	–	616,773	4,338,949
Disposals of subsidiaries	–	(1,504,846)	(451,061)	–	–	(84,284)	(2,040,191)
Disposals	–	(6)	–	(8)	(187,390)	(494,007)	(681,411)
Transfer	1,089,449	–	–	181,880	(1,397,984)	126,655	–
Exchange realignment	104	33,477	(97,934)	(229,514)	2	(20,637)	(314,502)
At 31 December 2020 and 1 January 2021	**2,030,023**	**12,146,882**	**2,377,051**	**5,296,584**	**2,963,333**	**6,007,805**	**30,821,678**
Additions	**28,226**	**5,060**	**62,181**	**18,967**	**1,335,962**	**992,654**	**2,443,050**
Acquisition of subsidiaries (note 60(a))	**–**	**39,478**	**–**	**1,373,672**	**3,317**	**49,863**	**1,466,330**
Disposals of subsidiaries (note 60(b))	**–**	**–**	**–**	**(17,987)**	**–**	**(3,261)**	**(21,248)**
Disposals	**–**	**(11,884)**	**–**	**–**	**–**	**(369,206)**	**(381,090)**
Transfer	**538,459**	**–**	**–**	**291,457**	**(859,971)**	**30,055**	**–**
Exchange realignment	**(12,397)**	**(660,267)**	**24,918**	**23,250**	**(112,134)**	**(361,324)**	**(1,097,954)**
At 31 December 2021	**2,584,311**	**11,519,269**	**2,464,150**	**6,985,943**	**3,330,507**	**6,346,586**	**33,230,766**
Accumulated amortisation:							
At 1 January 2020	43,444	146,640	728,492	699,058	1,711	1,237,724	2,857,069
Provided during the year (note 8)	41,634	98,314	227,830	295,583	–	988,856	1,652,217
Disposals of subsidiaries	–	(57,621)	(32,412)	–	–	(98,797)	(188,830)
Disposals	–	(5)	–	(8)	–	(257,412)	(257,425)
Exchange realignment	449	20,406	(38,570)	(58,576)	–	13,702	(62,589)
At 31 December 2020 and 1 January 2021	**85,527**	**207,734**	**885,340**	**936,057**	**1,711**	**1,884,073**	**4,000,442**
Provided during the year (note 8)	**112,315**	**72,124**	**229,767**	**378,259**	**–**	**1,044,142**	**1,836,607**
Disposals of subsidiaries (note 60(b))	**–**	**–**	**–**	**(12,051)**	**–**	**(1,867)**	**(13,918)**
Disposals	**–**	**(9,868)**	**–**	**–**	**–**	**(320,782)**	**(330,650)**
Exchange realignment	**(37,763)**	**(99,707)**	**36,078**	**68,206**	**–**	**(299,420)**	**(332,606)**
At 31 December 2021	**160,079**	**170,283**	**1,151,185**	**1,370,471**	**1,711**	**2,306,146**	**5,159,875**

19. INTANGIBLE ASSETS *(Continued)*

	Medicine licences RMB'000	Trademarks RMB'000	Business network and customer relationship RMB'000	Patents, technical know-how and operating concession rights RMB'000	Deferred development costs RMB'000	Others RMB'000	Total RMB'000
Impairment loss:							
At 1 January 2020	64,000	–	–	199,396	–	50,633	314,029
Charge for the year (note 8)	–	–	–	–	–	296,750	296,750
Exchange alignment	–	–	–	(11,596)	–	(1,351)	(12,947)
At 31 December 2020 and 1 January 2021	**64,000**	**–**	**–**	**187,800**	**–**	**346,032**	**597,832**
Charge for the year (note 8)	**–**	**–**	**–**	**–**	**152,775**	**87,674**	**240,449**
Exchange alignment	**–**	**–**	**–**	**–**	**–**	**(11,213)**	**(11,213)**
At 31 December 2021	**64,000**	**–**	**–**	**187,800**	**152,775**	**422,493**	**827,068**
Net book value:							
At 31 December 2021	**2,360,232**	**11,348,986**	**1,312,965**	**5,427,672**	**3,176,021**	**3,617,947**	**27,243,823**
At 31 December 2020	1,880,496	11,939,148	1,491,711	4,172,727	2,961,622	3,777,700	26,223,404

At 31 December 2021, certain of the Group's intangible assets with a net carrying amount of approximately RMB76,812,000 (2020: RMB10,800,000) were pledged to secure general banking facilities granted to the Group (note 42).

19. INTANGIBLE ASSETS *(Continued)*

Impairment testing of intangible assets with indefinite useful lives

Certain intangible assets of the Group have indefinite useful lives as the extension costs are low and the intangible assets can be used indefinitely. The Group performs impairment tests for those intangible assets with indefinite useful lives based on individual intangible assets or the respective cash-generating unit depending on whether the recoverable amount of each individual intangible asset can be reliably estimated.

TRADEMARKS

The recoverable amounts of the trademarks have been determined based on the fair values less costs to sell using the relief from royalty method or based on the value-in-use calculations using cash flow projections derived from the financial budgets covering periods ranging from five to ten years approved by management. The royalty rates applied in the relief from the royalty method range from 1.5% to 5.0%. The discount rates used in the relief from royalty calculations or applied to the cash flows projections in the value-in-use calculations are in the range of 9.1% to 19%. Cash flows beyond the period of the financial budget are extrapolated using the estimated long-term growth rates of 1.9% to4.0% which are also estimates of the rates of inflation.

MEDICINE LICENCES

The recoverable amounts of medicine licences have been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering periods ranging from five to nine years approved by management. The discount rates applied to the cash flow projections are in the range of 16% to 19%. The growth rate used to extrapolate the cash flows beyond the forecast period is 3%, which is also an estimate of the rate of inflation.

OPERATING CONCESSION RIGHTS

The recoverable amounts of operating concession rights have been determined based on a value-in-use calculation using cash flow projections based on a financial budget covering a nine-year period approved by senior management. The discount rate applied to the cash flow projection is 18%. The growth rate used to extrapolate the cash flows beyond the forecast period is 3%, which is also an estimate of the rate of inflation.

Assumptions were used in the value-in-use calculation for 31 December 2021 and 31 December 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of indefinite-life intangible assets:

Budgeted gross margins – Management determined budgeted gross margins based on past performance and its expectations for the development of the market.

Discount rates – The discount rates used are the rates of return on investment required by the Group.

Royalty rates – The royalty rates are determined based on comparable or similar transactions.

Growth rates – The growth rates beyond the forecast period are the rates of inflation.

The values assigned to key assumptions are consistent with historical experience of the Group and external information sources.

20. GOODWILL

	Notes	2021 RMB'000	2020 RMB'000
Cost:			
At 1 January		**25,393,337**	20,830,317
Acquisition of subsidiaries	*60(a)*	**1,296,913**	4,855,980
Disposal of subsidiaries	*60(b)*	**(24,241)**	(6,428)
Exchange alignment		**(774,449)**	(286,532)
At 31 December		**25,891,560**	25,393,337
Accumulated impairment:			
At 1 January		**914,186**	577,878
Charge for the year	*8*	**172,556**	336,308
At 31 December		**1,086,742**	914,186
Net book value:			
At 31 December		**24,804,818**	24,479,151
At 1 January		**24,479,151**	20,252,439

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the corresponding subsidiary acquired as the acquired subsidiary is the only cash-generating unit that can benefit from synergy of the acquisition. The impairment test is based on the recoverable amount of the acquired subsidiary to which the goodwill is allocated of the following segments:

– Health
– Happiness
– Insurance
– Asset Management
– Intelligent Manufacturing

The carrying amounts of goodwill are as follows:

	Health	Happiness	Wealth		Intelligent Manufacturing	
			Insurance	Asset management		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021	**12,377,745**	**8,193,820**	**1,211,060**	**849,972**	**2,172,221**	**24,804,818**
2020	11,987,152	8,238,065	1,273,064	872,144	2,108,726	24,479,151

20. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The recoverable amount of each cash-generating unit is determined based on a value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a period ranging from five to ten years. The discount rates applied to the cash flow projections range from 2.4% to 19% (2020: 4.47% to 20%). Cash flows beyond the period of the financial budget are extrapolated using the estimated long-term growth rates of 1% to 4%. Discount rates and the estimated long-term growth rates used for each cash-generating unit within the major segments as at 31 December 2021 are as follows:

	Discount rates	Estimated long-term growth rates
Happiness segment	6.5%-16.5%	1.9%-3.0%
Health segment	15.0%-19.0%	3.0%
Insurance segment	2.4%-11.2%	1.4%-4.0%
Intelligent Manufacturing segment	9.5%	1.0%

Assumptions were used in the value-in-use calculation of the cash-generating units as at 31 December 2021. The following describes each keyassumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – Management determined budgeted gross margins based on past performance and its expectations for the development of the market.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Growth rate – The growth rates beyond the forecast period are the rates of inflation.

21. INVESTMENTS IN JOINT VENTURES

	2021 RMB'000	2020 RMB'000
Share of net assets	**33,337,105**	25,562,886
Loans to joint ventures	**58,500**	58,500
	33,395,605	25,621,386

Loans to joint ventures of RMB58,500,000 are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as part of the Group's net investments in joint ventures.

The Group's amounts due from joint ventures and amounts due to joint ventures are disclosed in note 28 to the financial statements.

Particulars of the Group's principal joint ventures of the Group are set out in note 4 to the financial statements.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2021 RMB'000	2020 RMB'000
Share of the joint ventures' profit for the year	**3,241,598**	1,387,339
Share of the joint ventures' other comprehensive income/(loss)	**49,620**	(47,357)
Share of the joint ventures' total comprehensive income	**3,291,218**	1,339,982
Aggregate carrying amount of the Group' s investments in the joint ventures	**33,395,605**	25,621,386

22. INVESTMENTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Measured using the equity method		
Share of net assets	**77,704,570**	76,425,955
Goodwill on acquisition	**6,405,256**	8,800,813
	84,109,826	85,226,768
Provision for impairment	**(3,347,901)**	(2,202,902)
	80,761,925	83,023,866
Measured at fair value through profit or loss	**12,046,990**	9,230,507
Total	**92,808,915**	92,254,373
Net book value pledged as security for bank loans (note 42)	**14,043,753**	15,884,365

Particulars of the Group's principal associates of the Group are set out in note 4 to the financial statements.

The Group's amounts due from associates and amounts due to associates are disclosed in note 28 to the financial statements.

Sinopharm is considered a material associate of the Group and is accounted for using the equity method.

22. INVESTMENTS IN ASSOCIATES *(Continued)*

The following table illustrates the summarised financial information of Sinopharm adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Current assets	**289,533,207**	266,616,098
Non-current assets	**45,821,744**	44,565,992
Current liabilities	**(219,240,569)**	(203,901,142)
Non-current liabilities	**(16,144,127)**	(17,012,928)
Net assets	**99,970,255**	90,268,020
Net assets attributable to the owners of the parent	**31,519,471**	28,740,688

	2021 RMB'000	2020 RMB'000
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets of the associate, excluding goodwill	**15,444,541**	14,082,937
Carrying amount of the investment	**15,444,541**	14,082,937
Revenues	**521,051,235**	456,414,611
Total comprehensive income for the year	**13,054,245**	12,122,546
Profit for the year attributable to owners of the parent	**3,906,141**	3,629,718
Other comprehensive (loss)/income	**(4,306)**	16,035
Dividend received	**534,100**	464,961

The following table illustrates the aggregate financial information of the Group's associates using the equity method that are not individually material:

	2021 RMB'000	2020 RMB'000
Share of the associates' profit for the year	**3,605,215**	2,105,596
Share of the associates' other comprehensive income	**216,025**	110,130
Share of the associates' total comprehensive income	**3,821,240**	2,215,726
Aggregate carrying amount of the Group's investments in the associates using the equity method	**65,317,384**	68,940,929

23. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 RMB'000	2020 RMB'000
Listed equity investments, at fair value	**451,368**	612,689
Unlisted equity investments, at fair value	**84,123**	133,606
	535,491	746,295
Portion classified as current assets	**–**	–
Non-current portion	**535,491**	746,295

In 2021, the Group disposed certain equity investments at fair value through other comprehensive income at the fair value of RMB242,952,000, resulting from adjustment in its investment strategy. The dividend income during 2021 of the equity instruments disposed of was nil.

The dividend income related to equity investments at fair value through other comprehensive income recognized for the year was RMB5,400,000 (2020: RMB49,473,000) as disclosed in note 6.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RMB'000	2020 RMB'000
Listed investments, at fair value	**33,061,797**	27,650,056
Other unlisted investments, at fair value	**37,066,390**	31,513,387
	70,128,187	59,163,443
Analysed as:		
Equity investments	**52,484,848**	47,419,712
Debt investments	**17,643,339**	11,743,731
	70,128,187	59,163,443
Portion classified as current assets	**(42,528,438)**	(33,969,450)
Non-current portion	**27,599,749**	25,193,993

At 31 December 2021, the Group's financial assets at fair value through profit or loss with a carrying amount of RMB682,898,000 (31 December 2020: RMB3,803,068,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

At 31 December 2021, the Group's debt investments at fair value through profit or loss with a carrying amount of RMB1,334,040,000 (31 December 2020: nil) were pledged to secure assets sold under agreements to repurchase, as set out in note 46 to the financial statements.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The Group elected to apply the overlay approach for certain designated eligible financial assets according to the amendments to HKFRS 4. The designated eligible financial assets applying the overlay approach, which are included in the financial assets at fair value through profit or loss, as at 31 December 2021 are analysed below:

	2021	2020
	RMB'000	RMB'000
Equity investments	**17,571,259**	17,703,370
Debt investments	**568,697**	1,112,193
	18,139,956	18,815,563

During the year ended 31 December 2021, the total amount reported in profit or loss applying the overlay approach reclassified from other comprehensive income was derived from:

	2021	2020
	RMB'000	RMB'000
The amount of gains reported in profit or loss for the designated financial assets under HKFRS 9	**(468,242)**	(165,824)
Less: the amount of (gains)/losses that would have been reported in profit or loss for the designated financial assets as if HKAS 39 had been applied	**(589,504)**	129,045
Amount reported in profit or loss applying the overlay approach	**121,262**	(294,869)

For the year ended 31 December 2021, impairment losses in the amount of RMB138,998,000 for the eligible financial assets (2020: RMB362,993,000) have been recognised in profit or loss as if HKAS 39 had been applied.

25. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 RMB'000	2020 RMB'000
Bonds		
Government bonds	**24,497,611**	34,424,040
Corporate bonds	**49,355,996**	50,704,516
Financial bonds	**6,386,567**	3,247,349
Notes receivable	**668,240**	766,408
	80,908,414	89,142,313
Listed debt investments, at fair value	**75,938,313**	82,428,644
Unlisted debt investments, at fair value	**4,970,101**	6,713,669
	80,908,414	89,142,313
Portion classified as current assets	**(19,253,551)**	(22,771,181)
Non-current portion	**61,654,863**	66,371,132

Analysis of the movements of allowance for ECLs:

	2021 RMB'000	2020 RMB'000
As at the beginning of the year	**863,769**	745,959
Charge for the year	**115,641**	228,270
Reversal	**(167,135)**	(26,583)
Amounts written off	**(70,994)**	(107,489)
Foreign exchange adjustments	**(44,237)**	23,612
At the end of the year	**697,044**	863,769

At 31 December 2021, the Group's debt investments at fair value through other comprehensive income with a carrying amount of RMB336,713,000 (31 December 2020: RMB312,693,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

At 31 December 2021, nil of the Group's debt investments at fair value through other comprehensive income (31 December 2020: 276,553,000) were pledged to secure assets sold under agreements to repurchase, as set out in note 46 to the financial statements.

26. DEBT INVESTMENTS AT AMORTISED COST

	Note	2021 RMB'000	2020 RMB'000
Debt investments			
Bonds			
Government bonds		**13,463,089**	18,463,262
Financial bonds		**7,715,383**	10,099,479
Corporate bonds		**444,024**	465,635
Assets held under reverse repurchase agreements		**257,967**	2,861,382
Loans receivable	*(i)*	**4,117,132**	2,948,195
		25,997,595	34,837,953
Impairment allowance		**(13,121)**	(25,063)
		25,984,474	34,812,890
Portion classified as current assets		**(6,319,685)**	(11,071,593)
Non-current portion		**19,664,789**	23,741,297

At 31 December 2021, the Group's debt investments at amortised cost with a carrying amount of RMB1,491,406,000 (31 December 2020: RMB1,989,165,000) were pledged for refinancing operations and those of RMB4,942,700,000 (31 December 2020: RMB6,064,194,000) were restricted as a result of the security lending business.

26. DEBT INVESTMENTS AT AMORTISED COST *(Continued)*

Note:

(i) The details of the loans and receivables are set out as follows:

		2021			2020		
	Note	**Effective interest rate (%)**	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current							
Loans receivable from related parties – unsecured	*(1)*	**0-10**	**On demand or mature in 2022**	**2,702,875**	0-15	On demand or mature in 2021	896,973
Loans receivable from third parties – secured		**15**	**On demand**	**32,600**	15	On demand	32,600
Loans receivable from third parties – unsecured		**0-9.5**	**On demand**	**722,608**	0-15	On demand	1,151,451
				3,458,083			2,081,024
Non-current							
Loans receivable from related parties – unsecured		**–**	**–**	**–**	3.5-5.23	2022	726,617
Loans receivable from third parties – secured		**1**	**2024**	**23,016**	1	2022	24,222
Loans receivable from third parties – unsecured		**0-7.98**	**No fixed terms or from 2023 to 2040**	**636,033**	1-1.5	No fixed terms or from 2022 to 2038	116,332
				659,049			867,171
				4,117,132			2,948,195

Notes:

(1) As at 31 December 2021, the current portion of loans receivable to related parties comprises:

- a shareholders' loan of RMB710,355,000 provided to Acacias Property S.à r.l Limited, a joint venture, which is unsecured, bears interest at a fixed interest rate of 3.50% per annum and is repayable in 2022;
- a shareholders' loan of RMB179,713,000 provided to Fosun Fashion Group (Cayman) Limited, an associate, which is unsecured, bears interest at an interest rate of 10% and is repayable in 2022.
- a shareholders' loan of RMB140,853,000 provided to Fosun Fashion Group (Cayman) Limited, an associate, which is unsecured, bears interest at an interest rate of 6% and is repayable in 2022.
- a shareholders' loan of RMB1,272,914,000 provided to Shanghai Fuyi Industrial Development Co., Ltd, a joint venture, which is unsecured, interest-free and is repayable on demand.
- a shareholders' loan of RMB1,927,000 provided to Nature's Sunshine (Far East) Limited, an associate, which is unsecured, bears interest at an interest rate of 3% and is repayable in 2022.
- a shareholders' loan of RMB9,385,000 provided to StarKids Children's Hospital Shanghai, an associate, which is unsecured, bears interest at the benchmark LPR interest rate for the loan for the same period and is repayable in 2022.
- a shareholders' loan of RMB198,888,000 provided to FPH Europe Holdings III (HK) Limited, a joint venture, which is unsecured, bears interest at a fixed interest rate of 3.50% per annum and is repayable in 2022.
- a shareholders' loan of RMB188,840,000 provided to Fosun Kite Biotechnology Co., Ltd., a joint venture, which is unsecured, bears interest at 10% higher than the benchmark LPR interest rate for the same period and is repayable in 2022.

27. PROPERTIES UNDER DEVELOPMENT

	2021 RMB'000	2020 RMB'000
Land cost	**37,636,495**	35,077,375
Construction costs	**8,849,278**	15,536,835
Capitalised finance costs	**4,723,091**	4,580,763
	51,208,864	55,194,973
Provision for impairment of properties under development	**–**	–
	51,208,864	55,194,973
Portion classified as current assets	**(38,007,620)**	(36,961,448)
	13,201,244	18,233,525

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2021 RMB'000	2020 RMB'000
Net book value pledged (note 42)	**24,654,365**	28,695,758

Additions to properties under development include:		
Interest expense capitalised in respect of bank and other borrowings (note 7)	**1,680,464**	1,657,497

The Group's properties under development are mainly situated in China.

28. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
Due from related companies:			
Associates	(i)/(ii)	**3,572,813**	3,058,508
Joint ventures	(iii)	**14,628,615**	9,848,064
Other related companies		**8,660**	19,969
		18,210,088	12,926,541
Portion classified as current assets		**(16,739,960)**	(11,851,404)
Non-current portion	(i)	**1,470,128**	1,075,137

Notes:

(i) As at 31 December 2021, the balances due from associates included the amount of RMB1,220,934,000 (2020: RMB1,106,195,000), which was non-trade in nature, unsecured, interest-free and repayable on demand. The balances due from associates also included an amount of RMB913,697,000 (2020: RMB941,181,000) which was non-trade in nature, unsecured, bore interest at a fixed interest rate of 7.80% per annum and will be repayable in 2026. The balances due from associates included the amount of RMB553,281,000 (2020: RMB132,365,000), which was non-trade in nature, unsecured, interest-free and will not be repaid within one year.

(ii) As at 31 December 2021, the balances due from associates included an amount of RMB884,901,000 (2020: RMB878,767,000), which was trade in nature, interest-free and repayable on demand.

(iii) As at 31 December 2021, the balances due from joint ventures included an amount of RMB11,799,428,000 (2020: RMB6,784,518,000), which was non-trade in nature, unsecured, interest-free and repayable on demand.

As at 31 December 2021, the balances due from joint ventures included an amount of RMB2,745,856,000 (2020: RMB3,012,069,000), which was non-trade in nature, unsecured, bore interest at a fixed interest rate of 7.00%-8.00% per annum and repayable on demand. The balances due from joint ventures included an amount of RMB80,181,000 (2020: RMB49,886,000), which was trade in nature, interest-free and repayable on demand. The balances due from joint ventures as at 31 December 2021 included the amount of RMB3,150,000 (2020: RMB1,591,000), which was non-trade in nature, interest-free and will not be repaid within one year.

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
Due to the holding company	(iv)	**2,770,224**	3,659,378
Due to the related companies :			
Associates	(v)	**1,947,869**	2,892,761
Non-controlling shareholders of subsidiaries		**–**	3,765
Joint ventures	(vi)	**1,888,440**	259,363
Other related companies		**–**	1,353
		3,836,309	3,157,242

(iv) As at 31 December 2021, the balances due to the holding company included an amount of RMB2,770,224,000(2020: RMB3,000,000,000), which was non-trade in nature, unsecured, interest-free and will not be repaid within one year.

(v) As at 31 December 2021, the balances due to associates included an amount of RMB1,733,954,000 (2020: RMB1,799,482,000), which was non-trade in nature, unsecured, interest-free and repayable on demand. The balances due to associates included an amount of nil (2020: RMB923,453,000) which was non-trade in nature, unsecured, interest-free and will not be repaid within one year. The balances due to associates included an amount of RMB213,915,000 (2020: RMB135,975,000), which was trade in nature, interest-free and repayable on demand.

(vi) As at 31 December 2021, the balances due to joint ventures included an amount of RMB1,888,440,000(2020: RMB256,328,000), which was non-trade in nature, unsecured, interest-free and repayable on demand.

29. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2021 RMB'000	2020 RMB'000 (Restated)
Prepayments consist of:		
Prepayments for purchase of pharmaceutical materials	**1,538,536**	1,287,834
Prepayments for purchase of construction materials	**96,277**	94,961
Prepayments for purchase of tourism services	**696,867**	649,243
Prepayments for purchase of equipment and others	**1,144,046**	1,039,740
Prepaid tax	**2,948,263**	2,560,953
Prepaid expenses	**1,614,526**	1,775,102
Deposits*	**12,612,235**	3,803,281
Other receivables consist of:		
Funding provided to third parties	**5,214,785**	4,222,722
Tax recoverable	**1,202,644**	1,518,511
Receivable for consideration of disposal of equity investments	**669,777**	1,081,545
Others	**7,840,180**	7,218,932
Prepayments for the proposed equity investments	**660,190**	987,833
Prepayments for the acquisition of the land	**7,600**	56,500
	36,245,926	26,297,157
Impairment allowance	**(884,644)**	(905,027)
	35,361,282	25,392,130
Classified as current assets portion	**(30,819,560)**	(21,215,726)
Non-current portion	**4,541,722**	4,176,404

* Includes various deposit for derivative transactions, property development business, and good faith deposit for investments, etc.

30. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from debt investments at fair value through other comprehensive income RMB'000	Fair value adjustments arising from equity investments designated at fair value through other comprehensive income RMB'000	Additional LAT provisions RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2020 (as restated)	2,041,142	1,914,052	109,551	104,652	310,426	1,654,776	1,223,625	7,358,224
Acquisition of subsidiaries	43,632	107,631	1,087	–	–	–	60,885	213,235
Disposal of subsidiaries (note 60(b))	(474)	–	–	–	–	–	(819)	(1,293)
Deferred tax credited to reserves during the year	–	11,446	–	11,854	7,461	–	14,541	45,302
Deferred tax charged to reserves for financial assets applying the overlay approach during the year	–	–	(36,465)	–	–	–	–	(36,465)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	472,419	169,108	–	(19,875)	–	279,731	(144,307)	757,076
Exchange realignment	10,044	60,076	(2,041)	(81,012)	476	(52,436)	(25,408)	(90,301)
Gross deferred tax assets at 31 December 2020 and 1 January 2021	2,566,763	2,262,313	72,132	15,619	318,363	1,882,071	1,128,517	8,245,778
Acquisition of subsidiaries (note 60(a))	**–**	**5,202**	**–**	**–**	**–**	**–**	**12,624**	**17,826**
Disposal of subsidiaries (note 60(b))	**(744)**	**(8,028)**	**–**	**–**	**–**	**(14,412)**	**(17,017)**	**(40,201)**
Deferred tax credited/(charged) to reserves during the year	**–**	**(4,758)**	**–**	**102,393**	**7,166**	**–**	**(21,613)**	**83,188**
Deferred tax charged to reserves for financial assets applying the overlay approach during the year	**–**	**–**	**75,435**	**–**	**–**	**–**	**–**	**75,435**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	**379,539**	**326,856**	**(48,891)**	**(16,320)**	**–**	**247,939**	**7,180**	**896,303**
Exchange realignment	**(92,907)**	**(97,054)**	**(40,235)**	**(39,478)**	**(12,313)**	**(4,410)**	**(107,084)**	**(393,481)**
Gross deferred tax assets at 31 December 2021	**2,852,651**	**2,484,531**	**58,441**	**62,214**	**313,216**	**2,111,188**	**1,002,607**	**8,884,848**

30. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows: *(continued)*

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from debt investments at fair value through other comprehensive income RMB'000	Revaluation of investment properties RMB'000	Deemed disposal of associates RMB'000	Deferred LAT RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities At 1 January 2020	8,766,439	1,735,526	582,561	2,359,138	2,073,178	39,352	1,734,686	17,290,880
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year (note 10)	(531,552)	540,337	–	715,666	(140,705)	(96,440)	80,150	567,456
Deferred tax credited to reserves during the year	–	–	89,689	2,561	–	–	59,399	151,649
Deferred tax credited to reserves for financial assets applying the overlay approach during the year	–	8,828	–	–	–	–	–	8,828
Acquisition of subsidiaries	945,679	–	–	–	–	257,577	51,849	1,255,105
Disposal of subsidiaries (note 60(b))	(287,128)	(14,743)	–	–	–	–	(91,426)	(393,297)
Exchange realignment	(252,482)	76,640	(9,032)	(44,705)	(46,298)	(3,253)	(24,686)	(303,816)
Gross deferred tax liabilities at 31 December 2020 and 1 January 2021	8,640,956	2,346,588	663,218	3,032,660	1,886,175	197,236	1,809,972	18,576,805
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year (note 10)	**(316,873)**	**636,595**	**–**	**2,740**	**194,769**	**(125,155)**	**(123,465)**	**268,611**
Deferred tax credited to reserves during the year	**–**	**–**	**(196,193)**	**(1,385)**	**–**	**–**	**18,405**	**(179,173)**
Deferred tax credited to reserves for financial assets applying the overlay approach during the year	**–**	**99,110**	**–**	**–**	**–**	**–**	**–**	**99,110**
Acquisition of subsidiaries (note 60(a))	**233,189**	**455**	**–**	**–**	**–**	**–**	**150,600**	**384,244**
Disposal of subsidiaries (note 60(b))	**–**	**–**	**–**	**(3,971)**	**–**	**–**	**(1,695)**	**(5,666)**
Exchange realignment	**(176,024)**	**(40,769)**	**(68,105)**	**(93,976)**	**(20,507)**	**(1,099)**	**(26,747)**	**(427,228)**
Gross deferred tax liabilities at 31 December 2021	**8,381,248**	**3,041,978**	**398,920**	**2,936,068**	**2,060,437**	**70,982**	**1,827,070**	**18,716,703**

30. DEFERRED TAX *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities amounting to RMB1,944,969,000 (2020: RMB1,922,352,000) have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021	2020
	RMB'000	RMB'000
		(Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	**6,939,879**	6,323,426
Net deferred tax liabilities recognised in the consolidated statement of financial position	**16,771,734**	16,654,453

As at 31 December 2021, the deferred tax assets were recognised for certain entities within the Group which suffered accumulated losses as at the end of 2021. The directors are of the opinion that these entities could generate sufficient future taxable profits to utilise the deferred tax assets recognised as at 31 December 2021.

Deferred tax assets have not been recognised in respect of the following items as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the following items can be utilised:

	2021	2020
	RMB'000	RMB'000
		(Restated)
Tax losses	**40,879,336**	31,746,019
Deductible temporary differences	**3,644,574**	2,550,064
	44,523,910	34,296,083

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding corporate income tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding corporate income tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable withholding rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and joint ventures established in Chinese Mainland in respect of earnings generated from 1 January 2008. At 31 December 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of unrecognized deferred tax liabilities (i.e., withholding taxes relating to such temporary differences) was approximately RMB3,069,823,000 at 31 December 2021 (2020: RMB2,770,230,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. INVENTORIES

	2021 RMB'000	2020 RMB'000
Raw materials	**3,251,581**	2,965,269
Work in progress	**10,776,850**	8,009,889
Finished goods	**8,574,757**	6,994,328
Spare parts and consumables	**247,886**	125,915
	22,851,074	18,095,401
Less: provision for inventories	**(587,736)**	(430,801)
	22,263,338	17,664,600
Current portion	**22,263,338**	17,664,600

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2021 RMB'000	2020 RMB'000
Net book value pledged (note 42)	**431,954**	470,817

32. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED CONTRACTS

	2021 RMB'000	2020 RMB'000
Financial assets designated as at fair value through profit or loss:		
Debt instruments	**4,542,394**	2,488,587
Equity instruments	**1,146,718**	665,557
Investment funds	**4,841,221**	665,199
Other derivatives	**880,552**	–
Sight deposits	**1,028,923**	388,399
Others	**268,813**	(6,413)
	12,708,621	4,201,329
Portion classified as current assets	**(2,049,768)**	(468,689)
Non-current portion	**10,658,853**	3,732,640

The above assets are held for policyholders of unit-linked products.

33. INSURANCE AND REINSURANCE DEBTORS

	2021 RMB'000	2020 RMB'000
Amounts due from insurance customers and reinsurers	**17,515,878**	17,801,151
Provision for impairment	**(317,375)**	(439,497)
	17,198,503	17,361,654
Portion classified as current assets	**(17,118,624)**	(17,285,390)
Non-current portion	**79,879**	76,264

The following is an ageing analysis of the amounts due from insurance customers:

	2021 RMB'000	2020 RMB'000
Neither past due nor impaired	**11,258,614**	12,669,287
Past due but not impaired	**5,939,889**	4,692,367
Past due and impaired	**317,375**	439,497
	17,515,878	17,801,151

The amount of impaired debts is RMB317,375,000 (31 December 2020: RMB439,497,000). Various actions have been taken to recover the debts, but these debts have not been recovered and hence impairment is provided.

Movements in the provision for impaired debts are as follows:

	2021 RMB'000	2020 RMB'000
At 1 January	**439,497**	199,210
Amount written off as uncollectible	**(85,028)**	(10,370)
Provision of impairment losses	**–**	203,186
Exchange realignment	**(37,094)**	47,471
At 31 December	**317,375**	439,497

34. REINSURERS' SHARE OF INSURANCE CONTRACT PROVISIONS

The reinsurers' share of insurance contract provisions represents the reinsurers' share of life insurance contract liabilities, unearned premium provisions and provision for outstanding claims arising from the life insurance, property and casualty insurance and reinsurance businesses.

	2021 RMB'000	2020 RMB'000
Life insurance contract liabilities	208,969	183,452
Unearned premium provisions	1,458,766	1,594,496
Provision for outstanding claims	9,448,612	8,363,662
Others	574,557	453,234
	11,690,904	10,594,844
Portion classified as current assets	(7,404,807)	(5,825,518)
Non-current portion	4,286,097	4,769,326

35. CASH AND BANK BALANCES AND TERM DEPOSITS

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
Cash on hand		406,109	63,917
Cash at banks, unrestricted		85,851,618	93,710,557
Cash and cash equivalents		86,257,727	93,774,474
Pledged bank balances	*(1)*	2,153,486	3,894,736
Time deposits with original maturity of more than three months		5,531,824	6,014,155
Restricted pre-sale proceeds	*(2)*	2,347,690	2,699,497
Required reserve deposits	*(3)*	488,792	464,350
		96,779,519	106,847,212
Portion classified as current assets		(96,278,048)	(105,725,216)
Non-current portion – term deposits		501,471	1,121,996

35. CASH AND BANK BALANCES AND TERM DEPOSITS *(Continued)*

Notes:

		2021 RMB'000	2020 RMB'000 (Restated)
(1)	Pledged bank balances to secure bank loans (note 42)	**93,989**	551,975
	Pledged bank balances to secure investment	**–**	1,505,301
	Bank balances as various deposits	**2,059,497**	1,820,795

(2) In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

(3) Required reserve deposits amounting to RMB488,792,000 (2020: RMB464,350,000) are placed by Shanghai Fosun High Technology Group Finance Co., Ltd. ("Finance Company"), an indirect subsidiary of the Company, with the People's Bank of China ("PBOC"). The reserve deposits with the PBOC are not available for use in the Group's daily operations.

(4) The Group has certain deposits in Tebon Securities Co., Ltd., a company controlled by the ultimate controlling shareholder of the Group. The balance as at 31 December 2021 was RMB46,963,000 (2020: RMB291,734,000).

(5) The Group has certain deposits in Banco Comercial Português, S.A., an associate of the Group. The balance as at 31 December 2021 was RMB578,104,000 (2020: RMB47,240,000).

In the preparation of the consolidated statement of cash flows, pledged bank balances, time deposits with original maturity of more than three months, restricted pre-sale proceeds from properties and required reserve deposits have been excluded from cash and cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short- term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

36. LOANS AND ADVANCES TO CUSTOMERS

	2021 RMB'000	2020 RMB'000
Corporate loans and advances		
– Loans and advances	**13,574,019**	3,810,443
Personal loans		
– Mortgages	**500,913**	77,000
– Other	**2,910,615**	692,695
	3,411,528	769,695
Total loans and advances	**16,985,547**	4,580,138
Allowance for impairment		
– Corporate loans and advances	**(47,622)**	(41,357)
– Personal loans	**(144,053)**	(141,624)
	(191,675)	(182,981)
Loans and advances to customers, net	**16,793,872**	4,397,157
Portion classified as current assets	**(15,469,317)**	(4,035,666)
Non-current portion	**1,324,555**	361,491

	2021 RMB'000	2020 RMB'000
Gross loans and advances to customers	**16,985,547**	4,580,138
Allowance for impairment		
– Individually assessed	**(187,263)**	(159,103)
– Collectively assessed	**(4,412)**	(23,878)
	(191,675)	(182,981)
Loans and advances to customers, net	**16,793,872**	4,397,157

The movements in the allowance for impairment of loans and advances to customers are as follows:

	2021 RMB'000	2020 RMB'000
As at 1 January	**182,981**	229,938
Allowance for impairment losses	**16,340)**	31,198
Amount written off as uncollectible	**–**	(76,997)
Exchange differences	**(7,646)**	(1,158)
At 31 December	**191,675**	182,981

37. DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2021

	Fair value	
	Assets	**Liabilities**
	RMB'000	**RMB'000**
Derivatives held for trading		
Currency derivatives		
Currency forwards, futures and swaps,and cross-currency interest rate swaps	**1,096,292**	2,173,726
Interest rate derivatives		
Interest rate swaps	**1,514,115**	1,484,019
Interest rate futures	**15,940**	8,635
Interest rate options	**59,378**	59,378
Equity derivatives	**90,589**	56,236
Other derivatives	**161,110**	1,449,534
	2,937,424	5,231,528
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards, futures and swaps	**112,439**	292,232
Interest rate derivatives		
Interest rate swaps	**–**	217,031
Interest rate options	**7,719**	–
	120,158	509,263
	3,057,582	5,740,791
Portion classified as current assets/liabilities	**(1,512,688)**	(3,027,559)
Non-current portion	**1,544,894**	2,713,232

37. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

31 December 2020

	Fair value Assets RMB'000	Liabilities RMB'000
Derivatives held for trading		
Currency derivatives		
Currency forwards, futures and swaps,and cross-currency interest rate swaps	1,477,295	1,707,108
Interest rate derivatives		
Interest rate swaps	332,272	367,808
Interest rate futures	1,302	841
Interest rate options	–	477
Commodity derivatives and others	86,044	49,155
Equity derivatives	747	26,596
	1,897,660	2,151,985
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards, futures and swaps	113,452	184,483
Interest rate derivatives		
Interest rate swaps	777	356,689
	114,229	541,172
	2,011,889	2,693,157
Portion classified as current assets/liabilities	(1,604,363)	(2,021,960)
Non-current portion	407,526	671,197

38. FINANCE LEASE RECEIVABLES

Total future minimum lease receivables under finance leases and their present values are as follows:

	2021 RMB'000	2020 RMB'000
Gross lease receivables:		
Within one year	**622,943**	1,360,969
In the second year	**369,484**	511,201
In the third to fifth years, inclusive	**129,844**	178,218
Total minimum finance lease receivables	**1,122,271**	2,050,388
Unearned finance income	**(113,365)**	(188,530)
Future value-added tax	**(134,645)**	(198,471)
Provision for lease receivables	**(35,572)**	(66,915)
	838,689	1,596,472
Portion classified as current finance lease receivables	**(612,374)**	(1,351,935)
Non-current portion	**226,315**	244,537

At 31 December 2021, the Group's finance lease receivables with a carrying amount of RMB670,276,000 (2020: RMB1,071,603,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

The movement in the allowance for impairment of finance lease receivables is as follows:

	2021 RMB'000	2020 RMB'000
At 1 January	**66,915**	46,538
Additions (note 8)	**32,881**	20,377
Written off	**(64,224)**	–
At 31 December	**35,572**	66,915

39. TRADE AND NOTES RECEIVABLES

	2021 RMB'000	2020 RMB'000 (Restated)
Trade receivables	**9,898,180**	8,668,940
Notes receivable	**720,160**	351,607
	10,618,340	9,020,547

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

	2021 RMB'000	2020 RMB'000 (Restated)
Outstanding balances with ages:		
Within 90 days	**6,932,049**	5,901,306
91 to 180 days	**1,542,199**	1,718,135
181 to 365 days	**1,072,648**	627,514
1 to 2 years	**458,445**	371,935
2 to 3 years	**239,691**	193,354
Over 3 years	**269,834**	241,327
	10,514,866	9,053,571
Less: Loss allowance for trade receivables	**616,686**	384,631
	9,898,180	8,668,940

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 RMB'000	2020 RMB'000
At the beginning of the year	**384,631**	400,549
Amount written off as uncollectible	**(42,863)**	(93,181)
Disposal of subsidiaries	**(3,465)**	(90,330)
Impairment losses, net	**278,301**	165,251
Exchange realignment	**82**	2,342
At the end of the year	**616,686**	384,631

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, the balances are grouped based on credit risk characteristics and the ageing analysis. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

39. TRADE AND NOTES RECEIVABLES *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2021

	Less than 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	**2.29%**	**5.49%**	**5.96%**	**65.99%**	
Gross carrying amount (RMB'000)	**8,474,248**	**1,072,648**	**458,445**	**509,525**	**10,514,866**
Expected credit losses (RMB'000)	**194,197**	**58,907**	**27,327**	**336,255**	**616,686**

31 December 2020 (Restated)

	Less than 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.60%	1.21%	20.31%	58.78%	
Gross carrying amount (RMB'000)	7,619,441	627,514	371,935	434,681	9,053,571
Expected credit losses (RMB'000)	45,971	7,614	75,546	255,500	384,631

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

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

At 31 December 2021, the Group's trade and notes receivables with a carrying amount of approximately RMB343,442,000 (31 December 2020: RMB149,532,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

40. CONTRACT ASSETS AND OTHER ASSETS

	Note	2021 RMB'000	2020 RMB'000
Other Assets			
Costs for obtaining contracts	*(1)*	**781**	78,129
Right-of-return assets		**35,344**	31,847
Portion classified as current assets		**(36,125)**	(97,410)
Non-current portion		**–**	12,566

(1) Management expects that the incremental costs, primarily sales commission and stamp duty paid/payable as a result of obtaining the property sales contracts, are recoverable. The Group has capitalised the amounts and amortised them when the related revenue is recognised. There was no capitialisation for the year of 2021 (2020: RMB38,634,000) and the amount of amortisation was RMB77,348,000 for the year of 2021 (2020: RMB125,736,000).

The expected timing of recovery or settlement for contract assets and other assets as at 31 December 2021 is as follows:

	2021 RMB'000	2020 RMB'000
Within one year	**36,125**	97,410
More than one year	**–**	12,566
	36,125	109,976

41. NON-CURRENT ASSETS/LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

	2021 RMB'000	2020 RMB'000
Carrying amount of the assets classified as held for sale	**556,217**	792,496
Liabilities directly associated with the assets classified as held for sale	**27,151**	4,614
Assets		
Investment in an associate*	**419,578**	717,787
Property, plant and equipment (note13)	**104,156**	41,209
Right-of-use assets (note15)	**32,483**	–
Investment properties	**–**	32,248
Deferred tax assets	**–**	1,252
Non-current assets classified as held for sale	**556,217**	792,496
Liabilities		
Accrued liabilities and other payables	**27,151**	–
Deferred tax liabilities	**–**	4,614
Liabilities directly associated with the assets classified as held for sale	**27,151**	4,614

At 31 December 2021, nil of the Group's non-current assets classified as held for sale (2020: 717,787,000) were pledged to secure bank loans, as set out in note 42 to the financial statements.

* In August 2021, Fosun Pharma, a subsidiary of the Group, announced its board resolution to dispose the 25.00% equity share of Tianjin Pharmaceutical Group Co., Ltd. ("Tianjin Pharmaceutical") to a third party. The consideration of the disposal was RMB1,432,563,000. The transaction of disposal will be completed in three instalments, and 8.33% of the equity interest of Tianjin Pharmaceutical will be disposed equally. By 31 December 2021, Fosun Pharma had signed a legally binding transfer agreement and received advance payment amounting to RMB477,521,000 regarding to the disposal consideration of 8.33% equity interest of Tianjin Pharmaceuticals, which will be completed before December 31, 2022. The Group reclassified the carrying value of 8.33% equity investment of Tianjin Pharmaceuticals from investments in associates to non-current assets held for sale as at 31 December 2021, accordingly.

42. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2021 RMB'000	2020 RMB'000
Bank loans:	(1)		
Guaranteed		450,175	820,000
Secured		45,076,757	42,716,938
Unsecured		86,359,841	76,041,910
		131,886,773	119,578,848
Corporate bonds and enterprise bonds	(2)	32,662,840	38,749,139
Private placement notes		–	1,002,826
Private placement bonds	(3)	3,044,482	4,436,030
Senior notes	(4)	35,191,798	32,613,393
Medium-term notes	(5)	14,819,948	17,935,947
Super short-term commercial papers	(6)	6,080,270	2,029,786
Other borrowings, secured	(7)	10,626,334	12,563,192
Other borrowings, unsecured	(7)	2,807,040	893,263
Total		237,119,485	229,802,424
Repayable:			
Within one year		105,227,290	89,339,137
In the second year		41,636,777	47,461,776
In the third to fifth years, inclusive		68,574,175	76,092,545
Over five years		21,681,243	16,908,966
		237,119,485	229,802,424
Portion classified as current liabilities		(105,227,290)	(89,339,137)
Non-current portion		131,892,195	140,463,287

42. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(1) Certain of the Group's bank loans are secured by the pledges of assets with carrying values at the end of each reporting period as follows:

	Notes	2021 RMB'000	2020 RMB'000
Pledge of assets:			
Buildings	13	**6,557,577**	4,459,296
Plant and machinery	13	**2,949**	–
Construction in progress	13	**378,548**	300,417
Investment properties	14	**29,926,806**	23,400,126
Right-of-use assets	15	**1,596,739**	1,710,219
Properties under development	27	**24,654,365**	28,695,758
Completed properties for sale		**5,971,743**	1,881,810
Trade and notes receivables	39	**343,442**	149,532
Pledged bank balances	35	**93,989**	551,975
Finance lease receivables	38	**670,276**	1,071,603
Inventories	31	**431,954**	470,817
Investment in associates	22	**14,043,753**	15,884,365
Financial assets at fair value through profit or loss	24	**682,898**	3,803,068
Debt investments designated at fair value through comprehensive income	25	**336,713**	312,693
Intangible assets	19	**76,812**	10,800
Investment in associates included in assets classified as held for sale	41	**–**	717,787

Apart from the above, certain interest-bearing bank borrowings are secured by investments in subsidiaries as at 31 December 2021.

As at 31 December 2021, interest-bearing bank and other borrowings amounted to RMB369,790,600 (2020: nil) were guaranteed by Fosun Holdings Limited, which is the holding company of the Group. Interest-bearing bank and other borrowings amounted to RMB80,384,615 (2020: RMB820,000,000) as at 31 December 2021 were guaranteed by third parties.

The bank loans bear interest at rates ranging from 0.00% to 12.15% (2020: 0.00% to 7.60%) per annum.

(2) Corporate bonds and enterprise bonds

On 14 March 2017, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,250,000,000 and an effective interest rate of 4.66% per annum. On 14 March 2020, Fosun Pharma repaid in advance with a par value of RMB158,050,000. Interest is paid annually in arrears and the maturity date is 14 March 2022.

On 12 January 2018, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,200,000,000 and an effective interest rate of 6.56% per annum. On 12 January 2021, Fosun High Technology repaid in advance with a par value of RMB999,400,000. Interest is paid annually in arrears and the maturity date is 12 January 2023.

On 12 March 2018, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB600,000,000 and an effective interest rate of 6.89% per annum. On 12 March 2021, Fosun High Technology repaid in advance with a par value of RMB450,000,000. Interest is paid annually in arrears and the maturity date is 12 March 2023.

On 13 August 2018, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,300,000,000 and an effective interest rate of 5.15% per annum. On 13 August 2021, Fosun Pharma repaid in advance with a par value of RMB554,999,000. Interest is paid annually in arrears and the maturity date is 13 August 2023.

