FOSUN 复星

復星國際有限公司
FOSUN INTERNATIONAL LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00656)**

# INTERIM RESULTS ANNOUNCEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2018

## FINANCIAL SUMMARY

| *In RMB million* | **For the six months ended 30 June** | |
|---|---|---|
| | **2018** | 2017 (restated) |
| **Revenue** | **43,511.8** | 36,272.8 |
| Health Ecosystem | **13,985.0** | 10