On 22 November 2018, Fosun High Technology issued four-year domestic corporate bonds with a par value of RMB2,200,000,000 and an effective interest rate of 5.40% per annum. On 22 November 2020, Fosun High Technology repaid in advance with a par value of RMB251,500,000. Interest is paid annually in arrears and the maturity date is 22 November 2022.

On 26 November 2018, Yuyuan issued five-year domestic corporate bonds with a par value of RMB2,000,000,000 and an effective interest rate of 4.97% per annum. On 26 November 2021, Yuyuan repaid in advance with a par value of RMB1,474,566,000. Interest is paid annually in arrears and the maturity date is 26 November 2023.

On 30 November 2018, Fosun Pharma issued four-year domestic corporate bonds with a par value of RMB500,000,000 and an effective interest rate of 4.54% per annum. On 30 November 2020, Fosun Pharma repaid in advance with a par value of RMB260,000,000. Interest is paid annually in arrears and the maturity date is 30 November 2022.

42. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(2) Corporate bonds and enterprise bonds (Continued)

On 30 November 2018, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 4.75% per annum. On 30 November 2021, Fosun Pharma repaid in advance with a par value of RMB991,050,000. Interest is paid annually in arrears and the maturity date is 30 November 2023.

On 27 November 2019, Yuyuan issued five-year domestic corporate bonds with a par value of RMB600,000,000 and an effective interest rate of 4.95% per annum. Interest is paid annually in arrears and the maturity date is 27 November 2024.

On 14 February 2020, Forte issued three-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 4.33% per annum. Interest is paid annually in arrears and the maturity date is 14 February 2023.

On 20 February 2020, Yuyuan issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 3.60% per annum. Interest is paid annually in arrears and the maturity date is 20 February 2025.

On 21 April 2020, Fosun High Technology issued four-year domestic corporate bonds with a par value of RMB1,700,000,000 and an effective interest rate of 3.38% per annum. Interest is paid annually in arrears and the maturity date is 21 April 2024.

On 21 April 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB300,000,000 and an effective interest rate of 4.58% per annum. Interest is paid annually in arrears and the maturity date is 21 April 2025.

On 17 July 2020, Forte issued three-year domestic corporate bonds with a par value of RMB3,000,000,000 and an effective interest rate of 4.67% per annum. Interest is paid annually in arrears and the maturity date is 17 July 2023.

On 7 August 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 4.56% per annum. Interest is paid annually in arrears and the maturity date is 7 August 2025.

On 27 August 2020, Yuyuan issued three-year domestic corporate bonds with a par value of RMB1,300,000,000 and an effective interest rate of 3.8% per annum. Interest is paid annually in arrears and the maturity date is 27 August 2023.

On 2 November 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 4.87% per annum. Interest is paid annually in arrears and the maturity date is 2 November 2025.

On 2 February 2021, Fosun Pharma issued four-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 3.98% per annum. Interest is paid annually in arrears and the maturity date is 2 February 2025.

On 25 February 2021, Fosun High Technology issued four-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 5.39% per annum. Interest is paid annually in arrears and the maturity date is 25 February 2025.

On 25 February 2021, Fosun High Technology issued one-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 5.268% per annum. Interest is paid annually in arrears and the maturity date is 25 February 2022.

On 7 April 2021, Forte issued three-year domestic corporate bonds with a par value of RMB500,000,000 and an effective interest rate of 5.079% per annum. Interest is paid annually in arrears and the maturity date is 7 April 2024.

On 29 April 2021, Fosun High Technology issued one-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 5.80% per annum. Interest is paid annually in arrears and the maturity date is 29 April 2022.

On 1 June 2021, Fosun High Technology issued two-year domestic corporate bonds with a par value of RMB1,500,000,000 and an effective interest rate of 5.69% per annum. Interest is paid annually in arrears and the maturity date is 1 June 2023.

On 1 June 2021, Fosun High Technology issued two-year domestic corporate bonds with a par value of RMB500,000,000 and an effective interest rate of 5.392% per annum. Interest is paid annually in arrears and the maturity date is 1 June 2023.

On 4 June 2021, Fosun Insurance Portugal issued five-year corporate bonds with a par value of EUR500,000,000 and an effective interest rate of 4.25% per annum. Interest is paid at the maturity date which is 4 September 2026.

On 23 July 2021, Yuyuan issued two-year domestic corporate bonds with a par value of RMB500,000,000 and an effective interest rate of 4.10% per annum. Interest is paid annually in arrears and the maturity date is 23 July 2023.

On 27 July 2021, Fosun High Technology issued three-year offshore corporate bonds with a par value of USD200,000,000 and an effective interest rate of 4.42% per annum. Interest is paid semi-annually in arrears and the maturity date is 27 July 2024.

On 16 September 2021, Fosun High Technology issued two-year domestic corporate bonds with a par value of RMB2,000,000,000 and an effective interest rate of 5.78% per annum. Interest is paid annually in arrears and the maturity date is 16 September 2023.

42. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(3) Private placement bonds

On 3 April 2017, Tekapo TMK, a subsidiary of Fosun Management Holdings Limited, issued five-year private placement bonds with a par value of JPY700,000,000 and the effective interest rate is 2.02% per annum. Interest is paid quarterly in arrears since April 2017. The final maturity date is 3 April 2022.

On 25 January 2019, Forte issued three-year private placement bonds with a par value of RMB1,440,000,000 and the effective interest rate is 6.13% per annum. On 25 January 2021, Forte repaid in advance with a par value of RMB693,000,000. Interest is paid annually in arrears and the maturity date is 25 January 2022.

On 22 March 2019, Forte issued three-year private placement bonds with a par value of RMB1,000,000,000 and the effective interest rate is 5.99% per annum. On 22 March 2021, Forte repaid in advance with a par value of RMB611,000,000. Among the rest of private placement bonds, the ones with a par value of RMB219,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 22 March 2022.

On 20 March 2020, Forte issued three-year private placement bonds with a par value of RMB1,160,000,000 and the effective interest rate is 5.09% per annum. Interest is paid annually in arrears and the maturity date is 20 March 2023.

On 5 November 2020, Forte issued three-year private placement bonds with a par value of RMB800,000,000 and the effective interest rate is 5.22% per annum. Interest is paid annually in arrears and the maturity date is 5 November 2023.

On 22 November 2021, Napier TMK, a subsidiary of Fosun Property Holdings Limited, issued three-year private placement bonds with a par value of JPY 1,500,000,000 and the effective interest rate is 12.69% per annum. Interest is paid annually in arrears and the maturity date is 22 November 2024.

(4) Senior notes

In 2014, Xingtao Assets Limited, a direct subsidiary of Fosun Industrial Holdings Limited, issued eight-year senior notes with an effective interest rate of 3.31%. Among these, senior notes with a par value of EUR114,200,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 9 October 2022.

On 17 August 2016, Wealth Driven Limited, a subsidiary of Fosun Industrial Holdings Limited, issued three tranches of seven-year senior notes with effective interest rates of 5.603%, 5.599% and 5.41%, respectively. Among these, senior notes with a par value of USD371,262,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 17 August 2023.

On 23 March 2017, Fortune Star (BVI) Limited ("Fortune Star"), a subsidiary of Fosun Industrial Holdings Limited, issued two tranches of five-year senior notes with effective interest rates of 5.33% and 5.04%, respectively. Among these, senior notes with a par value of USD640,706,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 23 March 2022.

On 29 January 2018, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD450,000,000 and an effective interest rate of 6.09%. Among these, senior notes with a par value of USD445,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 29 January 2023.

On 2 July 2019, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued four-year senior notes with a par value of USD700,000,000 and an effective interest rate of 6.90%. Among these, senior notes with a par value of USD696,200,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 2 July 2023.

On 6 November 2019, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued three-and-half-year senior notes with a par value of EUR400,000,000 and an effective interest rate of 4.59%. Interest is paid semi-annually in arrears and the maturity date is 6 May 2023.

On 2 July 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued four-year senior notes with a par value of USD600,000,000 and an effective interest rate of 6.99%. Interest is paid semi-annually in arrears and the maturity date is 2 July 2024.

On 19 October 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD400,000,000 and an effective interest rate of 6.09%. Interest is paid semi-annually in arrears and the maturity date is 19 October 2025.

On 8 December 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD300,000,000 and an effective interest rate of 5.56%. Interest is paid semi-annually in arrears and the maturity date is 19 October 2025.

On 27 January 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued six-year senior notes with a par value of USD500,000,000 and an effective interest rate of 5.23%. Interest is paid semi-annually in arrears and the maturity date is 27 January 2027.

On 18 May 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD500,000,000 and an effective interest rate of 5.20%. Interest is paid semi-annually in arrears and the maturity date is 18 May 2026.

On 2 July 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of EUR500,000,000 and an effective interest rate of 4.15%. Among these, senior notes with a par value of EUR488,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 2 October 2026.

42. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(5) Medium-term notes

On 22 February 2019, Fosun High Technology issued five-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 5.36% per annum. Among these, medium-term notes with a par value of RMB1,910,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 22 February 2024.

On 18 July 2019, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.53% per annum. Interest is paid annually in arrears and the maturity date is 18 July 2022.

On 7 August 2019, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.89% per annum. Interest is paid annually in arrears and the maturity date is 7 August 2024.

On 5 September 2019, Fosun High Technology issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.81% per annum. Interest is paid annually in arrears and the maturity date is 5 September 2022.

On 25 October 2019, Fosun High Technology issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.00% per annum. Among these, medium-term notes with a par value of RMB880,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 25 October 2022.

On 15 January 2020, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.79% per annum. Among these, medium-term notes with a par value of RMB920,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 15 January 2025.

On 25 February 2020, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.31% per annum. Among these, medium-term notes with a par value of RMB960,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 25 February 2025.

On 22 July 2020, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 3.94% per annum. Interest is paid annually in arrears and the maturity date is 21 July 2023.

On 22 September 2020, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.01% per annum. Among these, medium-term notes with a par value of RMB880,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 22 September 2025.

On 24 November 2020, Fosun High Technology issued four-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.16% per annum. Among these, medium-term notes with a par value of RM890,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 24 November 2024.

On 20 January 2021, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.00% per annum. Interest is paid annually in arrears and the maturity date is 20 January 2024.

On 27 January 2021, Fosun High Technology issued two-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.709% per annum. Among these, medium-term notes with a par value of RMB900,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 27 January 2023.

On 13 April 2021, Yuyuan issued three-year medium-term notes with a par value of RMB1,300,000,000 and an effective interest rate of 4.12% per annum. Interest is paid annually in arrears and the maturity date is 13 April 2024.

On 9 September 2021, Yuyuan issued two-year medium-term notes with a par value of RMB700,000,000 and an effective interest rate of 4.20% per annum. Interest is paid annually in arrears and the maturity date is 9 September 2023.

On 15 October 2021, Yuyuan issued three-year medium-term notes with a par value of RMB500,000,000 and an effective interest rate of 4.70% per annum. Among these, medium-term notes with a par value of RMB480,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 15 October 2024.

42. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(6) Super short-term commercial papers

On 3 June 2021, Fosun High Technology issued super short-term commercial papers with a par value of RMB2,000,000,000 and an effective interest rate of 4.98% per annum. Interest is payable at the maturity date which is 28 January 2022.

On 13 August 2021, Yuyuan issued short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 3.28% per annum. Interest is payable at the maturity date which is 13 January 2022.

On 18 September 2021, Fosun Pharma issued super short-term commercial papers with a par value of RMB1,200,000,000 and an effective interest rate of 2.60% per annum. Interest is payable at the maturity date which is 16 April 2022.

On 24 September 2021, Fosun High Technology issued super short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 4.95% per annum. Interest is payable at the maturity date which is 22 May 2022.

On 26 November 2021, Yuyuan issued short-term commercial papers with a par value of RMB800,000,000 and an effective interest rate of 3.40% per annum. Interest is payable at the maturity date which is 20 April 2022.

(7) Other borrowings

In March 2020, Fosun Tourism Group ("FTG") issued asset-backed securities which were backed by the Atlantis Sanya hotel and water park as mortgage, and the 100% equity interest in Hainan Atlantis Commerce and Tourism Development Co., Ltd. and operating revenue of Atlantis Sanya as a pledge. The securities of the prioritized level of RMB6,800,000,000 was subscribed by various third party investors with a coupon rate of 5% and the securities of the subordinated level of RMB201,000,000 was subscribed by a subsidiary of the Group. The principal and interest of the prioritized level shall be repaid semi-annually in 48 instalments in 24 years. The coupon rates of the securities of the prioritized level are subject to adjustments FTG and the holders have the rights, at their option, to require FTG to redeem at an interval of every three years within the terms of the securities. The fund raised by FTG from the third party investors was recorded as other borrowings amounted to RMB6,093,888,000(31 December 2020: 6,725,933,000) as at 31 December 2021.

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 0% to 9.8% (31 December 2020: 0% to 9.8%) per annum.

43. CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Contract liabilities	**20,942,466**	25,866,143
Portion classified as current liabilities	**(20,315,595)**	(25,165,866)
Non-current portion	**626,871**	700,277

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts from property sales and resorts operation.

The following table shows the amounts of the revenue recognised in each reporting period related to contract liabilities carried forward.

	2021 RMB'000	2020 RMB'000
Revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year	**19,050,488**	17,221,209

The following table includes the transaction prices allocated to the remaining unsatisfied performance obligations as at the end of each reporting period.

	2021 RMB'000	2020 RMB'000
Expected to be recognised within one year	**16,851,317**	19,490,907
Expected to be recognised after one year	**4,542,770**	6,375,236
Total	**21,394,087**	25,866,143

44. TRADE AND NOTES PAYABLES

	2021 RMB'000	2020 RMB'000 (Restated)
Trade payables	**19,597,969**	15,890,261
Notes payable	**1,808,441**	2,410,671
	21,406,410	18,300,932

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

	2021 RMB'000	2020 RMB'000 (Restated)
Outstanding balances with ages:		
Within 90 days	**11,403,912**	8,917,441
91 to 180 days	**2,090,052**	1,632,474
181 to 365 days	**3,385,232**	3,017,718
1 to 2 years	**1,631,731**	1,600,842
2 to 3 years	**679,312**	504,710
Over 3 years	**407,730**	217,076
	19,597,969	15,890,261

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

45. ACCRUED LIABILITIES AND OTHER PAYABLES

	2021 RMB'000	2020 RMB'000 (Restated)
Advances from customers	**3,727,936**	3,484,847
Dividends payable to non-controlling shareholders of subsidiaries	**49,101**	81,456
Payables related to:		
Purchases of property,plant and equipment	**1,520,181**	1,326,646
Deposits received	**2,816,314**	2,416,273
Payroll	**4,696,690**	3,742,028
Accrued interest expenses	**2,105,773**	2,441,577
Value-added tax	**1,326,664**	1,710,520
Accrued utilities	**63,452**	31,387
Acquisition of subsidiaries	**49,674**	19,112
Current portion of other long term payables	**199,885**	538,953
Funding from third parties for business development	**5,212,366**	6,266,212
Other accrued expenses	**5,833,180**	4,468,812
Lease liabilities (note 15)	**1,993,569**	2,110,586
Others	**8,278,044**	9,302,043
	37,872,829	37,940,452

46. ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

Classified by collateral:

	2021 RMB'000	2020 RMB'000
Bonds	**1,467,606**	3,120,034

As at 31 December 2021, liabilities classified as assets sold under agreements to repurchase were secured by debt investments at fair value through profit or loss of the group amounted to RMB1,334,040,000 and the bonds of Central Bank of Brazil amounted to RMB240,288,000.

47. DEPOSITS FROM CUSTOMERS

	2021 RMB'000	2020 RMB'000
Demand deposits		
– Corporate deposits	**57,173,611**	43,989,396
– Personal deposits	**7,704,661**	3,495,986
	64,878,272	47,485,382
Time deposits		
– Corporate deposits	**4,967,687**	192,439
– Personal deposits	**2,005,433**	180,707
	6,973,120	373,146
Total deposits from customers	**71,851,392**	47,858,528
Portion classified as current liabilities	**(71,742,751)**	(47,788,958)
Non-current portion	**108,641**	69,570

Deposits from customers which are related parties are disclosed in note 65 to the financial statements.

Included in the Group's deposits from customers are amounts from the Group's associates and joint ventures in the Finance Company, a subsidiary of the Group of RMB1,470,726,000 (2020:RMB1,170,434,000) and RMB1,010,227,000 (2020: RMB851,610,000), respectively.

48. UNEARNED PREMIUM PROVISIONS

		31 December 2021			31 December 2020		
			Reinsurers'				
		Gross	share	Net	Gross	Reinsurers' share	Net
	Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Life insurance	*(i)*	**99,558**	**(22,353)**	**77,205**	161,423	(10,885)	150,538
Non-life insurance	*(ii)*	**9,759,474**	**(1,436,413)**	**8,323,061**	9,488,871	(1,583,611)	7,905,260
		9,859,032	**(1,458,766)**	**8,400,266**	9,650,294	(1,594,496)	8,055,798

Notes:

(i) Analysis of movements in the unearned premium provisions for the life insurance business:

	31 December 2021			31 December 2020		
		Reinsurers'			Reinsurers'	
	Gross	share	Net	Gross	share	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	**161,423**	**(10,885)**	**150,538**	133,319	(16,420)	116,899
Premiums written during the year	**5,653,465**	**(1,036,503)**	**4,616,962**	4,174,414	(746,662)	3,427,752
Premiums earned during the year	**(5,710,686)**	**1,024,315**	**(4,686,371)**	(4,137,368)	737,317	(3,400,051)
Exchange realignment	**(4,644)**	**720**	**(3,924)**	(8,942)	14,880	5,938
At 31 December	**99,558**	**(22,353)**	**77,205**	161,423	(10,885)	150,538

(ii) Analysis of movements in the unearned premium provisions for the non-life insurance business:

		31 December 2021			31 December 2020		
			Reinsurers'			Reinsurers'	
		Gross	share	Net	Gross	share	Net
	note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January		**9,488,871**	**(1,583,611)**	**7,905,260**	8,839,549	(1,281,484)	7,558,065
Premiums written during the year		**33,912,680**	**(6,018,525)**	**27,894,155**	33,866,686	(6,678,670)	27,188,016
Acquisition of subsidiaries	*60(a)*	**56,617**	**(9,915)**	**46,702**	–	–	–
Premiums earned during the year		**(33,294,552)**	**6,152,584**	**(27,141,968)**	(32,698,104)	6,282,679	(26,415,425)
Exchange realignment		**(404,142)**	**23,054**	**(381,088)**	(519,260)	93,864	(425,396)
At 31 December		**9,759,474**	**(1,436,413)**	**8,323,061**	9,488,871	(1,583,611)	7,905,260

49. PROVISION FOR OUTSTANDING CLAIMS

	Notes	31 December 2021 Gross RMB'000	31 December 2021 Reinsurers' share RMB'000	31 December 2021 Net RMB'000	31 December 2020 Gross RMB'000	31 December 2020 Reinsurers' share RMB'000	31 December 2020 Net RMB'000
Life insurance	*(i)*	**4,274,311**	**(1,035,961)**	**3,238,350**	3,504,880	(529,769)	2,975,111
Non-life insurance	*(ii)*	**39,146,099**	**(8,412,651)**	**30,733,448**	36,898,151	(7,833,893)	29,064,258
		43,420,410	**(9,448,612)**	**33,971,798**	40,403,031	(8,363,662)	32,039,369
Portion classified as current liabilities		**(24,577,492)**			(21,137,373)		
Non-current portion		**18,842,918**			19,265,658		

Notes:

(i) Analysis of movements in the provision for outstanding claims for the life insurance business:

	31 December 2021 Gross RMB'000	31 December 2021 Reinsurers' share RMB'000	31 December 2021 Net RMB'000	31 December 2020 Gross RMB'000	31 December 2020 Reinsurers' share RMB'000	31 December 2020 Net RMB'000
At 1 January	**3,504,880**	**(529,769)**	**2,975,111**	3,453,733	(354,731)	3,099,002
Claims paid during the year	**(5,640,859)**	**709,914**	**(4,930,945)**	(4,575,016)	727,289	(3,847,727)
Acquisition of subsidiaries	**2,776**	**(1,019)**	**1,757**	–	–	–
Claims incurred during the year	**6,649,277**	**(1,268,889)**	**5,380,388**	4,833,511	(921,527)	3,911,984
Exchange realignment	**(241,763)**	**53,802**	**(187,961)**	(207,348)	19,200	(188,148)
At 31 December	**4,274,311**	**(1,035,961)**	**3,238,350**	3,504,880	(529,769)	2,975,111

(ii) Analysis of movements in the provision for outstanding claims for the non-life insurance business:

	31 December 2021 Gross RMB'000	31 December 2021 Reinsurers' share RMB'000	31 December 2021 Net RMB'000	31 December 2020 Gross RMB'000	31 December 2020 Reinsurers' share RMB'000	31 December 2020 Net RMB'000
At 1 January	**36,898,152**	**(7,833,894)**	**29,064,258**	35,699,278	(8,393,748)	27,305,530
Claims paid during the year	**(18,870,669)**	**3,444,503**	**(15,426,166)**	(18,209,091)	3,254,310	(14,954,781)
Acquisition of subsidiaries	**152,551**	**(77,965)**	**74,586**	–	–	–
Claims incurred during the year	**23,067,209**	**(4,277,608)**	**18,789,601**	20,325,130	(3,066,836)	17,258,294
Exchange realignment	**(2,101,144)**	**332,313**	**(1,768,831)**	(917,166)	372,381	(544,785)
At 31 December	**39,146,099**	**(8,412,651)**	**30,733,448**	36,898,151	(7,833,893)	29,064,258

50. FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

	Notes	2021 RMB'000	2020 RMB'000
Financial liabilities for unit-linked contracts	*(i)*	**12,708,621**	4,201,329
Investment contract liabilities	*(ii)*	**45,906,867**	62,888,654
Commissions on the issue of financial products		**(16,144)**	(42,954)
		58,599,344	67,047,029
Portion classified as current liabilities		**(9,681,206)**	(12,119,025)
Non-current portion		**48,918,138**	54,928,004

Notes:

(i) Unit-linked contracts

	2021 RMB'000	2020 RMB'000
At 1 January	**4,201,329**	1,084,187
Issues	**9,720,921**	3,033,046
Redemptions	**(425,125)**	(99,475)
Profit or loss	**186,751**	96,631
Other	**(32,842)**	(1,629)
Exchange realignment	**(942,413)**	88,569
At 31 December	**12,708,621**	4,201,329

(ii) Other investment contract liabilities

	2021 RMB'000	2020 RMB'000
At 1 January	**62,888,654**	68,669,164
Issues	**6,292,412**	4,708,096
Acquisition of subsidiaries	**926**	–
Redemptions	**(17,791,288)**	(12,395,552)
Profit or loss	**171,294**	206,127
Other	**33,247**	6,953
Exchange realignment	**(5,688,378)**	1,693,866
At 31 December	**45,906,867**	62,888,654

51. OTHER LIFE INSURANCE CONTRACT LIABILITIES

31 December 2021

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	**20,119,008**	**–**	**20,119,008**
Provision for profit sharing	**456,756**	**3,425**	**460,181**
Provision for interest rate commitments	**128,369**	**–**	**128,369**
Provision for portfolio stabilisation	**186,293**	**–**	**186,293**
	20,890,426	**3,425**	**20,893,851**
Portion classified as current liabilities			**(1,088,504)**
Non-current portion			**19,805,347**

31 December 2020

	Life RMB'000	Non-life RMB'000	Total RMB'000
Mathematical provision for life insurance	23,372,922	–	23,372,922
Provision for profit sharing	607,628	50	607,678
Provision for interest rate commitments	232,821	–	232,821
Provision for portfolio stabilisation	211,425	–	211,425
	24,424,796	50	24,424,846
Portion classified as current liabilities			(387,828)
Non-current portion			24,037,018

51. OTHER LIFE INSURANCE CONTRACT LIABILITIES *(Continued)*

Analysis of movements of other life insurance contract liabilities:

31 December 2021

	Mathematical provision for life insurance RMB'000	Provision for profit sharing RMB'000	Provision for interest rate commitments RMB'000	Provision for portfolio stabilisation RMB'000	Total RMB'000
At 1 January	**23,372,922**	**607,678**	**232,821**	**211,425**	**24,424,846**
Liabilities originated in the period and interest attributed	**(1,011,100)**	**110,628**	**(85,819)**	**(4,143)**	**(990,434)**
Acquisition of subsidiaries	**13,047**	**9,729**	**–**	**–**	**22,776**
Amount attributable to insured from shareholders' equity	**–**	**(151,039)**	**–**	**–**	**(151,039)**
Change in deferred acquisition costs	**(733)**	**–**	**–**	**–**	**(733)**
Other movements	**4,764**	**–**	**–**	**–**	**4,764**
Income distributed	**39,734**	**(61,324)**	**–**	**–**	**(21,590)**
Exchange realignment	**(2,299,626)**	**(55,491)**	**(18,633)**	**(20,989)**	**(2,394,739)**
At 31 December	**20,119,008**	**460,181**	**128,369**	**186,293**	**20,893,851**

Analysis of movements of other life insurance contract liabilities:

31 December 2020

	Mathematical provision for life insurance RMB'000	Provision for profit sharing RMB'000	Provision for interest rate commitments RMB'000	Provision for portfolio stabilisation RMB'000	Total RMB'000
At 1 January	25,014,596	667,209	229,713	206,814	26,118,332
Liabilities originated in the period and interest attributed	(1,044,367)	25,187	(2,991)	(918)	(1,023,089)
Amount attributable to insured from shareholders' equity	–	214	–	–	214
Change in deferred acquisition costs	(1,564)	–	–	–	(1,564)
Other movements	(62,803)	–	–	–	(62,803)
Income distributed	(1,158,914)	(115,441)	–	–	(1,274,355)
Exchange realignment	625,974	30,509	6,099	5,529	668,111
At 31 December	23,372,922	607,678	232,821	211,425	24,424,846

52. INSURANCE AND REINSURANCE CREDITORS

	2021 RMB'000	2020 RMB'000
Amounts due to insurance customers and reinsurers	**7,717,278**	9,338,413
Amounts due to insurance intermediaries	**614,599**	465,252
Deposits retained from reinsurers/retrocessionaires	**606,029**	316,256
Prepaid premiums received	**293,338**	272,050
	9,231,244	10,391,971
Portion classified as current liabilities	**(9,070,251)**	(10,259,769)
Non-current portion	**160,993**	132,202

The following is an ageing analysis of the amounts due to insurance customers and reinsurers:

	2021 RMB'000	2020 RMB'000
Amounts due to insurance customers and reinsurers:		
Within 90 days	**7,405,354**	8,956,223
91 to 180 days	**438,985**	251,586
181 to 365 days	**889,670**	787,326
1 to 2 years	**157,412**	65,587
2 to 3 years	**14,907**	10,079
Over 3 years	**324,916**	321,170
	9,231,244	10,391,971

53. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RMB'000	2020 RMB'000
Gold leases	**4,078,714**	2,133,300
Others	**–**	2,946
	4,078,714	2,136,246
Portion classified as current liabilities	**(4,078,714)**	(2,134,246)
Non-current portion	**–**	2,000

Yuyuan, a subsidiary of the Group, signed gold lease contracts with banks, pursuant to which Yuyuan will lease in gold and return the same quantity of gold to the banks. Financial liabilities at fair value through profit or loss mainly represent the fair value of the gold to be returned under the gold lease agreements between Yuyuan and the banks as at 31 December 2021.

54. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2021 RMB'000	2020 RMB'000
Due to European Central Bank	**2,818,722**	941,650
Due to:		
Banks in Germany	**456,500**	402,350
Banks in other European countries	**1,023,397**	1,583,600
Banks in other countries and regions	**77,252**	8,545
	1,557,149	1,994,495
Total	**4,375,871**	2,936,145
Portion classified as current liabilities	**(1,541,056)**	(1,992,004)
Non-current portion	**2,834,815**	944,141

55. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2021 RMB'000	2020 RMB'000
Special purpose fund for technology improvement	**176,177**	433,667
Government grants for property development and fixed asset construction	**795,822**	750,832
	971,999	1,184,499

56. OTHER LONG TERM PAYABLES

	Notes	2021 RMB'000	2020 RMB'000
Payables for rehabilitation	*(i)*	**275,697**	169,211
Payables for employee benefits	*(ii)*	**1,615,537**	1,063,604
Payables for acquisition of additional interests in subsidiaries		**21,621**	34,662
Share redemption options granted to non-controlling shareholders of subsidiaries		**2,007,225**	559,769
Loans from non-controlling shareholders of subsidiaries		**286,249**	598,207
Lease liabilities	*15*	**12,628,874**	12,304,425
Others		**2,132,431**	1,305,355
		18,967,634	16,035,233

56. OTHER LONG TERM PAYABLES *(Continued)*

Notes:

	2021 RMB'000	2020 RMB'000
(i) The movements of payables for rehabilitation are set out below:		
At 1 January	**169,211**	231,489
Additions	**4,762**	18,840
Acquisition of subsidiaries	**111,771**	32,673
Disposal of subsidiaries	**–**	(74,792)
Payments made	**(7,475)**	(10,835)
Classified as current portion	**–**	(21,222)
Exchange realignment	**(2,572)**	(6,942)
At 31 December	**275,697**	169,211
(ii) The movements of payables for employee benefits are set out below:		
At 1 January	**1,063,604**	1,017,856
Additions	**339,822**	150,516
Acquisition of subsidiaries	**579,444**	117,663
Interest increment (note 7)	**6,199**	16,881
Payments made	**(136,534)**	(158,506)
Disposal of subsidiaries	**–**	(15,738)
Classified as current portion	**(70,977)**	(60,483)
Exchange realignment	**(166,021)**	(4,585)
At 31 December	**1,615,537**	1,063,604

Payables for employee benefits are based on estimates of future payments made by management and are discounted at rates in the range of 0.80% to 13.0% (2020: 0.34% to 6.66%).

57. SHARE CAPITAL

Shares

	2021 RMB'000	2020 RMB'000
Issued and fully paid:		
8,318,781,924 (2020: 8,424,756,424) ordinary shares	**36,919,889**	36,785,936

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Issued capital RMB'000
At 1 January 2020	**8,537,541,244**	36,714,828
Share award scheme (note 62)	**7,633,680**	70,642
Share option exercised (note 62)	**42,500**	466
Re-purchase of shares	**(120,461,000)**	–
	8,424,756,424	36,785,936
At 31 December 2020 and 1 January 2021	**8,424,756,424**	36,785,936
Share award scheme (note 62)	**12,790,000**	129,552
Share option exercised (note 62)	**467,500**	4,401
Re-purchase of shares	**(119,232,000)**	–
At 31 December 2021	**8,318,781,924**	36,919,889

58. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Other deficits

The balance of other deficits represented the acquisition of the entire equity interest in Fosun Group pursuant to the restructuring of the Group prior to the listing of its shares on the Hong Kong Stock Exchange, after netting off the paid-up capital and capital reserve (arising from the bonus share issue of its subsidiaries) of Fosun Group.

(b) Surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries established in Chinese Mainland (the "PRC Subsidiaries"), each PRC Subsidiary is required to allocate 10% of its profit after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the surplus reserve until this reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the surplus reserve can be capitalised as paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

In accordance with the Company Law of Portugal, a percentage of not less than 10% or 5% of each year's net profit, depending on whether a company is an insurance or other company, must be transferred to the legal reserve, until the legal reserve totals the amount of share capital, or the legal reserve totals 20% of the registered capital. The legal reserve may not bedistributed, but only be used to increase share capital or to offset accumulated losses.

59. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2021	2020
Percentage of equity interest held by non-controlling interests:		
Fosun Pharma	**60.37%**	61.38%
Portuguese Insurance Group	**15.01%**	15.01%

Fidelidade – Companhia de Seguros, S.A., Multicare – Seguros de Saúde, S.A. and Fidelidade Assistência – Companhia de Seguros, S.A. are collectively referred to as "Portuguese Insurance Group".

	2021 RMB'000	2020 RMB'000
Profit for the year allocated to non-controlling interests:		
Fosun Pharma	**2,886,675**	2,242,775
Portuguese Insurance Group	**314,851**	273,944
Dividends paid to non-controlling interests:		
Fosun Pharma	**666,524**	615,615
Accumulated balances of non-controlling interests at the reporting dates:		
Fosun Pharma	**23,606,313**	22,700,179
Portuguese Insurance Group	**3,081,482**	3,307,629

59. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2021	**Portuguese Insurance Group RMB'000**	**Fosun Pharma RMB'000**
Revenue	**21,514,409**	**38,858,085**
Total expenses	**(19,162,987)**	**(33,870,647)**
Profit for the year	**2,351,422**	**4,987,438**
Total comprehensive income for the year	**617,094**	**4,643,257**
Current assets	**32,260,171**	**30,424,633**
Non-current assets	**115,139,587**	**62,812,269**
Current liabilities	**(32,795,787)**	**(29,309,945)**
Non-current liabilities	**(87,965,755)**	**(15,608,279)**
Net cash flows (used in)/from operating activities	**(2,820,647)**	**3,948,747**
Net cash flows used in investing activities	**(2,362,576)**	**(3,856,987)**
Net cash flows from/(used in) financing activities	**2,881,517**	**(831,279)**

2020	Portuguese Insurance Group RMB'000	Fosun Pharma RMB'000
Revenue	20,282,092	30,163,260
Total expenses	(18,490,571)	(26,223,279)
Profit for the year	1,791,521	3,939,981
Total comprehensive income for the year	1,496,332	3,350,136
Current assets	34,651,123	25,084,803
Non-current assets	120,653,321	58,544,320
Current liabilities	(31,817,359)	(24,872,353)
Non-current liabilities	(94,297,582)	(12,829,374)
Net cash flows (used in)/from operating activities	(4,358,041)	2,579,774
Net cash flows from/(used in) investing activities	3,275,562	(4,706,229)
Net cash flows (used in)/from financing activities	(2,901,652)	1,467,129

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL

The major acquisition of subsidiaries accounted for as business combinations not under common control is set out as follows:

In May 2021, Roc Oil Company Pty Limited, a subsidiary of the Group, completed the acquisition of 100% equity interests in EOG Resources China Limited. at the consideration of USD126,336,000 (equivalent to RMB816,142,000). The acquisition was undertaken to further develop the oil and gas business under the Intelligent Manufacturing segment of the Group.

In August 2021, Fosun Diagnostic Technology (Shanghai) Co., Ltd., a subsidiary of Fosun Pharma, acquired 44.2944% equity interests in Suzhou Baidao Medical Technology Co., Ltd. ("Suzhou Baidao") from third parties. The consideration was RMB101,881,000. At the same time, Fosun Diagnostic Technology (Shanghai) Co., Ltd contributed RMB80,000,000 in cash to subscribe for the newly increased registered capital of Suzhou Baidao of the par value amounting to RMB3,304,273. After the acquisition, Fosun Pharma holds 58.6702% equity interest in Suzhou Baidao. Fosun Pharma determined that the acquisition date of this transaction was November 10, 2021, and Suzhou Baidao was included in the scope of consolidation from November 10, 2021. The acquisition was undertaken to further develop the pharmaceutical manufacturing business under the Health segment of the Group.

In October 2021, Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd., a subsidiary of Fosun Pharma, acquired 13.01% equity interest in Chengdu Antejin Biotechnology Co., Ltd. ("Antejin") from third parties. The consideration was RMB1,108,034,000. At the same time, 100% equity interest in Dalian Aleph, a subsidiary held by Fosun Pharma, was injected to Antejin to increase the registered capital of Antejin, which accounted for 60% of the total registered capital of Antejin. After the acquisition, Fosun Pharma holds 73.01% equity interest in Antejin. Fosun Pharma determined that the acquisition date of this transaction was 28 October 2021, and Antejin was included in the scope of consolidation from 28 October, 2021. The acquisition was undertaken to further develop the pharmaceutical manufacturing business under the Health segment of the Group.

In October 2021, Hauck & Aufhäuser Privatbank AG, a subsidiary of the Group, completed the acquisition of 100% equity interests in Bankhaus Lampe KG at the consideration of EUR 215,505,000 (equivalent to RMB1,608,591,000). The acquisition was undertaken to further develop the asset management business under the Wealth segment of the Group.

In December 2021, Fidelidade – Companhia de Seguros, S.A., a subsidiary of the Group, completed the acquisition of 70% equity interests in Seguradora Internacional de Moçambique at the consideration of Mozambican Metical 3,398,489,000 (equivalent to RMB336,929,000). The acquisition was undertaken to further develop the insurance business under the Wealth segment of the Group.

The Group has elected to measure the non-controlling interests in all the subsidiaries acquired during the period at the non-controlling interest's proportionate share of the acquired subsidiary's identifiable net assets.

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL *(Continued)*

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows:

	2021 Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 13)	**381,768**
Intangible assets (note 19)	**1,466,330**
Right-of-use assets (note 15(a))	**696,758**
Oil and gas properties (note 18)	**807,644**
Cash and bank balances	**3,847,794**
Investments in associates	**39,735**
Investment properties (note 14)	**199,848**
Debt instruments at amortised cost	**146,286**
Financial assets at fair value through profit or loss	**6,469,756**
Debt investments at fair value through other comprehensive income	**1,052,335**
Deferred tax assets (note 30)	**17,826**
Trade and notes receivables	**117,576**
Prepayments, other receivables and other assets	**2,141,570**
Inventories	**40,353**
Derivative financial instruments (Asset)	**1,824,230**
Insurance and reinsurance debtors	**18,796**
Reinsurers' share of insurance contract provisions	**87,334**
Placements with and loans to banks and other financial institutions	**603,200**
Loans and advances to customers	**12,064,552**
Interest-bearing bank and other borrowings	**(100,256)**
Trade and notes payables	**(49,712)**
Accrued liabilities and other payables (excluding lease liabilities)	**(631,340)**
Due to related companies	**(6,261)**
Tax payable	**(54,581)**
Deposits from customers	**(15,982,590)**
Deferred Income	**(8,271)**
Derivative financial instruments (Liabilities)	**(2,376,780)**
Other long term payables (excluding lease liabilities) (note 56)	**(691,215)**
Lease liabilities (note 15(b))	**(672,559)**
Contract liability	**(23,792)**
Provision for outstanding claims (note 49)	**(155,327)**
Unearned premium provisions (note 48)	**(56,617)**
Other life insurance contract liabilities (note 51)	**(22,776)**
Insurance and reinsurance creditors	**(10,386)**
Investment contract liabilities (note 50)	**(926)**
Due to banks and other financial institutions	**(2,523,601)**
Placements from banks and other financial institutions	**(112,768)**
Repurchase agreements	**(2,537,862)**
Deferred tax liabilities (note 30)	**(384,244)**

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL *(Continued)*

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows: (Continued)

	2021 Fair value recognised on acquisition RMB'000
Total identifiable net assets at fair value	5,621,827
Non-controlling interests	(621,856)
Total net assets acquired	4,999,971
Gain on bargain purchase of subsidiaries (note 6)	(1,207,500)
Goodwill on acquisition (note 20)	1,296,913
	5,089,384

	2021 RMB'000
Satisfied by:	
Cash	4,292,374
Investments in associates	14,140
Prepayments, other receivables and other assets	700
Fair value of the partial interests in a subsidiary effectively transferred	782,170
	5,089,384

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL *(Continued)*

The fair values of the trade and notes receivables and prepayments, other receivables and other assets as at the dates of acquisition amounted to RMB117,576,000 and RMB2,141,570,000, respectively. The fair values of the acquired trade and notes receivables and prepayments, other receivables and other assets as at the date of acquisition approximate to their gross contractual amounts. None of these receivables are expected to be uncollectible.

The Group incurred transaction costs of RMB130,061,000 for these acquisitions. These transaction costs have been expensed and are included in other expenses or administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the acquired subsidiaries contributed RMB656,508,000 to the Group's turnover and net loss of RMB118,884,000 to the consolidated profit for the year ended 31 December 2021.

(II) AN ANALYSIS OF THE CASH FLOWS IN RESPECT OF THE ACQUISITION OF SUBSIDIARIES AS SET OUT IN (I) ABOVE IS AS FOLLOWS:

	2021 RMB'000
Consideration settled by cash	**(4,292,374)**
Capital contribution in cash as consideration paid after the acquisition date	**37,500**
Cash and cash equivalents acquired	**3,847,794**
Cash consideration unpaid as at 31 December 2021	**53,620**
Prepayment of cash consideration for acquisition not yet incorporated into mergers as at 31 December 2021	**(161,840)**
Payment of unpaid cash consideration as at 31 December 2020	**(71,021)**
	(586,321)
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(586,321)**
Transaction costs of these acquisitions included in cash flows from operating activities	**(130,061)**
	(716,382)

(III) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATION UNDER COMMON CONTROL

Details of acquisition of subsidiaries accounted for as business combination under common control are set out in note 2.4.1.

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries

The major disposal of subsidiaries during the year were as follows:

In January 2021, Xinghong Wenkong (Hangzhou) Investment Co., Ltd., a subsidiary of the Group, disposed 100% equity interests of its subsidiary to Pramerica Fosun Life Insurance Co., Ltd., a joint venture of the Group, at a disposal consideration of RMB348,050,000.

In April 2021, Yuyuan, a subsidiary of the Group, disposed its 60% equity interests in a subsidiary, Shanghai Fudi Furong Industrial Development Co., Ltd("Furong") to third parties, at a consideration of RMB300,000,000. Upon the disposal, the Group can still exercise joint control over Furong and the remaining 40% equity interest in Furong was accounted for as an investment in joint venture in the consolidated financial statements.

In June 2021, Yuyuan, a subsidiary of the Group, lost its control of Shanghai Fuhao Industrial Development Co., Ltd. ("Fuhao") after a third party subscribed the contribution of RMB1,000,000 for the newly increased registered capital of Fuhao. The Group can still exercise joint control over Fuhao and the remaining 50% equity interest in Fuhao was accounted for as an investment in joint venture in the consolidated financial statements.

In June 2021, Fosun Pharma, a subsidiary of the Group, disposed its 75% equity interests in Taizhou Zhedong Medical Care Investment Management Co., Ltd. to third parties, at a consideration of RMB531,467,000.

In September 2021, Fosun Pharma, a subsidiary of the Group, signed Agreement on Equity Transfer and Capital Increase with Yaneng Biotechnology (Shenzhen) Co., Ltd., the existing shareholders of Yaneng Biotechnology (Shenzhen) Co., Ltd. and Yaneng Bioscience(HK) Llimited, stipulating that (1) the existing shareholders of Yaneng Biotechnology (Shenzhen) Co., Ltd. intend to transfer the interest in Yaneng Biotechnology (Shenzhen) Co., Ltd. to Yaneng Bioscience(HK) Llimited for a total consideration of RMB2,203,987,500;(2) Yaneng Bioscience(HK) Llimited contributed RMB300,000,000 to subscribe for the newly increased registered capital of Yaneng Biotechnology (Shenzhen) Co., Ltd. of HK$634,624. Among them Fosun Pharma transferred 29.0200% of the equity of Yaneng Biotechnology (Shenzhen) Co., Ltd. to the buyer at a consideration of RMB1,596,100,000 and transferred 100% of the equity of Jinshi Medical Laboratory to the entity jointly designated by the buyer and Yaneng Biotechnology (Shenzhen) Co., Ltd.

In December 2021, Fidelidade – Companhia de Seguros, S.A., a subsidiary of the Group, disposed its 100% equity interest in Fundo de Investimento Imobiliário Fechado Saudeinveste to third parties, at a consideration of EUR199,846,000 (equivalent to RMB1,534,640,000).

In December 2021, Yuyuan, a subsidiary of the Group, disposed its 42.6% equity interests in a subsidiary and lost its control of Shanghai Fuyun Industrial Development Co., Ltd("Fuyun") to third parties, at a consideration of RMB442,520,000. The Group can still exercise joint control over Fuyun and the remaining 57.4% equity interest in Fuyun was accounted for as an investment in joint venture in the consolidated financial statements.

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

The major disposal of subsidiaries during the year were as follows *(Continued)*

	2021 RMB'000	2020 RMB'000
Net assets disposed of:		
Property, plant and equipment (note 13)	**542,557**	562,122
Intangible assets (note 19)	**7,330**	1,851,361
Right-of-use assets (note 15(a))	**196,260**	2,216,027
Completed properties for sale	**1,642,382**	–
Goodwill (note 20)	**24,241**	6,428
Deferred tax assets (note 30)	**40,201**	1,293
Properties under development	**8,909,742**	1,603,465
Investment properties (note 14)	**1,792,921**	–
Cash and bank balances	**1,400,569**	598,902
Financial assets at fair value through profit or loss	**4,000**	–
Debt investment at fair value through other comprehensive income	**–**	244,644
Insurance and reinsurance debtors	**–**	2,459
Trade and notes receivables	**197,179**	369,329
Contract assets	**–**	26,986
Due from related parties	**109,474**	210
Prepayments, other receivables and other assets	**438,293**	392,142
Inventories	**121,997**	1,042,547
Deferred income	**(71,416)**	(3,014)
Interest-bearing bank and other borrowings	**(712,234)**	(1,833,226)
Trade and notes payables	**(806,308)**	(721,515)
Due to related companies	**(8,128,554)**	(957,802)
Accrued liabilities and other payables (excluding lease liabilities)	**(1,177,671)**	(1,369,547)
Tax payables	**(284,121)**	(84,519)
Contract liabilities	**(1,491,388)**	(86,774)
Derivative financial instruments (Liabilities)	**–**	(8,596)
Deferred tax liabilities (note 30)	**(5,666)**	(393,297)
Provision for outstanding claims	**–**	(179,346)
Other long-term payables (excluding lease liabilities)	**–**	(99,733)
Lease liabilities (note 15(b))	**–**	(2,500,708)
Non-controlling interests	**(474,405)**	(156,723)
	2,275,383	523,115

60. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

	2021 RMB'000	2020 RMB'000
Exchange fluctuation reserve	–	(84,573)
	2,275,383	438,542
Portion relating to the right of use retained in the lease back	–	19,184
Fair value of the retained interests in subsidiaries disposed of	**(724,826)**	(51,000)
Net gain on disposal of subsidiaries (note 6)	**2,903,575**	5,072
	4,454,132	411,798
Satisfied by:		
Cash	**4,454,132**	411,798

An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	2021 RMB'000	2020 RMB'000
Cash consideration	**4,454,132**	411,798
Cash and bank balance disposed of	**(1,400,569)**	(598,902)
Cash consideration received in advance for disposal of subsidiaries	**63,750**	–
Receipt of unreceived cash consideration for disposal as at 31 December 2020	**758,739**	25,447
Cash consideration unreceived as at 31 December 2021	**(408,045)**	(54,409)
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	**3,468,007**	(216,066)

61. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,333,285,000 and RMB3,333,285,000, respectively, in respect of lease arrangements for land, buildings, machinery, furniture, fixtures and other equipment (2020: RMB3,175,468,000 and RMB3,175,468,000).

(b) Changes in liabilities arising from financing activities

	Bank and other loans RMB'000	Loans from non-controlling shareholders of subsidiaries RMB'000	Lease liabilities RMB'000	Assets sold under agreements to repurchase RMB'000	Interest payable RMB'000
At 31 December 2020 and at 1 January 2021	229,802,424	598,207	14,415,011	3,120,034	2,441,577
Changes from financing cash flows	11,450,655	(311,958)	(2,615,025)	(274,026)	–
Changes from operating cash flows	–	–	–	(3,916,264)	–
Interest paid	(119,950)	–	–	–	(10,824,799)
New leases	–	–	3,333,285	–	–
Disposal	–	–	(140,211)	–	–
Foreign exchange movement	(3,515,930)	–	(1,391,790)	–	(5,686)
Interest expense	114,264	–	617,347	–	8,789,736
Covid-19-related rent concessions from lessors	–	–	(268,733)	–	–
Interest capitalised under properties under development	–	–	–	–	1,680,464
Interest capitalised under property, plant and equipment	–	–	–	–	24,481
Increase arising from acquisition of subsidiaries	100,256	–	672,559	2,537,862	–
Decrease arising from disposal of subsidiaries	(712,234)	–	–	–	–
At 31 December 2021	**237,119,485**	**286,249***	**14,622,443**	**1,467,606**	**2,105,773**

* Included in other long term payables.

61. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

(b) Changes in liabilities arising from financing activities *(Continued)*

	Bank and other loans RMB'000	Loans from non-controlling shareholders of subsidiaries RMB'000	Lease liabilities RMB'000	Assets sold under agreements to repurchase RMB'000	Interest payable RMB'000
At 31 December 2019 and at 1 January 2020	208,287,057	3,210,446	14,430,720	–	2,436,328
Changes from financing cash flows	21,026,295	(2,444,075)	(2,313,651)	274,026	–
Changes from operating cash flows	–	–	–	2,846,008	–
Transfer to equity	–	(131,327)	–	–	–
Interest paid	(60,037)	–	–	–	(10,471,462)
New leases	–	–	3,175,468	–	–
Disposal	–	–	(120,571)	–	–
Foreign exchange movement	(2,396,863)	(36,837)	(294)	–	60,091
Interest expense	120,128	–	654,878	–	8,729,108
Covid-19-related rent concessions from lessors	–	–	(330,278)	–	–
Interest capitalised under properties under development	–	–	–	–	1,658,190
Interest capitalised under property, plant and equipment	–	–	–	–	29,322
Increase arising from acquisition of subsidiaries	4,659,070	–	1,419,447	–	–
Decrease arising from disposal of subsidiaries	(1,833,226)	–	(2,500,708)	–	–
At 31 December 2020	229,802,424	598,207*	14,415,011	3,120,034	2,441,577

* Included in other long term payables and accrued liabilities and other payables

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 RMB'000	2020 RMB'000
Within operating activities	**269,647**	396,468
Within investing activities	**156,042**	308,646
Within financing activities	**2,615,025**	2,313,651
	3,040,714	3,018,765

62. SHARE-BASED PAYMENTS

(a) Share award scheme of the Company

The Company adopts a share award scheme ("Share Award Scheme") for the purpose to align the interests of the eligible persons with those of the Group through ownership of shares, dividends and other distributions paid on shares and/or the increase in value of the shares; and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

SHARE AWARD SCHEME IV

On 28 March 2018, the Board of Directors of the Company has resolved to award an aggregate of 5,902,000 award shares ("Award Shares 2018") to 70 selected participants under the share award scheme ("Share Award Scheme IV"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 6 June 2018.

Award Shares 2018 shall be locked up immediately upon granting. The Award Shares 2018 granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2018 held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2018 granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2018 granted amounted to approximately HKD89,085,000. The Group has recognised an amount of HKD22,000 (equivalent to RMB18,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB12,409,000).

SHARE AWARD SCHEME V

On 27 March 2019, the Board of Directors of the Company has resolved to award an aggregate of 6,283,000 award shares ("Award Shares 2019 I") to 92 selected participants under the share award scheme ("Share Award Scheme V"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 5 June 2019.

Award Shares 2019 I shall be locked up immediately upon granting. The Award Shares 2019 granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2019 I held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2019 I granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2019 I granted amounted to approximately HKD52,941,000. The Group has recognised an amount of HKD6,783,000 (equivalent to RMB5,632,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB19,517,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

SHARE AWARD SCHEME VI

On 28 August 2019, the Board of Directors of the Company has resolved to award an aggregate of 420,000 award shares ("Award Shares 2019 II") to 10 selected participants under the share award scheme ("Share Award Scheme VI"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the extraordinary general meeting held on 30 October 2019.

Award Shares 2019 II shall be locked up immediately upon granting. The Award Shares 2019 II granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2019 II held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2019 II granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2019 II granted amounted to approximately HKD1,978,000. The Group has reversed an amount of HKD801,000 (equivalent to RMB665,000) during the year ended 31 December 2021 (2020: equivalent to RMB1,935,000).

SHARE AWARD SCHEME VII

On 1 April 2020, the Board of Directors of the Company has resolved to award an aggregate of 8,501,000 award shares ("Award Shares 2020 I") to 83 selected participants under the share award scheme ("Share Award Scheme VII"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 3 June 2020.

Award Shares 2020 I shall be locked up immediately upon granting. The Award Shares 2020 I granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2020 I held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2020 I granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2020 I granted amounted to approximately HKD77,958,000. The Group has recognised an amount of HKD35,409,000 (equivalent to RMB29,399,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB24,979,000).

SHARE AWARD SCHEME VIII

On 28 August 2020, the Board of Directors of the Company has resolved to award an aggregate of 70,000 award shares ("Award Shares 2020 II") to 2 selected participants under the share award scheme ("Share Award Scheme VIII"). Award Shares 2020 II are settled by way of award shares which had lapsed before vesting.

Award Shares 2020 II shall be locked up immediately upon granting. The Award Shares 2020 II granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2020 II held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2020 II granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2020 II granted amounted to approximately HKD258,000. The Group has recognised an amount of HKD69,000 (equivalent to RMB57,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB101,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

SHARE AWARD SCHEME IX

On 31 March 2021, the Board of Directors of the Company has resolved to award an aggregate of 12,790,000 award shares ("Award Shares 2021 I") to 88 selected participants under the share award scheme ("Share Award Scheme IX"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 3 June 2021.

Award Shares 2021 I shall be locked up immediately upon granting. The Award Shares 2021 I granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2021 I held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2021 I granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2021 I granted amounted to approximately HKD137,220,000. The Group has recognised an amount of HKD57,181,000 (equivalent to RMB47,475,000) as expenses during the year ended 31 December 2021.

SHARE AWARD SCHEME X

On 25 August 2021, the Board of Directors of the Company has resolved to award an aggregate of 265,000 award shares ("Award Shares 2021 II") to 5 selected participants under the share award scheme ("Award Shares Scheme X"). Award Shares 2021 II are settled by way of award shares which had lapsed before vesting.

Award Shares 2021 II shall be locked up immediately upon granting. The Award Shares 2021 II granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2021 II held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2021 II granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2021 II granted amounted to approximately HKD2,307,000. The Group has recognised an amount of HKD504,000 (equivalent to RMB419,000) as expenses during the year ended 31 December 2021.

SHARE AWARD SCHEME I

On 30 August 2021, the Board of Directors of the Company has resolved to award no more than 3,860,000 shares of FTG held by the Company ("Award Shares 2021 III") to 33 selected participants under the share award scheme ("Share Award Scheme I").

Award Shares 2021 III shall be locked up immediately upon granting. The Award Shares 2021 III granted to participants shall be subject to various lock-up periods ranging from one year to two years, respectively, immediately from the date of grant. Award Shares 2021 III held by participants shall be unlocked in two tranches in the proportion of 50% and 50% of the total number of the Award Shares 2021 III granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2021 III granted amounted to approximately HKD19,052,000. The Group has recognised an amount of HKD3,772,000 (equivalent to RMB3,132,000) as expenses during the year ended 31 December 2021.

62. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

The following shares were outstanding under the Share Award Scheme during the year:

	2021	2020
At 1 January	**13,418,750**	11,861,690
Granted during the year	**13,055,000**	8,571,000
Forfeited and cancelled during the year	**(358,400)**	(1,897,620)
Vested during the year	**(5,902,820)**	(5,116,320)
At 31 December	**20,212,530**	13,418,750

The number of outstanding shares as at 31 December 2021 for each tranche of Share Award Scheme is as follows:

	2021	2020
Share Award Scheme IV	**–**	1,554,140
Share Award Scheme V	**1,712,580**	3,486,010
Share Award Scheme VI	**61,200**	120,600
Share Award Scheme VII	**5,423,650**	8,228,000
Share Award Scheme VIII	**20,100**	30,000
Share Award Scheme IX	**12,730,000**	–
Share Award Scheme X	**265,000**	–
At 31 December	**20,212,530**	13,418,750

(b) Share option scheme of the Company

The Company adopts share option schemes ("Share Option Schemes") for the purpose of providing incentives and/or rewards to eligible persons for their contribution to the Group, and continuing efforts to promote the interests of the Group.

SHARE OPTION SCHEME I

On 8 January 2016, the Company granted 111,000,000 options ("Options 2016") to subscribe for an aggregate of 111,000,000 ordinary shares in the Company under its Share Option Scheme. Each of the Options 2016 shall entitle the holder of such Option 2016 to subscribe for one share upon exercise of such Option 2016 at an exercise price of HKD11.53 per share.

The Options 2016 are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2016, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2016");

ii. up to a further 30% of the Options 2016, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2016; and

iii. in respect of the remaining 50% of the Options 2016, which, for the avoidance of doubt, comprise those Options 2016 which have not been exercised (and have not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2016.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD275,745,000. The Group has reversed an amount of HKD2,262,000 (equivalent to RMB1,878,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB45,705,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME II

On 4 May 2017, the Company has granted 56,400,000 options ("Options 2017") to subscribe for an aggregate of 56,400,000 ordinary shares in the Company under its Share Option Scheme. Each of the Options 2017 shall entitle the holder of such Option 2017 to subscribe for one share upon exercise of such Option 2017 at an exercise price of HKD11.75 per share.

The Options 2017 are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2017, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2017");

ii. up to a further 30% of the Options 2017, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2017; and

iii. in respect of the remaining 50% of the Options 2017, which, for the avoidance of doubt, comprise those Options 2017 which have not been exercised (and have not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2017.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD150,097,000. The Group has recognised an amount of HKD20,800,000 (equivalent to RMB17,270,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB21,685,000).

SHARE OPTION SCHEME III

On 28 March 2018, the Company has granted 51,701,000 options ("Options 2018") to subscribe for an aggregate of 51,701,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 27,000,000 option shares were granted to selected global core management; and (ii) 24,701,000 option shares were granted to selected outstanding employees. Each of the Options 2018 shall entitle the holder of such Option 2018 to subscribe for one share upon exercise of such Option 2018 at an exercise price of HKD17.58 per share.

The Options 2018 granted to selected global core management are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2018, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2018");

ii. up to a further 30% of the Options 2018, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2018; and

iii. in respect of the remaining 50% of the Options 2018, which, for the avoidance of doubt, comprise those Options 2018 which have not been exercised (and have not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2018.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME III *(Continued)*

The Options 2018 granted to selected outstanding employees are exercisable by each grantee in five tranches as set out below:

i. up to the first 20% of the Options 2018, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2018");

ii. up to a further 20% of the Options 2018, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2018; and

iii. up to a further 20% of the Options 2018, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2018; and

iv. up to a further 20% of the Options 2018, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2018; and

v. in respect of the remaining 20% of the Options 2018, which, for the avoidance of doubt, comprise those Options 2018 which have not been exercised (and have not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the Option Period 2018.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD172,443,000. The Group has recognised an amount of HKD7,254,000 (equivalent to RMB6,022,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB28,069,000).

SHARE OPTION SCHEME IV

On 27 March 2019, the Company has granted 83,880,000 options ("Options 2019 I") to subscribe for an aggregate of 83,880,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 66,000,000 option shares were granted to selected global core management; and (ii) 17,880,000 option shares were granted to selected outstanding employees. Each of the Options 2019 I shall entitle the holder of such Option 2019 I to subscribe for one share upon exercise of such Option 2019 I at an exercise price of HKD12.86 per share.

The Options 2019 I granted to selected global core managements are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2019 I, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 I");

ii. up to a further 30% of the Options 2019 I, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2019 I; and

iii. in respect of the remaining 50% of the Options 2019 I, which, for the avoidance of doubt, comprise those Options 2019 I which have not been exercised (and have not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2019 I.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME IV *(Continued)*

The Options 2019 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2019 I, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 I");

ii. up to a further 25% of the Options 2019 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2019 I; and

iii. up to a further 25% of the Options 2019 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2019; and

iv. in respect of the remaining 25% of the Options 2019 I, which, for the avoidance of doubt, comprise those Options 2019 I which have not been exercised (and have not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2019 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD232,962,000. The Group has recognised an amount of HKD18,206,000 (equivalent to RMB15,115,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB35,332,000).

SHARE OPTION SCHEME V

On 28 August 2019, the Company has granted 2,380,000 options ("Options 2019 II") to subscribe for an aggregate of 2,380,000 ordinary shares in the Company under its Share Option Scheme, Each of the options 2019 II shall entitle the holder of such Option 2019 II to subscribe for one share upon exercise of such Option 2019 II at an exercise price of HKD9.95 per share.

The Options 2019 II which are classified as type I and type II are granted to newly-joined management staff and the intelligent technology professionals of the Group.

TYPE I EXERCISING SCHEDULE:

i. up to the first 25% of the Options 2019 II, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 II");

ii. up to a further 25% of the Options 2019 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2019 II; and

iii. up to a further 25% of the Options 2019 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2019 II; and

iv. in respect of the remaining 25% of the Options 2019 II, which, for the avoidance of doubt, comprise those Options 2019 II which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2019 II.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME V *(Continued)*

TYPE II EXERCISING SCHEDULE:

i. up to the first 50% of the Options 2019 II, at any time from the date falling on the second anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 II");

ii. up to a further 25% of the Options 2019 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2019 II; and

iii. in respect of the remaining 25% of the Options 2019 II, which, for the avoidance of doubt, comprise those Options 2019 II which have not been exercised (and have not lapsed) since the second anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2019 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD4,251,000. The Group has recognised an amount of HKD113,000 (equivalent to RMB93,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB2,387,000).

SHARE OPTION SCHEME VI

On 1 April 2020, the Company has granted 20,900,000 options ("Options 2020 I") to subscribe for an aggregate of 20,900,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 9,400,000 option shares were granted to selected global core management; and (ii) 11,500,000 option shares were granted to selected outstanding employees. Each of the Options 2020 I shall entitle the holder of such Option 2020 I to subscribe for one share upon exercise of such Option 2020 I at an exercise price of HKD8.79 per share.

The Options 2020 I granted to selected global core managements are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2020 I, at any time from the date falling on the third anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2020 I");

ii. up to a further 30% of the Options 2020 I, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2020 I; and

iii. in respect of the remaining 50% of the Options 2020 I, which, for the avoidance of doubt, comprise those Options 2020 I which have not been exercised (and have not lapsed) since the third anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the Option Period 2020 I.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME VI *(Continued)*

The Options 2020 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2020 I, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2020 I");

ii. up to a further 25% of the Options 2020 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2020 I; and

iii. up to a further 25% of the Options 2020 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2020 I; and

iv. in respect of the remaining 25% of the Options 2020 I, which, for the avoidance of doubt, comprise those Options 2020 I which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2020 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD37,061,000. The Group has recognised an amount of HKD12,155,000 (equivalent to RMB10,092,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB8,358,000).

SHARE OPTION SCHEME VII

On 28 August 2020, the Company has granted 190,000 options ("Options 2020 II") to subscribe for an aggregate of 190,000 ordinary shares in the Company under its Share Option Scheme, Each of the options 2020 II shall entitle the holder of such Option 2020 II to subscribe for one share upon exercise of such Option 2020 II at an exercise price of HKD8.86 per share.

The Options 2020 II are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2020 II, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2020 II");

ii. up to a further 25% of the Options 2020 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2020 II; and

iii. up to a further 25% of the Options 2020 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2020 II; and

iv. in respect of the remaining 25% of the Options 2020 II, which, for the avoidance of doubt, comprise those Options 2020 II which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2020 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD141,000. The Group has recognised an amount of HKD39,000 (equivalent to RMB32,000) as expenses during the year ended 31 December 2021 (2020: equivalent to RMB42,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME VIII

On 31 March 2021, the Company has granted 39,910,000 options ("Options 2021 I") to subscribe for an aggregate of 39,910,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 32,200,000 option shares are granted to selected global core management; and (ii) 7,710,000 option shares are granted to selected outstanding employees. Each of the Options 2021 I shall entitle the holder of such Option 2021 I to subscribe for one share upon exercise of such Option 2021 I at an exercise price of HKD10.91 per share.

The Options 2021 I granted to selected global core managements are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2021 I, at any time from the date falling on the third anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2021 I");

ii. up to a further 30% of the Options 2021 I, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2021 I; and

iii. in respect of the remaining 50% of the Options 2021 I, which, for the avoidance of doubt, comprise those Options 2021 I which have not been exercised (and have not lapsed) since the third anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the Option Period 2021 I.

The Options 2021 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2021 I, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2021 I");

ii. up to a further 25% of the Options 2021 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2021 I; and

iii. up to a further 25% of the Options 2021 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2021 I; and

iv. in respect of the remaining 25% of the Options 2021 I, which, for the avoidance of doubt, comprise those Options 2021 I which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2021 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD90,598,000. The Group has recognised an amount of HKD20,904,000 (equivalent to RMB17,356,000) as expenses during the year ended 31 December 2021.

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME IX

On 25 August 2021, the Company has granted 780,000 options ("Options 2021 II") to subscribe for an aggregate of 780,000 ordinary shares in the Company under its Share Option Scheme. Each of the Options 2021 II shall entitle the holder of such Option 2021 II to subscribe for one share upon exercise of such Option 2021I I at an exercise price of HKD9.90 per share.

The Options 2021 II are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2021 II, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2021 II");

ii. up to a further 25% of the Options 2021 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2021 II; and

iii. up to a further 25% of the Options 2021 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2021 II; and

iv. in respect of the remaining 25% of the Options 2021 II, which, for the avoidance of doubt, comprise those Options 2021 II which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2021 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD1,339,000. The Group has recognised an amount of HKD255,000 (equivalent to RMB211,000) as expenses during the year ended 31 December 2021.

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the major inputs to the model used:

Share option:	**Scheme I**	**Scheme II**	**Scheme III**
Share price (HKD per share)	10.80	11.68	17.58
Volatility (%)	30.00	25.17	32.12
Risk-free interest rate (%)	1.36	1.23	1.91
Expected life of options (year)	10	10	10
Dividend yield (%)	1.57	1.80	1.99

Share option:	**Scheme IV**	**Scheme V**	**Scheme VI**
Share price (HKD per share)	12.86	9.95	8.79
Volatility (%)	38.59	36.71	36.70
Risk-free interest rate (%)	1.43	1.01	0.64
Expected life of options (year)	10	10	10
Dividend yield (%)	2.88	3.17	4.58

Share option:	**Scheme VII**	**Scheme VIII**	**Scheme IX**
Share price (HKD per share)	8.86	10.88	9.90
Volatility (%)	33.69	28.42	23.58
Risk-free interest rate (%)	0.71	1.61	1.04
Expected life of options (year)	10	10	10
Dividend yield (%)	3.14	–	2.22

62. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

The following options were outstanding under the Share Option Scheme during the year:

	2021	2020
At 1 January	**221,553,600**	247,795,000
Granted during the year	**40,690,000**	21,090,000
Exercised during the year	**(467,500)**	(42,500)
Forfeited and other changes during the year	**(18,901,000)**	(47,288,900)
At 31 December	**242,875,100**	221,553,600

The weighted average exercise price of share options which were granted during 2021 was HKD10.89 (2020: HKD8.79), the weighted average exercise price of share options which were forfeited during 2021 were HKD12.25 (2020: HKD12.16), and the weighted average share price for share options exercised during the year was HKD8.95 per share (2020: HKD9.95), at a cash consideration of RMB4,401,000 (2020: RMB466,000).

The number of outstanding share options granted as at 31 December 2021 for each tranche of the Share Option Scheme is as follows:

	2021	2020
Share Option Scheme I	**67,300,000**	74,000,000
Share Option Scheme II	**38,100,000**	41,200,000
Share Option Scheme III	**12,242,600**	14,238,600
Share Option Scheme IV	**66,605,000**	71,300,000
Share Option Scheme V	**1,450,000**	1,515,000
Share Option Scheme VI	**17,707,500**	19,210,000
Share Option Scheme VII	**90,000**	90,000
Share Option Scheme VIII	**38,600,000**	–
Share Option Scheme IX	**780,000**	–
At 31 December	**242,875,100**	221,553,600

62. SHARE-BASED PAYMENTS *(Continued)*

(c) Equity-settled share-based payment of principal subsidiaries of the Group

HENLIUS

As at 14 April 2018, the second extraordinary general meeting of Henlius, a subsidiary of the Group, passed a share incentive scheme and granted 22,750,000 restricted shares to eligible participants at a price of RMB9.21 per share. As at 10 December 2020, Henlius passed a share incentive scheme and granted 2,780,700 restricted shares to eligible participants at a price of RMB9.21 per share. As at 7 April 2021, at 13 July 2021, and at 30 November 2021, Henlius granted 531,050 restricted shares to eligible participants at a price of RMB9.21 per share. The 531,050 shares of common stock granted in April, July and November 2021 are from restricted shares that were released from embargoes upon departure of share-incentive plan participants in 2018 and 2020. Henlius has recognised an amount of RMB53,490,000 as related expenses and deferred development costs during the year ended 31 December 2021 (2020:RMB46,050,000).

GLAND

As at 27 June 2019, Gland, a subsidiary of the Group, passed a share incentive scheme and granted 154,650 restricted shares to eligible participants at a price of equivalent RMB540 per share. On March 17, 2020, Gland Pharma was subdivided into ten shares for each issued share. After the completion of subdivision, adjustment shall be made in accordance with the terms of the Gland Pharma Share Option Incentive Scheme for the exercise of the outstanding options and the number of Gland Pharma shares that the option may be placed and issued upon exercise of all outstanding options. Gland has recognised an amount of RMB8,901,000 as expenses during the year ended 31 December 2021 (2020:RMB19,490,000).

SISRAM MEDICAL LIMITED

As at 30 November 2021, at 2 December 2021, Sisram Medical Limited, a subsidiary of the Group, granted 4,699,550 restricted shares to eligible participants. Sisram has recognised an amount of RMB1,895,000 as expenses for the year ended 31 December 2021.

FOSUN TOURISM GROUP ("FTG")

FTG, a subsidiary of the Group, has granted certain share options during previous years. The fair value of the share options granted was RMB184,620,000 (RMB3.47 to RMB4.59 each), based on different vesting periods, of which the Group recognised a share option expense of RMB9,129,000 during the year ended 31 December 2021 (2020: RMB26,098,000).

On 4 July 2018, pursuant to the Free Share Ownership Plan of FTG, share units for 3,505,537 ordinary shares of FTG were granted to eligible participants with vesting periods from one to four years. The aggregate fair value of the free shares granted was amounted to approximately RMB55,162,000. FTG has recognised a expense of RMB3,485,000 during the year ended 31 December 2021 (2020: RMB8,012,000).

On 28 August 2020, pursuant to the 2019 Free Share Ownership Plan, share units for 2,720,889 ordinary shares of the Company, were granted to eligible participants with vesting periods from one to four years. The aggregate fair value of the free shares granted during the year ended 31 December 2020 amounted to approximately RMB22,774,000. FTG has recognised an expense of RMB7,043,000 during the year ended 31 December 2021 (2020: RMB4,028,000).

On 20 August 2021, pursuant to the 2019 Free Share Ownership Plan, share units for 3,146,000 ordinary shares of the Company, were granted to eligible participants with vesting periods from one to four years. The aggregate fair value of the free shares granted during the year ended 31 December 2021 amounted to approximately RMB23,569,000. FTG has recognised an expense of RMB6,073,000 for the year ended 31 December 2021 (2020: Nil).

On 28 August 2020, pursuant to the 2019 Share Option Plan, 4,979,000 share options were granted to eligible participants with vesting periods from one to four years. The fair value of the share options granted during the year ended 31 December 2020 was RMB8,601,000 (RMB1.61 to RMB1.84 each), based on different vesting periods, of which the Group recognised a share option expense of RMB2,451,000 during the year ended 31 December 2021 (2020: RMB2,104,000).

62. SHARE-BASED PAYMENTS *(Continued)*

(c) Equity-settled share-based payment of principal subsidiaries of the Group *(Continued)*

FOSUN TOURISM GROUP ("FTG") *(Continued)*

On 20 August 2021, pursuant to the 2019 Share Option Plan, 6,233,000 share options were granted to eligible participants with vesting periods from one to four years. The fair value of the share options granted during the year ended 31 December 2021 was RMB11,636,000 (RMB1.72 to RMB2.01 each), based on different vesting periods, of which the Group recognised a share option expense of RMB2,686,000 during the year ended 31 December 2021 (2020: Nil).

YUYUAN

Pursuant to the restricted share incentive schemes and share incentive schemes of Yuyuan, share units for 36,790,776 restricted share and share option of Yuyuan were granted to eligible participants with vesting periods from one to five years. The aggregate fair value of the free shares granted was amounted to approximately RMB127,555,000. Yuyuan has recognised an expense of RMB33,071,000 during the year ended 31 December 2021 (2020: RMB13,203,000).

63. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2021	2020
	RMB'000	RMB'000
Contracted, but not provided for:		
Plant and machinery	**4,599,643**	5,956,388
Properties under development	**2,263,053**	2,454,808
Investments	**4,018,313**	7,057,208
Oil and gas assets	**177,244**	157,250
	11,058,253	15,625,654

In addition, the Group' s share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2021	2020
	RMB'000	RMB'000
Contracted but not provided for:		
Properties under development	**120,524**	182,135
	120,524	182,135

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2021. The future lease payments for these non-cancellable lease contracts are RMB159,864,000 due within one year, RMB233,675,000 due in the second to fifth years, inclusive and RMB52,245,000 due after five years.

64. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	Note	**2021**	2020
		RMB'000	RMB'000
Principal amount of the guaranteed bank loans and corporate bonds of:			
Related parties		**609,136**	20,059
Third parties		**485,838**	33,165
Qualified buyers' mortgage loans	*(1)*	**6,904,803**	7,814,151
		7,999,777	7,867,375

Notes:

(1) As at 31 December 2021, the Group provided guarantees of approximately RMB6,904,803,000 (31 December 2020: RMB7,814,151,000) in favour of their customers in respect of mortgage loans provided by banks to these customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the PRC. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The directors consider that in the case of default in payments, the net realisable value of the related properties can cover the outstanding principal together with the accrued interest and penalties, and therefore, no provision has been made in the financial statements for the guarantees.

(2) Owing to the nature of the insurance business, the insurance segment of the Group is involved in legal proceedings in the ordinary course of its activities, including being the plaintiff or the defendant in litigation and arbitration proceedings. Most of such legal proceedings involve claims concerning insurance policies, which are already provisioned, and some additional losses arising therefrom will be indemnified either by reinsurers or by other recoveries, like salvages. Although the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the Group believes that any resulting liabilities will not have a material adverse effect on its financial position or operating results.

65. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

Name of related parties	Nature of transactions	2021 RMB'000	2020 RMB'000
Sales of goods			
Sinopharm Group Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	**3,868,514**	2,981,660
C.Q.pharmaceutical Holding Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	**749,624**	457,304
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 7)	Sales of powdered iron	**173,721**	70,893
Shanghai Lingjian Information Technology Co., Ltd. (Notes 2 & 7)	Sales of pharmaceuticalproducts	**17,131**	11,992
Suzhou Fujian Xingyi Venture Capital Partnership (Limited Partnership) (Notes 2 & 7)	Sales of pharmaceutical products	**9,916**	3,407
New Frontier Health Corporation (Notes 2 & 7)	Sales of pharmaceutical products	**2,711**	2,083
Jinfukang Pharmaceutical Group Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	**2,190**	3,008
StarKids Children's Hospital Shanghai (Notes 2 & 7)	Sales of pharmaceutical products	**1,490**	–
Wuhan Fuzhi Real Estate Development Co., Ltd. (Notes 2 & 7)	Sales of electricity	**1,430**	–
Shanghai Diai Medical Instrument Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**734**	3,246
Riviera Songhelou (Shanghai) Catering Management Co., Limited (Notes 2 & 7)	Sales of other products	**629**	–
Wuhan Fuzhi Real Estate Development Co., Ltd. (Notes 2 & 7)	Sales of other products	**628**	–
Chongqing Langfu Real Estate Co., Ltd. (Notes 2 & 7)	Sales of other products	**240**	–
Hainan Haigang Group Co., Ltd. (Notes 3 & 7)	Sales of electricity	**175**	140
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 7)	Sales of waste rubble	**67**	389
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	**60**	153,284
Intuitive Surgical-Fosun (Hongkong) Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**–**	177,953
Huaihai Hospital Management Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**–**	9,292
Koller Formenbau GmbH (Notes 2 & 7)	Sales of pharmaceutical products	**–**	3,595
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**–**	3,291
Tianjin Fosun Haihe Healthcare Industry Fund Partnership (Limited Partnership) (Notes 2 & 7)	Sales of pharmaceutical products	**–**	2,202
Shanghai Xingyao Medical Technology Development Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**–**	1,612
Qinghai Sales Company (Notes 2 & 7)	Sales of other products	**–**	1,034
Tianjin EV Energies Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**–**	722
Total sales of goods		**4,829,260**	3,887,107

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2021 RMB'000	2020 RMB'000
Purchases of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**384,627**	323,922
C.Q.pharmaceutical Holding Co., Ltd (Notes 2 & 7)	Purchases of pharmaceutical products	**148,544**	28,323
Hainan Haigang Group Co., Ltd. (Notes 3 & 7)	Purchases of steel products	**60,226**	–
Beijing Zhongyan Dadi Technology Co., Ltd. (Notes 2 & 7)	Purchases of construction materials	**25,833**	9,747
Hangzhou Youpeng Network Technology Co., Ltd. (Notes 2 & 7)	Purchases of jewellery	**20,644**	–
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 7)	Purchases of steel products and machine	**8,331**	29,276
Dongguan Xingyu Jewelry Industrial Co., Ltd. (Notes 2 & 7)	Purchases of jewellery	**8,209**	13,561
Shanghai Shihao Industry & Trade Technology Co., Ltd. (Notes 2 & 7)	Purchases of accessories	**6,028**	6,072
Shanghai Shishang Industry & Trade Technology Co., Ltd. (Notes 2 & 7)	Purchases of accessories	**4,959**	4,276
Shanghai Hengbao Horologe (Notes 2 & 7)	Purchases of accessories	**2,439**	2,790
SINNOWA Medical Science &Technology Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**1,937**	2,281
Anhui Sunhere Pharmaceuticals Excipients Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**1,555**	2,243
Sichuan Tuopai Shede Group Co., Ltd (Notes 2 & 7)	Purchases of alcohol	**235**	–
Fosun United Health Insurance Co., Ltd (Notes 2 & 7) products	Purchases of insurance	**92**	194
Saladax Biomedical, Inc. (Notes 2 & 7)	Purchases of pharmaceutical products	**–**	7,465
Shanghai Guanghao Watch Co., Ltd. (Notes 7 &12)	Purchases of accessories	**–**	1,898
Shanghai Xingyao Medical Technology Development Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**–**	907
Total purchases of goods		**673,659**	432,955

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: (Continued)

Name of related parties	Nature of transactions	2021 RMB'000	2020 RMB'000
Service income			
Shanghai Dijie Real Estate Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**39,425**	40,019
Fosun United Health Insurance Co., Ltd (Notes 2 & 8)	Reinsurance services provided to the related company	**31,766**	–
Wuhan Fuzhi Real Estate Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**26,533**	11,147
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**17,483**	–
Yong'an Property Insurance Company Limited (Notes 2 & 8)	Reinsurance services provided to the related company	**14,603**	4,127
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	**11,770**	1,190
Shanghai Fosun Bund Property. Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**11,271**	25,726
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**10,161**	–
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development (Notes 2 & 8)	Medical related services provided to the related company	**8,605**	1,575
Fosun Fashion (Shanghai) Consulting Management CO., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	**7,709**	–
Sichuan Tuopai Shede Group Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	**5,142**	–
Tianjin Fosun Haihe medical and health industry fund partnership (Notes 2 & 8)	Medical related services provided to the related company	**5,126**	–
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 8)	Medical related services provided to the related company	**4,607**	4,617
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	**4,568**	576
Dongyang Xingkai commercial operation management Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	**4,245**	–
Pramerica Fosun Life Insurance Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	**3,782**	2,990
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**3,519**	–
Fosun United Health Insurance Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	**3,412**	3,443
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**3,005**	359
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**2,992**	–
Beijing Yuquan Xincheng Real Estate Development Co., Ltd (Notes 2 & 8)	Other services provided to the related company	**2,137**	–
Sichuan Wanrong Real Estate Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**1,136**	690

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2021 RMB'000	2020 RMB'000
Service income (continued)			
Wuhan Fuzhi Real Estate Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**1,076**	–
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**935**	1,211
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	**804**	–
Fosun Fashion (Shanghai) Consulting Management CO., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**355**	–
Hangzhou Fuyu Real Estate Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	**345**	–
Nanjing Xinzhi Chain Technology Information Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**295**	839
Hainan Haigang Group Co., Ltd. (Notes 3 & 8)	Other services provided to the related company	**263**	–
Dongyang Fuhong Technology Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	**236**	–
Hainan Shilu Iron Mine Park Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**189**	227
National General Insurance Corporation N.V. (Notes 2 & 8)	Reinsurance services provided to the related company	**–**	214,917
Tianjin EV Energies Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**–**	2,569
Beijing Dashu Yida Technology Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**–**	1,427
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**–**	934
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**–**	566
Shanghai Fosun Bund Property. Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**–**	510
Carthago (Notes 2 & 8)	Other services provided to the related company	**–**	325
Total service income		**227,495**	319,984

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2021 RMB'000	2020 RMB'000
Interest income			
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 &10)	Interest income	182,145	176,185
HCo Lux S.à r.l. (Notes 2 &10)	Interest income	65,528	69,365
Banco Comercial Português, S.A. (Notes 2 &10)	Interest income	49,948	34,799
Acacias Property S.à.r.l (Notes 2 &10)	Interest income	34,037	22,131
Fosun Fashion Group (Cayman) Limited (Notes 2 &10)	Interest income	28,674	5,085
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 &10)	Interest income	16,525	47,664
Fosun Kite Biotechnology Co., Ltd. (Notes 2 &10)	Interest income	9,438	9,467
FPH Europe Holdings III (HK) Limited (Notes 2 &10)	Interest income	5,930	6,482
Nanjing Iron & Steel Co., Ltd. (Notes 2 &10)	Interest income	2,032	416
Guangzhou Taotong Technology Co., Ltd (Notes 2 &10)	Interest income	494	–
Fosun Sinopharm (Hong Kong) Supply Chain Management Co., Ltd. (Notes 2 &10)	Interest income	439	333
Fusheng brand management (Shanghai) Co., Ltd (Notes 2 &10)	Interest income	175	–
Nature's Sunshine (Far East) Limited (Notes 2 &10)	Interest income	168	288
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 &10)	Interest income	–	8,427
Tianjin EV Energies Co., Ltd. (Notes 2 &10)	Interest income	–	2,289
Total interest income		395,533	382,931
Rental income			
Dongyang Xingkai commercial operation management Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	16,190	–
Fosun Kite Biological Technology Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	10,135	9,451
Shanghai Xingmai Information Technology Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	1,466	1,466
Suzhou Kentucky Fried Chicken Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	1,219	1,050
Tongde Equity Investment and Management (Shanghai) Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	942	–
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	918	–
New Frontier Health Corporation (Notes 2 & 8)	Operating lease to related parties	333	630
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	264	290
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development (Notes 2 & 8)	Operating lease to related parties	252	539
Shanghai Xingyao Medical Technology Development Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	–	578
StarKids Children's Hospital Shanghai. (Notes 2 & 8)	Operating lease to related parties	–	119
Total rental income		31,719	14,123

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: (Continued)

Name of related parties	Nature of transactions	2021 RMB'000	2020 RMB'000
Rental expense			
Hainan Haigang Group Co., Ltd. (Notes 3 & 8)	Operating lease provided by related parties	**14,418**	13,177
Pramerica Fosun Life Insurance Co., Ltd (Notes 2 & 8)	Operating lease provided by related parties	**6,771**	4,674
Shanghai Dijie Real Estate Co., Ltd (Notes 2 & 8)	Operating lease provided by related parties	**2,832**	2,943
Beijing Xingyuan Innovation Equity Investment Fund Management Co., Ltd. (Notes 2 & 8)	Operating lease provided by related parties	**1,612**	1,612
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Operating lease provided by related parties	**119**	40
Total rental expense		**25,752**	22,446
Interest paid for deposits from related parties			
Nanjing Iron & Steel United Co., Ltd (Notes 2 & 5)	Interest paid for deposits	**16,304**	341
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**5,971**	12,103
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**4,234**	3,469
Dongyang Xingkai commercial operation management Co., Ltd (Notes 2 & 5)	Interest paid for deposits	**1,572**	–
Tianjin EV Energies Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**1,566**	215
Shanghai Fosun Bund Property Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**266**	119
Taizhou Hangshaotai High-speed Railway Investment Management Partnership (Limited Partnership) (Notes 2 & 5)	Interest paid for deposits	**151**	943
Shanghai Xingmai Information. Technology Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**64**	109
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**44**	119
Zhejiang Dongyang China Woodcarving City Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**6**	4
Shanghai FFT Automation Technology Co., Ltd. (Notes 5)	Interest paid for deposits	**–**	763
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**–**	455
FFT (Shanghai) Manufacturing System Engineering Co., Ltd. (Notes 5)	Interest paid for deposits	**–**	73
Total interest paid for deposits from related parties		**30,178**	18,713

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2021 RMB'000	2020 RMB'000
Other expenses			
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**10,601**	–
C.Q.pharmaceutical Holding Co., Ltd (Notes 2 & 9)	Other service expenses from the related company	**8,771**	–
Hainan Tianhan Technology Co., Ltd (Notes 2 & 9)	Other service expenses from the related company	**4,967**	–
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development (Notes 2 & 9)	Other service expenses from the related company	**4,717**	–
Pramerica Fosun Life Insurance Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**2,955**	229
Tongde Equity Investment and Management (Shanghai) Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**2,214**	–
Jiangsu Jinheng Information Technology Co., Ltd (Notes 2 & 9)	Other service expenses from the related company	**566**	–
Hainan Haigang Group Co., Ltd. (Notes 3 & 9)	Other service expenses from the related company	**110**	107
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**106**	–
Huaihai Hospital Management Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**105**	–
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**–**	404
Total other expenses from related parties		**35,112**	740

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2021 RMB'000	2020 RMB'000
Increase of deposits from related companies			
Tianjin EV Energies Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**2,986,779**	1,625,272
Nanjing Iron & Steel United Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**2,915,921**	3,045,242
Taizhou Hangshaotai High-speed Railway Investment Management Partnership (Limited Partnership) (Notes 2 & 5)	Increase of deposits from the related company	**2,592,701**	2,883,064
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**1,444,457**	2,569,075
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**795,191**	793,287
Dongyang Xingkai commercial operation management Co., Ltd (Notes 2 & 5)	Increase of deposits from the related company	**750,850**	–
Nanjing Iron & Steel Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**610,668**	782,113
Shanghai Fosun Bund Property Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**464,283**	239,631
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**445,511**	466,784
Shanghai Xingmai Information Technology Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**379,595**	204,337
Guangzhou Taotong Technology Co., Ltd (Notes 2 & 5)	Increase of deposits from the related company	**99,124**	–
Fusheng brand management (Shanghai) Co., Ltd (Notes 2 & 5)	Increase of deposits from the related company	**39,486**	–
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**5,001**	150,004
Shanghai Qinmiao Technology Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**2,458**	4,810
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**–**	1,100,476
Shanghai FFT Automation Technology Co., Ltd. (Notes 5)	Increase of deposits from the related company	**–**	475,806
FFT (Shanghai) Manufacturing System Engineering Co., Ltd. (Notes 5)	Increase of deposits from the related company	**–**	246,324
Total increase of deposits from related companies		**13,532,025**	14,586,225
Guarantees of bank loans and corporate bonds			
Tianjin EV Energies Co., Ltd. (Notes 2 & 4)	Bank loans guarantee to the related company	**594,000**	–
Fosun Holdings Limited (Notes 1, 6 & 4)	Bank loans guaranteed by the related company	**369,791**	–
Holiday Hotel AG (Notes 2 & 4)	Bank loans guarantee to the related company	**15,136**	20,063

65. RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2021 RMB'000	2020 RMB'000
Increase of loans to related companies			
Shanghai Fuyi Industrial Development Co., Ltd (Notes 2 &10)	Increase of loans provided to the related company	**860,468**	–
Fosun Fashion Group (Cayman) Limited (Notes 2 &10)	Increase of loans provided to the related company	**276,652**	231,124
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 &10)	Increase of loans provided to the related company	**206,626**	171,000
Shanghai Xingmai Information. Technology Co., Ltd. (Notes 2 &10)	Increase of loans provided to the related company	**71,400**	97,458
Guangzhou Taotong Technology Co., Ltd (Notes 2 &10)	Increase of loans provided to the related company	**49,300**	–
Nanjing Iron & Steel Co., Ltd. (Notes 2 &10)	Increase of loans provided to the related company	**20,000**	–
Fusheng brand management (Shanghai) Co., Ltd (Notes 2 &10)	Increase of loans provided to the related company	**10,405**	–
StarKids Children's Hospital Shanghai (Notes 2 &10)	Increase of loans provided to the related company	**9,291**	–
Changsha Fuyu Real Estate. Development Co., Ltd (Notes 2 &10)	Increase of loans provided to the related company	**–**	631,945
Acacias Property S.à.r.l (Notes 2 &10)	Increase of loans provided to the related company	**–**	367,338
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 &10)	Increase of loans provided to the related company	**–**	337,951
Beijing Hehua Real Estate Development Co., Ltd. (Notes 2 &10)	Increase of loans provided to the related company	**–**	52,821
Fosun Sinopharm (Hong Kong) Supply Chain Management Co., Limited (Notes 2 &10)	Increase of loans provided to the related company	**–**	16,558
Riviera Songhelou (Shanghai) Catering Management Co., Limited (Notes 2 &10)	Increase of loans provided to the related company	**–**	4,500
Jiangsu Jinheng Information Technology Co., Ltd. (Notes 2 &10)	Increase of loans provided to the related company	**–**	60
Total increase of loans to related companies		**1,504,142**	1,910,755
Increase of right-of-use assets			
Shanghai Fosun Bund Property Co., Ltd. (Notes 2 & 7)	Increase of right-of-use assets	**12,425**	239,631
Total increase of right-of-use assets		**12,425**	239,631

65. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(1) It is the holding company of the Group.

(2) They are associates and joint ventures of the Group.

(3) They are non-controlling shareholders of the subsidiaries of the Group.

(4) The bank loans were guaranteed by the related companies free of charge. The guarantees were given by the Group for bank loans of the related companies free of charge.

(5) Interest paid for deposits from related parties represents interest paid for deposits placed by related parties in Finance Company, a subsidiary of the Group. The deposits from related parties carry interest which are determined in accordance with the benchmark deposit interest rate of PBOC and the prevailing market deposit interest rate. The deposits will be repaid upon demand of the related parties.

(6) These transactions constituted connected transactions or continuing connected transactions of the Group under Chapter 14A of the Listing Rules. They are exempted from the disclosure requirements under Chapter 14A of the Listing Rules.

(7) The directors consider that the sales and purchases were undertaken on commercial terms similar to those offered to/by unrelated customers/suppliers in the ordinary course of business of the relevant companies.

(8) The directors consider that the income for services provided to related companies were determined based on prices available to third party customers.

(9) The directors consider that the fees for services provided by the related companies were determined based on prices charged to third parties by related companies.

(10) The loans provided by/to the related companies are unsecured. The directors consider that the applicable interest rates are determined in accordance with the prevailing market borrowing rates.

(11) Shanghai Guanghao Watch Co., Ltd was no longer an associate of the Group in 2021.

(12) In February 2021, Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun High-Tech", as the subscriber), a subsidiary of the Group, and Shanghai Xingye Investment Development Co., Ltd ("Xingye Investment", as the issuer), a company controlled by the ultimate controlling shareholder of Fosun High-Tech entered into a convertible bond investment agreement. Fosun Hi-Tech subscribed the convertible bonds issued by Xingye Investment in the principal amount for RMB2,800,000,000 with a consideration of RMB2,800,000,000. The convertible bonds could be converted into the equity interests of Xingye Investment in accordance with the terms and conditions of the agreement.

(13) Zhejiang Hongsheng Technology Co., Ltd., a joint venture of the Group, increased the capital of Ningbo Fosun Ruizheng Venture Capital Partnership (Limited Partnership) and Wuxi Fosun venture capital partnership (Limited Partnership), two subsidiaries of the Group, by RMB277,569,000 and RMB70,000,000 respectively this year, and obtained 32.23% and 20.96% shares respectively.

(14) Compensation of key management personnel of the Group:

	2021 **RMB'000**	2020 RMB'000
Short-term employee benefits	**153,396**	102,849
Equity-settled share award/option scheme expenses	**70,990**	57,303
Pension scheme contributions	**506**	123
Total compensation paid to key management personnel	**224,892**	160,275

66. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows:

2021

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss					Financial assets at fair value through other comprehensive income				
	Designated as such upon initial recognition RMB'000	Other investments* RMB'000	Held for trading RMB'000	Hedging instruments designated in fair value hedges RMB'000	Associates measured at fair value through profit or loss RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	–	–	–	–	–	–	535,491	–	–	535,491
Debt investments at fair value through other comprehensive income	–	–	–	–	–	80,908,414	–	–	–	80,908,414
Debt investments at amortised cost	–	–	–	–	–	–	–	25,984,474	–	25,984,474
Cash and bank balances	–	–	–	–	–	–	–	96,278,048	–	96,278,048
Term deposits	–	–	–	–	–	–	–	501,471	–	501,471
Financial assets at fair value through profit or loss	–	37,066,229	33,061,958	–	–	–	–	–	–	70,128,187
Trade and notes receivables	–	–	–	–	–	–	–	10,618,340	–	10,618,340
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	–	–	–	25,515,340	–	25,515,340
Due from related companies	–	–	–	–	–	–	–	18,210,088	–	18,210,088
Derivative financial instruments	–	–	2,937,424	18,721	–	–	–	–	101,437	3,057,582
Policyholder account assets in respect of unit-linked contracts	11,410,885	–	–	–	–	–	–	1,297,736	–	12,708,621
Loans and advances to customers	–	–	–	–	–	–	–	16,793,872	–	16,793,872
Placements with and loans to banks and other financial institutions	–	–	–	–	–	–	–	425,483	–	425,483
Associates measured at fair value through profit or loss	–	–	–	–	12,046,990	–	–	–	–	12,046,990
Finance lease receivables	–	–	–	–	–	–	–	838,689	–	838,689
	11,410,885	37,066,229	35,999,382	18,721	12,046,990	80,908,414	535,491	196,463,541	101,437	374,551,090

* Other investments include i) financial assets whose contractual cash flows are not solely payments of principal and interest; ii) investments which have not been irrevocably designated as equity investments at FVOCI; and iii) investments which have not been managed within the business model of only holding to collect contractual cash flows or both collecting contractual cash flows and selling the financial assets.

66. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows: *(Continued)*

2021 *(Continued)*

FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	–	237,119,485	–	237,119,485
Trade and notes payables	–	–	21,406,410	–	21,406,410
Financial liabilities included in accrued liabilities and other payables	–	–	25,992,398	–	25,992,398
Due to related companies and the holding company	–	–	6,606,533	–	6,606,533
Deposits from customers	–	–	71,851,392	–	71,851,392
Financial liabilities included in other long term payables	1,729,069*	–	15,344,536	–	17,073,605
Derivative financial instruments	303,471	5,231,529	–	205,791	5,740,791
Financial liabilities at fair value through profit or loss	–	4,078,714	–	–	4,078,714
Investment contract liabilities	–	–	45,890,723	–	45,890,723
Financial liabilities for unit-linked contracts	11,410,885	–	1,297,736	–	12,708,621
Accounts payable to brokerage clients	–	–	421,560	–	421,560
Placements from banks and other financial institutions	–	–	122,735	–	122,735
Due to banks and other financial institutions	–	–	4,375,871	–	4,375,871
Assets sold under agreements to repurchase	–	–	1,467,606	–	1,467,606
	13,443,425	9,310,243	431,896,985	205,791	454,856,444

* The amount includes the share redemption option granted to non-controlling shareholders of several subsidiaries, of which the fair value change is recognised in reserves due to the nature of the equity transaction with the non-controlling shareholders of the subsidiaries of the Group.

66. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows: *(Continued)*

2020 (Restated)

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss					Financial assets at fair value through other comprehensive income				
	Designated as such upon initial recognition RMB'000	Other investments* RMB'000	Held for trading RMB'000	Hedging instruments designated in fair value hedges RMB'000	Associates measured at fair value through profit or loss RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	–	–	–	–	–	–	746,295	–	–	746,295
Debt investments at fair value through other comprehensive income	–	–	–	–	–	89,142,313	–	–	–	89,142,313
Debt investments at amortised cost	–	–	–	–	–	–	–	34,812,890	–	34,812,890
Cash and bank balances	–	–	–	–	–	–	–	105,725,216	–	105,725,216
Term deposits	–	–	–	–	–	–	–	1,121,996	–	1,121,996
Financial assets at fair value through profit or loss	–	31,513,387	27,650,056	–	–	–	–	–	–	59,163,443
Trade and notes receivables	–	–	–	–	–	–	–	9,020,547	–	9,020,547
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	–	–	–	15,413,378	–	15,413,378
Due from related companies	–	–	–	–	–	–	–	12,926,541	–	12,926,541
Derivative financial instruments	–	–	1,897,660	48,351	–	–	–	–	65,878	2,011,889
Policyholder account assets in respect of unit-linked contracts	3,819,343	–	–	–	–	–	–	381,986	–	4,201,329
Loans and advances to customers	–	–	–	–	–	–	–	4,397,157	–	4,397,157
Placements with and loans to banks and other financial institutions	–	–	–	–	–	–	–	40,162	–	40,162
Associates measured at fair value through profit or loss	–	–	–	–	9,230,507	–	–	–	–	9,230,507
Finance lease receivables	–	–	–	–	–	–	–	1,596,472	–	1,596,472
	3,819,343	31,513,387	29,547,716	48,351	9,230,507	89,142,313	746,295	185,436,345	65,878	349,550,135

* Other investments include i) financial assets whose contractual cash flows are not solely payments of principal and interest; ii) investments which have not been irrevocably designated as equity investments at FVOCI; and iii) investments which have not been managed within the business model of only holding to collect contractual cash flows or both collecting contractual cash flows and selling the financial assets.

66. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows: *(Continued)*

2020 (Restated) *(Continued)*

FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	–	229,802,424	–	229,802,424
Trade and notes payables	–	–	18,300,932	–	18,300,932
Financial liabilities included in accrued liabilities and other payables	73,503*	–	27,105,555	–	27,179,058
Due to related companies and the holding company	–	–	6,816,620	–	6,816,620
Deposits from customers	–	–	47,858,528	–	47,858,528
Financial liabilities included in other long term payables	–	–	14,788,305	–	14,788,305
Derivative financial instruments	330,739	2,151,985	–	210,433	2,693,157
Financial liabilities at fair value through profit or loss	–	2,136,246	–	–	2,136,246
Investment contract liabilities	–	–	62,845,700	–	62,845,700
Financial liabilities for unit-linked contracts	3,819,343	–	381,986	–	4,201,329
Accounts payable to brokerage clients	–	–	1,184,878	–	1,184,878
Placements from banks and other financial institutions	–	–	212,595	–	212,595
Due to banks and other financial institutions	–	–	2,936,145	–	2,936,145
Assets sold under agreements to repurchase	–	–	3,120,034	–	3,120,034
	4,223,585	4,288,231	415,353,702	210,433	424,075,951

* The amount includes the share redemption option granted to non-controlling shareholders of several subsidiaries, of which the fair value change is recognised in reserves due to the nature of the equity transaction with the non-controlling shareholders of the subsidiaries of the Group.

67. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

At 31 December 2021, the Group endorsed certain notes receivable accepted by banks in Mainland China (the "Endorsed notes") with a carrying amount of RMB100,441,000 (2020: 108,555,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In addition, the Group discounted certain notes receivable accepted by banks in the PRC (the "Discounted Notes") to certain banks to finance its operating cash flows (the "Discount") with an aggregate carrying amount of RMB284,080,000 (2020: RMB128,346,000).

In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes and Discounted Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled, the Discounted Notes and the short-term borrowings. Subsequent to the Endorsement and Discount, the Group did not retain any rights on the use of the Endorsed Notes and Discounted Notes, including the sale, transfer or pledge to any other third parties.

Transferred financial assets that are derecognised in their entirety

At 31 December 2021, the Group endorsed certain notes receivable accepted by banks in the PRC (the "Derecognised Notes") to certain of its suppliers in order to settle the trade payables due to these suppliers with an aggregate carrying amount of RMB1,952,867,000 (2020: RMB1,197,901,000). In addition, the Group discounted certain notes receivable accepted by banks in the PRC to certain banks to finance its operating cash flows with an aggregate carrying amount of RMB474,847,000 (2020: RMB752,928,000). The Derecognised Notes had maturity from one to ten months at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC and relevant discounting arrangement with certain banks, the holders of the Derecognised Notes have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement").

In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and the discount have been made evenly throughout the year.

68. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Equity investments designated at fair value through other comprehensive income	**535,491**	746,295	**535,491**	746,295
Debt investments at fair value through other comprehensive income	**80,908,414**	89,142,313	**80,908,414**	89,142,313
Debt investments at amortised cost	**25,984,474**	34,812,890	**26,118,133**	34,999,915
Financial assets at fair value through profit or loss	**70,128,187**	59,163,443	**70,128,187**	59,163,443
Loans and advances to customers	**1,324,555**	361,491	**1,358,331**	377,773
Policyholder account assets in respect of unit-linked contracts	**11,410,885**	3,819,343	**11,410,885**	3,819,343
Derivative financial instruments	**3,057,582**	2,011,889	**3,057,582**	2,011,889
Associates measured at fair value through profit or loss	**12,046,990**	9,230,507	**12,046,990**	9,230,507
	205,396,578	199,288,171	**205,564,013**	199,491,478
Financial liabilities				
Interest-bearing bank and other borrowings	**131,892,195**	140,463,287	**135,654,137**	145,023,742
Financial liabilities at fair value through profit or loss	**4,078,714**	2,136,246	**4,078,714**	2,136,246
Financial liabilities included in accrued liabilities and other payables	**–**	73,503	**–**	73,503
Financial liabilities included in other long term payables	**4,444,730**	2,483,880	**4,444,730**	2,483,880
Deposits from customers	**108,641**	69,570	**118,841**	70,262
Due to banks and other financial institutions	**2,834,815**	944,141	**2,833,908**	944,322
Financial liabilities for unit-linked contracts	**11,410,885**	3,819,343	**11,410,885**	3,819,343
Due to related companies and the holding company	**2,770,224**	3,923,453	**2,684,051**	3,830,512
Derivative financial instruments	**5,740,791**	2,693,157	**5,740,791**	2,693,157
	163,280,995	156,606,580	**166,966,057**	161,074,967

68. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and bank balances, term deposits, finance lease receivables, placements with and loans to banks and other financial institutions, accounts payable to brokerage clients, trade and notes receivables, trade and notes payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, investment contract liabilities, placements from banks and other financial institutions, amounts due from related companies and amounts due to related companies and the holding company, assets sold under agreements to repurchase, the current portion of loans and advances to customers, interest-bearing bank and other borrowings, deposits from customers, and amounts due to banks and other financial institutions approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial liabilities included in other long term payables, and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of amounts due to related companies, financial liabilities included in other long term payables, and the non-current portion of interest-bearing bank and other borrowings as at 31 December 2021 was assessed to be insignificant. The fair values of listed bonds and senior notes are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include commodity derivative contracts, forward currency contracts, and currency and interest rate swaps. As at 31 December 2021, the fair values of commodity derivative contracts were measured using quoted market prices of commodity future contracts, while the fair values of the forward currency contracts and the fair values of currency and interest rate swaps were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amounts of the commodity derivative contracts, forward currency contracts, and currency and interest rate swaps are the same as their fair values.

The fair values of listed equity investments without a lock-up period are based on quoted market prices. The fair values of listed equity investments with a lock-up period have been estimated based on assumptions that are supported by observable market prices and the discount for lack of marketability. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required by fair value measurement are observable, the instruments are included in level 2. If one or more of the significant inputs is not based on observable market data, the instruments are included in level 3.

68. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, income approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial assets in Level 3.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2021:

Unobservable inputs and sensitivity analysis for Level 3 assets

The financial assets measured at fair value held by the Group which were classified in Level 3 primarily correspond to debt securities, investment funds and certain unlisted equity securities not quoted in an active market.

The fair value of debt securities, which consist of public and corporate bonds, is determined using broker quotes that cannot be corroborated with observable market transactions. Significant unobservable inputs for these bonds would include proprietary cash flow models and issuer spreads, which are comprised of credit, liquidity, and other security-specific features of the bonds. An increase (decrease) in these issuer spreads would result in a lower (higher) fair value.

The fair values of investment funds classified in Level 3 are based on net asset value (NAV) reports provided by the management of such funds. For certain unlisted equity securities, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, etc., which requires the Group to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to earnings multiples and price to book multiples, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. An increase (decrease) in multiples would result in a higher (lower) fair value. An increase (decrease) in liquidity discount would result in a lower (higher) fair value. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

Unobservable inputs and sensitivity analysis for Level 3 liabilities

Significant unobservable valuation inputs for the share redemption option granted to non-controlling shareholders of subsidiaries included in accrued liabilities and other long term payables is fair value of net assets of subsidiaries. An increase(decrease) in fair value of net assets of subsidiaries would result in higher (lower) carrying amounts of the liabilities.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

68. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

ASSETS MEASURED AT FAIR VALUE:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	**Significant observable inputs Level 2 RMB'000**	**Significant unobservable inputs Level 3 RMB'000**	**Total RMB'000**
31 December 2021				
Equity investments designated at fair value through other comprehensive income	**426,832**	**34,302**	**74,357**	**535,491**
Debt investments at fair value through other comprehensive income	**73,473,182**	**5,927,447**	**1,507,785**	**80,908,414**
Financial assets at fair value through profit or loss	**30,699,967**	**19,298,886**	**20,129,334**	**70,128,187**
Policyholder account assets in respect of unit-linked contracts	**10,262,434**	**91,147**	**1,057,304**	**11,410,885**
Derivative financial instruments	**123,862**	**2,893,968**	**39,752**	**3,057,582**
Associates measured at fair value through profit or loss	**518,229**	**9,095,435**	**2,433,326**	**12,046,990**
	115,504,506	**37,341,185**	**25,241,858**	**178,087,549**

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
31 December 2020				
Equity investments designated at fair value through other comprehensive income	611,646	47,548	87,101	746,295
Debt investments at fair value through other comprehensive income	81,127,119	7,931,235	83,959	89,142,313
Financial assets at fair value through profit or loss	26,265,450	23,864,765	9,033,228	59,163,443
Policyholder account assets in respect of unit-linked contracts	3,697,943	87,812	33,588	3,819,343
Derivative financial instruments	190,274	1,816,272	5,343	2,011,889
Associates measured at fair value through profit or loss	570,919	6,402,840	2,256,748	9,230,507
	112,463,351	40,150,472	11,499,967	164,113,790

During the year, the financial assets with a fair value of RMB485,406,000 in Level 2 as at 31 December 2020 were transferred out to Level 1 due to the end of the lock-up period for these equity investments in 2021 (2020: RMB1,308,937,000).

68. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

ASSETS MEASURED AT FAIR VALUE: *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	Equity investments designated at fair value through other comprehensive income RMB'000	Debt investments at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Policyholder account assets in respect of unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Associates measured at fair value through profit or loss RMB'000	Total RMB'000
As at 31 December 2020	87,101	83,959	9,033,228	33,588	5,343	2,256,748	11,499,967
Total gains/(loss) recognised in the consolidated statement of profit or loss included in other gains	–	(44,993)	1,036,786	(7,935)	11,061	166,693	1,161,612
Total losses recognised in other comprehensive income	(11,739)	882	23,003	–	–	–	12,146
Addition	10	1,611,036	6,429,217	1,122,748	25,940	95,000	9,283,951
Disposals	(63)	(66,067)	(1,618,358)	(28,331)	–	(302,799)	(2,015,618)
Exchange realignment	(952)	(77,032)	(489,770)	(62,766)	(2,592)	(819)	(633,931)
Transfers*	–	–	5,715,228	–	–	218,503	5,933,731
	74,357	1,507,785	20,129,334	1,057,304	39,752	2,433,326	25,241,858

* During the year, the financial assets with a fair value of RMB1,211,856,000 in Level 3 as at 31 December 2020 were transferred out, and fair value of RMB7,145,587,000 in Level 2 as at 31 December 2020 were transferred in. The transfer was based on the significant input used in the fair value measurement as a whole.

68. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

ASSETS MEASURED AT FAIR VALUE: *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows: *(continued)*

	Equity investments designated at fair value through other comprehensive income RMB'000	Debt investments at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Policyholder account assets in respect of unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Associates measured at fair value through profit or loss RMB'000	Total RMB'000
As at 31 December 2019	338,484	68,173	8,362,174	11,134	273	1,298,813	10,079,051
Total gains/(loss) recognised in the consolidated statement of profit or loss included in other gains	–	(1,767)	(126,840)	(185)	146	495,150	366,504
Total losses recognised in other comprehensive income	(206,345)	(2,726)	49,525	–	–	–	(159,546)
Addition	1,399	69,785	2,655,107	31,500	4,832	285,000	3,047,623
Disposals	(42,698)	(53,604)	(2,057,649)	(9,587)	–	(188,381)	(2,351,919)
Disposals of subsidiaries							
Exchange realignment	(3,739)	4,098	90,764	726	92	(14,603)	77,338
Transfers*	–	–	60,147	–	–	380,769	440,916
	87,101	83,959	9,033,228	33,588	5,343	2,256,748	11,499,967

* During the year, the financial assets with a fair value of RMB889,159,000 in Level 3 as at 31 December 2019 were transferred out, and fair value of RMB1,330,075,000 in Level 2 as at 31 December 2019 were transferred in. The transfer was based on the significant input used in the fair value measurement as a whole.

68. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
31 December 2021				
Loans and advances to customers	**–**	**–**	**1,358,331**	**1,358,331**
Debt investments at amortised cost	**21,231,828**	**4,573,873**	**312,432**	**26,118,133**
	21,231,828	**4,573,873**	**1,670,763**	**27,476,464**
31 December 2020				
Loans and advances to customers	–	–	377,773	377,773
Debt investments at amortised cost	28,530,565	6,210,397	258,953	34,999,915
	28,530,565	6,210,397	636,726	35,377,688

68. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

LIABILITIES MEASURED AT FAIR VALUE:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
31 December 2021				
Financial liabilities for unit-linked contracts	**10,262,434**	**91,147**	**1,057,304**	**11,410,885**
Financial liabilities included in other long term payables	**–**	**–**	**1,729,069**	**1,729,069**
Financial liabilities at fair value through profit or loss	**4,078,714**	**–**	**–**	**4,078,714**
Derivative financial instruments	**676,128**	**4,145,182**	**919,481**	**5,740,791**
	15,017,276	**4,236,329**	**3,705,854**	**22,959,459**
31 December 2020				
Financial liabilities for unit-linked contracts	3,697,943	87,812	33,588	3,819,343
Financial liabilities included in other payables and accruals	–	–	73,503	73,503
Financial liabilities at fair value through profit or loss	2,134,246	2,000	–	2,136,246
Derivative financial instruments	17,175	2,668,006	7,976	2,693,157
	5,849,364	2,757,818	115,067	8,722,249

68. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

LIABILITIES MEASURED AT FAIR VALUE: *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	Financial liabilities included in other payables and accruals RMB'000	Financial liabilities for unit-linked contracts RMB'000	Financial liabilities included in other long term payables RMB'000	Derivative financial instruments RMB'000	Total RMB'000
31 December 2021					
At 1 January	73,503	33,588	–	7,976	115,067
Total gains recognised in the consolidated statement of profit or loss included in other income	–	(7,935)	–	–	(7,935)
Addition	–	1,122,748	1,729,069	959,500	3,811,317
Decrease	(73,503)	(28,331)	–	–	(101,834)
Exchange realignment	–	(62,766)	–	(47,995)	(110,761)
At 31 December	–	1,057,304	1,729,069	919,481	3,705,854
31 December 2020					
At 1 January	343,132	11,134	2,608,958	3,878	2,967,102
Total gains recognised in the consolidated statement of profit or loss included in other income	–	(185)	–	–	(185)
Total losses recognised in other comprehensive income	20,631	–	–	–	20,631
Addition	52,872	31,500	–	6,502	90,874
Decrease	(343,132)	(9,587)	(2,608,958)	(2,442)	(2,964,119)
Exchange realignment	–	726	–	38	764
At 31 December	73,503	33,588	–	7,976	115,067

68. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
31 December 2021				
Interest-bearing bank and other borrowings	**52,205,622**	**83,448,515**	**–**	**135,654,137**
Deposits from customers	**–**	**–**	**118,841**	**118,841**
Due to related companies and the holding companies	**–**	**–**	**2,684,051**	**2,684,051**
Due to banks and other financial institutions	**–**	**–**	**2,833,908**	**2,833,908**
Financial liabilities included in other long term payables	**–**	**2,207,393**	**508,268**	**2,715,661**
	52,205,622	**85,655,908**	**6,145,068**	**144,006,598**
31 December 2020				
Interest-bearing bank and other borrowings	55,463,554	89,560,188	–	145,023,742
Deposits from customers	–	–	70,262	70,262
Due to related companies and the holding companies	–	–	3,830,512	3,830,512
Due to banks and other financial institutions	–	–	944,322	944,322
Financial liabilities included in other long term payables	–	1,924,111	559,769	2,483,880
	55,463,554	91,484,299	5,404,865	152,352,718

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, finance lease receivables, amounts due from/to related companies, debt investments at amortised cost and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, trade and notes payables and deposits from customers, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. At 31 December 2021, approximately 61% (2020: 61%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/(decrease) in basis points RMB'000	Increase/(decrease) in profit before tax RMB'000
2021	**75**	**(736,452)**
	(75)	**736,452**
2020	75	(430,873)
	(75)	430,873

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar, Hong Kong dollar and EUR exchange rates, with all other variables held constant, of the Group's profit before tax due to differences arising on settlement or translation of monetary assets and liabilities and the Group's equity, excluding the impact of retained earnings due to the changes of the exchange fluctuation reserve of certain overseas subsidiaries of which the functional currencies are currencies other than RMB.

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
2021		
If RMB weakens against the United States dollar	**5**	**(102,069)**
If RMB strengthens against the United States dollar	**(5)**	**102,069**
If RMB weakens against the Hong Kong dollar	**5**	**129,449**
If RMB strengthens against the Hong Kong dollar	**(5)**	**(129,449)**
If RMB weakens against EUR	**5**	**(874,212)**
If RMB strengthens against EUR	**(5)**	**874,212**
2020		
If RMB weakens against the United States dollar	5	(16,081)
If RMB strengthens against the United States dollar	(5)	16,081
If RMB weakens against the Hong Kong dollar	5	122,632
If RMB strengthens against the Hong Kong dollar	(5)	(122,632)
If RMB weakens against EUR	5	(747,296)
If RMB strengthens against EUR	(5)	747,296

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

MAXIMUM EXPOSURE AND YEAR-END STAGING

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are net carrying amounts for financial assets.

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk *(Continued)*

MAXIMUM EXPOSURE AND YEAR-END STAGING *(Continued)*

31 December 2021	**12-month ECLs**	**Lifetime ECLs**			
	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Simplified approach RMB'000**	**Total RMB'000**
Debt investments at fair value through other comprehensive income	**80,236,070**	**617,624**	**54,720**	**–**	**80,908,414**
Debt investments at amortised cost	**25,948,322**	**36,005**	**147**	**–**	**25,984,474**
Trade and notes receivables*	**–**	**–**	**–**	**10,618,340**	**10,618,340**
Financial assets included in prepayments, other receivables and other assets					
– Normal**	**25,515,340**	**–**	**–**	**–**	**25,515,340**
Term deposits					
– Not yet past due	**501,471**	**–**	**–**	**–**	**501,471**
Cash and bank balances					
– Not yet past due	**96,278,048**	**–**	**–**	**–**	**96,278,048**
Due from related companies					
– Not yet past due	**18,210,088**	**–**	**–**	**–**	**18,210,088**
Finance lease receivables	**798,200**	**–**	**40,489**	**–**	**838,689**
Loans and advances to customers	**16,666,705**	**59,106**	**68,061**	**–**	**16,793,872**
Placements with and loans to banks and other financial institutions	**425,483**	**–**	**–**	**–**	**425,483**
Policyholder account assets in respect of unit-linked contracts at amortised cost	**12,708,621**	**–**	**–**	**–**	**12,708,621**
	277,288,348	**712,735**	**163,417**	**10,618,340**	**288,782,840**

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk *(Continued)*

MAXIMUM EXPOSURE AND YEAR-END STAGING *(Continued)*

31 December 2020	12-month ECLs		Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000 (Restated)
Debt investments at fair value through other comprehensive income	88,084,452	943,241	114,620	–	89,142,313
Debt investments at amortised cost	34,785,415	27,475	–	–	34,812,890
Trade and notes receivables*	–	–	–	9,020,547	9,020,547
Financial assets included in prepayments, other receivables and other assets					
– Normal**	15,413,378	–	–	–	15,413,378
Term deposits					
– Not yet past due	1,121,996	–	–	–	1,121,996
Cash and bank balances					
– Not yet past due	105,717,947	–	–	–	105,717,947
Due from related companies					
– Not yet past due	12,926,541	–	–	–	12,926,541
Finance lease receivables	1,572,183	–	24,289	–	1,596,472
Loans and advances to customers	4,271,881	64,626	60,650	–	4,397,157
Placements with and loans to banks and other financial institutions	40,162	–	–	–	40,162
Policyholder account assets in respect of unit-linked contracts at amortised cost	381,986	–	–	–	381,986
	264,315,941	1,035,342	199,559	9,020,547	274,571,389

* For trade and notes receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 39 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and other borrowings 44% (2020: 39%) of the Group's debts would mature in less than one year as at 31 December 2021 based on the carrying value of borrowings reflected in the financial statements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2021	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	105,227,290	127,209,947	29,738,082	262,175,319
Trade and notes payables	2,718,773	18,687,637	–	–	21,406,410
Due to related companies and the holding company	3,836,309	–	2,770,224	–	6,606,533
Financial liabilities included in accrued liabilities and other payables (excluding lease liabilities)	18,034,838	5,963,991	–	–	23,998,829
Other long term payables (excluding lease liabilities)	–	–	6,338,759	–	6,338,759
Lease liabilities	–	1,993,569	4,334,144	8,294,730	14,622,443
Derivative financial instruments	2,894,466	917,424	528,972	1,399,929	5,740,791
Financial liabilities for Unit-Linked contracts	109,911	–	12,598,710	–	12,708,621
Investment contract liabilities	1,783,853	7,787,442	27,786,331	8,533,097	45,890,723
Financial liabilities at fair value through profit or loss	–	4,078,714	–	–	4,078,714
Deposits from customers	65,105,345	6,953,717	110,904	–	72,169,966
Accounts payable to brokerage clients	421,560	–	–	–	421,560
Placements from banks and other financial institutions	122,735	–	–	–	122,735
Due to banks and other financial institutions	1,541,056	–	2,834,815	–	4,375,871
Assets sold under agreements to repurchase	–	1,467,606	–	–	1,467,606
Insurance and reinsurance creditors	3,257,790	5,812,748	160,706	–	9,231,244
	99,826,636	158,890,138	184,673,512	47,965,838	491,356,124

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk *(Continued)*

2020	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000 (Restated)
Interest-bearing bank and other borrowings	–	89,339,137	141,776,477	23,999,230	255,114,844
Trade and notes payables	2,327,056	15,973,876	–	–	18,300,932
Due to related companies and the holding company	2,856,221	–	3,960,399	–	6,816,620
Financial liabilities included in accrued liabilities and other payables (excluding lease liabilities)	22,506,178	2,562,294	–	–	25,068,472
Other long term payables (excluding lease liabilities)	–	–	2,497,993	–	2,497,993
Lease liabilities	–	2,110,586	7,532,672	7,291,097	16,934,355
Derivative financial instruments	1,102,900	967,690	347,841	274,726	2,693,157
Financial liabilities for unit-linked contracts	129,720	–	4,071,609	–	4,201,329
Investment contract liabilities	1,914,527	10,074,778	39,815,936	11,040,459	62,845,700
Financial liabilities at fair value through profit or loss	–	2,134,246	2,000	–	2,136,246
Deposits from customers	47,651,581	307,523	71,257	–	48,030,361
Accounts payable to brokerage clients	1,184,878	–	–	–	1,184,878
Placements from banks and other financial institutions	212,595	–	–	–	212,595
Due to banks and other financial institutions	1,781,901	210,103	944,141	–	2,936,145
Assets sold under agreements to repurchase	–	3,120,034	–	–	3,120,034
Insurance and reinsurance creditors	2,639,646	7,620,222	132,103	–	10,391,971
	84,307,203	134,420,489	201,152,428	42,605,512	462,485,632

In addition, the guarantees provided by the Group will be called in the case of default in payments by the guaranteed companies as set out in note 64.

Price risk

Price risk is the risk that the fair values of equity and debt investments decrease or increase as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to price risk arising from individual investments classified as financial assets at fair value through profit or loss (note 24), equity investments designated at fair value through other comprehensive income (note 23), debt investments at fair value through other comprehensive income (note 25) and associates measured at fair value through profit or loss (note 22) as at 31 December 2021. The Group's listed investments that are listed on stock exchanges in Hong Kong, Shenzhen, Shanghai, New York, Singapore, and other countries in Europe, Oceania, North America, Latin America, Africa and Asia are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the financial investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the equity investments designated at fair value through other comprehensive income, and debt investments at fair value through other comprehensive income, the impact is deemed to be on the other comprehensive income. No account is given for factors such as impairment which might impact the statement of profit or loss, and no account is given for the impact on other life insurance contract liabilities (profit sharing provision).

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

Investments listed in:	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2021				
Hong Kong				
– Equity investments designated at fair value through other comprehensive income	41,765	5	–	2,088
		(5)	–	(2,088)
– Debt investments at fair value through other comprehensive income	7,174,383	5	–	358,719
		(5)	–	(358,719)
– Financial assets at fair value through profit or loss	6,526,384	5	282,106	44,214
		(5)	(282,106)	(44,214)
– Associates measured at fair value through profit or loss	662,102	5	33,105	–
		(5)	(33,105)	–
Shenzhen				
– Financial assets at fair value through profit or loss	2,097,243	5	93,688	11,174
		(5)	(93,688)	(11,174)
– Associates measured at fair value through profit or loss	886,011	5	44,301	–
		(5)	(44,301)	–
Shanghai				
– Financial assets at fair value through profit or loss	1,269,890	5	57,772	5,723
		(5)	(57,772)	(5,723)
– Debt investments at fair value through other comprehensive income	709,683	5	–	35,484
		(5)	–	(35,484)
– Equity investments designated at fair value through other comprehensive income	24,535	5	–	1,227
		(5)	–	(1,227)
– Associates measured at fairvalue through profit or loss	387,191	5	19,360	–
		(5)	(19,360)	–
United States				
– Debt investments at fair value through other comprehensive income	12,012,872	5	–	600,644
		(5)	–	(600,644)
– Financial assets at fair value through profit or loss	6,767,359	5	273,551	64,817
		(5)	(273,551)	(64,817)
Europe				
– Equity investments designated at fair value through other comprehensive income	330,258	5	–	16,513
		(5)	–	(16,513)
– Debt investments at fair value through other comprehensive income	46,763,830	5	–	2,338,192
		(5)	–	(2,338,192)
– Financial assets at fair value through profit or loss	15,600,636	5	301,006	479,026
		(5)	(301,006)	(479,026)

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

Investments listed in:	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2021 *(Continued)*				
Oceania				
– Financial assets at fair value through profit or loss	5,050	5	253	–
		(5)	(253)	–
– Debt investments at fair value through other comprehensive income	475,272	5	–	23,764
		(5)	–	(23,764)
North America				
– Financial assets at fair value through profit or loss	26	5	1	–
		(5)	(1)	–
– Debt investments at fair value through other comprehensive income	176,978	5	–	8,849
		(5)	–	(8,849)
Latin America				
– Financial assets at fair value through profit or loss	399,624	5	7,417	12,565
		(5)	(7,417)	(12,565)
– Debt investments at fair value through other comprehensive income	6,017,332	5	–	300,867
		(5)	–	(300,867)
Asia				
– Equity investments designated at fair value through other comprehensive income	54,810	5	–	2,741
		(5)	–	(2,741)
– Financial assets at fair value through profit or loss	366,911	5	9,171	9,175
		(5)	(9,171)	(9,175)
– Debt investments at fair value through other comprehensive income	2,605,444	5	–	130,272
		(5)	–	(130,272)
Africa				
– Financial assets at fair value through profit or loss	28,674	5	58	1,376
		(5)	(58)	(1,376)
– Debt investments at fair value through other comprehensive income	2,519	5	–	126
		(5)	–	(126)

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

Investments listed in:	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2020				
Hong Kong				
– Equity investments designated at fair value through other comprehensive income	48,335	5	–	2,417
		(5)	–	(2,417)
– Debt investments at fair value through other comprehensive income	7,309,127	5	–	365,456
		(5)	–	(365,456)
– Financial assets at fair value through profit or loss	6,365,595	5	284,143	34,137
		(5)	(284,143)	(34,137)
– Associates measured at fair value through profit or loss	570,919	5	28,546	–
		(5)	(28,546)	–
Shenzhen				
– Financial assets at fair value- Financial assets at fair value through profit or loss	1,072,900	5	50,055	3,590
		(5)	(50,055)	(3,590)
– Associates measured at fair value through profit or loss	179,977	5	8,999	–
		(5)	(8,999)	–
Shanghai				
– Financial assets at fair value through profit or loss	1,852,671	5	91,442	1,192
		(5)	(91,442)	(1,192)
– Debt investments at fair value through other comprehensive income	539,646	5	–	26,982
		(5)	–	(26,982)
United States				
– Debt investments at fair value through other comprehensive income	10,962,140	5	–	548,107
		(5)	–	(548,107)
– Financial assets at fair value through profit or loss	5,601,695	5	199,236	80,849
		(5)	(199,236)	(80,849)
Europe				
– Equity investments designated at fair value through other comprehensive income	515,726	5	–	25,786
		(5)	–	(25,786)
– Debt investments at fair value through other comprehensive income	52,758,509	5	–	2,637,925
		(5)	–	(2,637,925)
– Financial assets at fair value through profit or loss	11,882,700	5	41,853	552,282
		(5)	(41,853)	(552,282)

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

Investments listed in:	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2020 *(Continued)*				
Oceania				
– Financial assets at fair value through profit or loss	7,232	5	362	–
		(5)	(362)	–
– Debt investments at fair value through other comprehensive income	258,034	5	–	12,902
		(5)	–	(12,902)
North America				
– Financial assets at fair value through profit or loss	4,562	5	–	228
		(5)	–	(228)
– Debt investments at fair value through other comprehensive income	504,614	5	–	25,231
		(5)	–	(25,231)
Latin America				
– Financial assets at fair value through profit or loss	460,335	5	3,941	19,076
		(5)	(3,941)	(19,076)
– Debt investments at fair value through other comprehensive income	6,943,398	5	–	347,170
		(5)	–	(347,170)
Asia				
– Equity investments designated at fair value through other comprehensive income	48,628	5	–	2,431
		(5)	–	(2,431)
– Financial assets at fair value through profit or loss	373,573	5	8,419	10,260
		(5)	(8,419)	(10,260)
– Debt investments at fair value through other comprehensive income	3,153,176	5	–	157,659
		(5)	–	(157,659)
Africa				
– Financial assets at fair value through profit or loss	28,793	5	–	1,440
		(5)	–	(1,440)

* Excluding retained profits

69. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a total debt to total capital ratio, which is total debt divided by total equity plus total debt. Total debt includes interest-bearing bank and other borrowings. Total equity includes equity attributable to owners of the parent and non-controlling interests. The total debt to total capital ratios as at the end of the reporting periods were as follows:

	2021 **RMB'000**	2020 RMB'000
Interest-bearing bank and other borrowings	**237,119,485**	229,802,424
Total debt	**237,119,485**	229,802,424
Total equity	**203,213,898**	193,086,627
Total equity and total debt	**440,333,383**	422,889,051
Total debt to total capital ratio	**54%**	54%

70. EVENTS AFTER THE REPORTING PERIOD

1. On 21 March 2022, the Company, through its subsidiary, entered into a share transfer agreement with Zhongrong International Trust Co., Ltd.to acquire 50% equity interests in Shanghai Fosun Bund Real Estate Company Limited ("Fosun Bund Real Estate") at a consideration of RMB6,342,187,500. Upon this acquisition, the Group will hold 100% equity interests in Fosun Bund Real Estate and Fosun Bund Real Estate will be accounted for as a subsidiary of the Company. The financial impact of the acquisition will be disclosed in the consolidated financial statements of the Group during the year of 2022.

2. On 23 March 2022, Fosun Fashion Group (Cayman) Limited ("FFG", accounted for as an investment in an associate in the consolidated financial statements of the Group as at 31 December 2021), Lanvin Group Holdings Limited ("Lanvin Holdings"), Lanvin Group Heritage I Limited, Lanvin Group Heritage II Limited (each a subsidiary of the Company) and Primavera Capital Acquisition Corporation (the "SPAC") entered a business combination agreement (the "Business Combination Agreement"). The transactions contemplated under the Business Combination Agreement involve, among other things, the acquisition of FFG by Lanvin Holdings from FFG's existing shareholders (the "Business Combination") pursuant to which new shares of Lanvin Holdings will be allotted and issued to, among others, the respective existing shareholders of FFG and of the SPAC. It is intended that Lanvin Holdings will become the new registrant of the U.S. Securities and Exchange Commission (the "SEC") and a listed company on the New York Stock Exchange subject to, among other things, the regulatory approval of the SEC.

   Immediately after the transactions, FFG may become an indirect non-wholly owned subsidiary of the Company and the financial results of FFG may be consolidated into the accounts of the Company. The impacts on the consolidated financial statements will be assessed based on the results of the Business Combination following its Completion.

71. COMPARATIVE AMOUNTS

As stated in note 2.4 to the consolidated financial statements, the comparative amounts have been restated to reflect the prior year adjustments relating to the business combination under common control.

72. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**32,182,910**	36,596,178
Investments in associates	**185,866**	188,531
Deferred tax assets	**19,557**	40,323
Right-of-use assets	**36,758**	66,762
Debt investments at amortised cost	**262,421**	262,706
Due from subsidiaries	**1,580,000**	–
Property, plant and equipment	**550**	1,132
Total non-current assets	**34,268,062**	37,155,632
CURRENT ASSETS		
Cash and bank balances	**6,377,321**	9,819,340
Financial assets at fair value through profit or loss	**4,578,541**	5,188,149
Derivative financial instruments	**91,259**	–
Prepayments, other receivables and other assets	**281,307**	334,802
Due from subsidiaries	**85,876,285**	74,939,830
Trade and notes receivables	**–**	10
Debt investments at amortised cost	**549,933**	294,325
Total current assets	**97,754,646**	90,576,456
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**9,819,815**	10,183,673
Derivative financial instruments	**–**	33,029
Accrued liabilities and other payables	**240,316**	232,325
Due to the holding company	**–**	659,378
Due to subsidiaries	**57,076,970**	49,599,957
Total current liabilities	**67,137,101**	60,708,362
NET CURRENT ASSETS	**30,617,545**	29,868,094
TOTAL ASSETS LESS CURRENT LIABILITIES	**64,885,607**	67,023,726
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**17,770,303**	19,177,548
Due to the holding company	**2,770,224**	3,000,000
Other long-term payables	**9,146**	39,390
Total non-current liabilities	**20,549,673**	22,216,938
Net assets	**44,335,934**	44,806,788
EQUITY		
Share capital	**36,919,889**	36,785,936
Treasury shares (note)	**(254,519)**	(163,600)
Other reserves (note)	**7,670,564**	8,184,452
Total equity	**44,335,934**	44,806,788

Guo Guangchang *Director*	**Gong Ping** *Director*

72. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(Continued)

Note:

A summary of the Company's reserves is as follows:

Investments listed in:	Treasury shares RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2020	(130,259)	438,424	1,872,785	114,369	11,841,910	14,137,229
Final 2019 dividend	–	–	–	–	(2,042,029)	(2,042,029)
Repurchase of shares	(20,423)	–	–	–	(1,041,984)	(1,062,407)
Equity-settled share-based payments	(12,918)	144,700	–	–	–	131,782
Total comprehensive income for the year	–	–	(2,906,828)	–	(236,895)	(3,143,723)
At 31 December 2020 and 1 January 2021	(163,600)	583,124	(1,034,043)	114,369	8,521,002	8,020,852
Final 2020 dividend	**–**	**–**	**–**	**–**	**(1,530,429)**	**(1,530,429)**
Repurchase of shares	**(23,050)**	**–**	**–**	**–**	**(1,058,412)**	**(1,081,462)**
Equity-settled share-based payments	**(67,869)**	**81,196**	**–**	**–**	**–**	**13,327**
Total comprehensive income for the year	**–**	**–**	**(1,198,988)**		**3,192,745**	**1,993,757**
At 31 December 2021	**(254,519)**	**664,320**	**(2,233,031)**	**114,369**	**9,124,906**	**7,416,045**

73. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 March 2022.

EXECUTIVE DIRECTORS

Guo Guangchang *(Chairman)*
Wang Qunbin *(Co-Chairman)*
Chen Qiyu *(Co-Chief Executive Officer)*
Xu Xiaoliang *(Co-Chief Executive Officer)*
Qin Xuetang
Gong Ping
Huang Zhen *(appointed on 23 March 2022)*

NON-EXECUTIVE DIRECTORS

Chen Shucui
Zhuang Yuemin
Yu Qingfei

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

Zhang Shengman *(Chairman)*
Zhang Huaqiao *(resigned on 23 March 2022)*
David T. Zhang
Lee Kai-Fu
Tsang King Suen Katherine

REMUNERATION COMMITTEE

Zhang Huaqiao *(Chairman)*
Zhang Shengman
David T. Zhang
Lee Kai-Fu
Tsang King Suen Katherine

NOMINATION COMMITTEE

David T. Zhang *(Chairman)*
Zhang Shengman
Zhang Huaqiao
Lee Kai-Fu
Tsang King Suen Katherine

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Lee Kai-Fu *(Chairman)*
Qin Xuetang
Zhang Shengman
Zhang Huaqiao
David T. Zhang
Tsang King Suen Katherine

COMPANY SECRETARY

Sze Mei Ming

AUTHORIZED REPRESENTATIVES

Qin Xuetang
Sze Mei Ming

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27th floor, One Taikoo Place
979 King´s Road, Quarry Bay
Hong Kong

PRINCIPAL BANKERS

China Development Bank
Industrial and Commercial Bank of China
Bank of China
Shanghai Pudong Development Bank
China Merchants Bank
Ping An Bank
China Minsheng Bank
China Construction Bank
China CITIC Bank
Bank of Shanghai
The Export-Import Bank of China
Hongkong and Shanghai Banking Corporation Limited
Bank of East Asia
Standard Chartered Bank
Natixis Bank
Citi Bank

REGISTERED OFFICE

Room 808, ICBC Tower
3 Garden Road
Central
Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong

STOCK CODE

00656

WEBSITE

http://www.fosun.com

Glossary

FORMULA

Capital employed	=	equity attributable to owners of the parent + total debt
EBITDA	=	profit for the year + tax + net interest expenditures + depreciation and amortisation
Interest coverage	=	EBITDA/net interest expenditures
Net debt	=	total debt – cash and bank balances and term deposits
Net interest expenditures	=	Interest expenses, net + interest on discounted bills
Total debt	=	current and non-current interest-bearing bank and other borrowings
Total debt to total capital ratio	=	total debt/(shareholder's equity + total debt)

ABBREVIATIONS

Aleph	Dalian Aleph Biomedical Co., Ltd. (大連雅立峰生物製藥有限公司)
AmeriTrust	AmeriTrust Group, Inc. (formerly known as Meadowbrook Insurance Group, Inc.)
Antejin	Fosun Chengdu Antejin Biotech Co., Ltd. (復星安特金（成都）生物製藥有限公司) (formerly known as 成都安特金生物技術有限公司)
Articles of Association	the current articles of association of the Company with the latest amendments made on 17 June 2008
BabyTree	BabyTree Group, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01761
Baihe Jiayuan	Baihe Jiayuan Network Group Co., Ltd (百合佳緣網絡集團股份有限公司)
Bankhaus Lampe	Bankhaus Lampe KG
BCP	Banco Comercial Português, S.A., a company whose shares are listed on the Euronext Lisbon with stock code BCP
Besino Environment	Besino Environment Co., Ltd. (柏中環境科技（上海）股份有限公司) (formerly known as 柏中環境科技（上海）有限公司)
BioNTech or BNTX	BioNTech SE, a company registered in Germany, which is listed on the NASDAQ with stock code BNTX
Board	the board of Directors
Bohe Health	Bohe Health Technology Co., Ltd. (上海薄荷健康科技股份有限公司)
Cainiao	Cainiao Network Technology Co., Ltd. (菜鳥網絡科技有限公司)
CG Code	Corporate Governance Code contained in Appendix 14 of the Listing Rules
Club Med	Club Med SAS
Company or Fosun International	Fosun International Limited
Director(s)	the director(s) of the Company
Easun Technology	Shanghai Easun Technology Co., Ltd. (上海翌耀科技股份有限公司) (formerly known as 上海翌耀科技有限公司 and 上海愛夫迪自動化科技有限公司)
ESG	Environmental, Social and Governance
EUR	Euro, the lawful currency of the Eurozone
FC2M	Fosun/Family Client-to-Maker

FES	Fosun Entrepreneurship/Ecosystem System
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.)
Foshan Chancheng Hospital	Foshan Fosun Chancheng Hospital Company Limited (佛山復星禪誠醫院有限公司) (formerly known as 佛山市禪城區中心醫院有限公司)
Fosun Alliance	Fosun Alliance application
Fosun Capital	Shanghai Fosun Capital Investment Management Co., Ltd. (上海復星創富投資管理股份有限公司)
Fosun Foundation	Shanghai Fosun Foundation
Fosun Hani Securities	Fosun Hani Securities Limited
Fosun High Technology	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司)
Fosun Holdings	Fosun Holdings Limited
Fosun Insurance Portugal	Fidelidade and and its subsidiaries
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Kite	Fosun Kite Biotechnology Co., Ltd. (復星凱特生物科技有限公司)
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a company whose A shares are listed on the SSE with stock code 600196, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 02196
Fosun Sports	Fosun Sports Group S.à r.l.
Fosun Sports Group	Fosun Sports Group S.à r.l. and its subsidiaries
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
Group or Fosun	the Company and its subsidiaries
Guide	Guide Investimentos S.A. Corretora de Valores
Hainan Mining	Hainan Mining Co., Ltd. (海南礦業股份有限公司), a company whose shares are listed on the SSE with stock code 601969
HAL or H&A	Hauck Aufhäuser Lampe Privatbank AG (formerly known as Hauck & Aufhäuser Privatbankiers AG and Hauck & Aufhäuser Privatbankiers KGaA)
HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IDERA	IDERA Capital Management Ltd.
INR	Indian Rupee, the lawful currency of India
Intuitive Fosun	Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (直觀復星醫療器械技術(上海)有限公司)

JEVE	Tianjin EV Energies Co., Ltd. (天津市捷威動力工業有限公司)
Jinhui Liquor	Jinhui Liquor Co., Ltd. (金徽酒股份有限公司), a company whose shares are listed on the SSE with stock code 603919
JPY	Japanese yen, the lawful currency of Japan
Lanvin Group or FFG	Fosun Fashion Group (Cayman) Limited
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Luz Saúde	Luz Saúde, S.A. (formerly known as ESPÍRITO SANTO SAÚDE – SGPS, SA)
Macau	the Macau Special Administrative Region of the PRC
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Multicare	Multicare – Seguros de Saúde, S.A.
Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd. (南京鋼鐵股份有限公司), a company whose shares are listed on the SSE with stock code 600282
Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd. (南京南鋼鋼鐵聯合有限公司)
NASDAQ	National Association of Securities Dealers Automated Quotations
NEEQ	National Equities Exchange and Quotations
PAREF	Paris Realty Fund SA, a company whose shares are listed on the Euronext Paris with stock code PAR
Peak Reinsurance	Peak Reinsurance Company Limited
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd. (復星保德信人壽保險有限公司)
PRC or China	the People's Republic of China, which, for the purpose of this report, excludes Hong Kong, Macau and Taiwan region.
Reporting Period	the year ended 31 December 2021
RMB	Renminbi, the lawful currency of the PRC
ROC	Roc Oil Company Pty Limited
Sanyuan Foods	Beijing Sanyuan Foods Co., Ltd. (北京三元食品股份有限公司), a company whose shares are listed on the SSE with stock code 600429
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanghai Henlius	Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange with stock code 02696
Shanghai Zhuli	Shanghai Zhuli Investment Co., Ltd. (上海助立投資有限公司)
Share(s)	the share(s) of the Company
Shede Spirits	Shede Spirits Co., Ltd. (舍得酒業股份有限公司), a company whose shares are listed on the SSE with stock code 600702
Sinopharm	Sinopharm Group Co., Ltd. (國藥控股股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01099
Sisram Med	Sisram Medical Ltd, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01696
SSE	the Shanghai Stock Exchange
USD	United States dollars, the lawful currency of the United States
Wansheng	Zhejiang Wansheng Co., Ltd (浙江萬盛股份有限公司), a company whose shares are listed on the SSE with stock code 603010
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited (永安財產保險股份有限公司)
Yuyuan	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司), a company whose shares are listed on the SSE with stock code 600655

FOSUN 复星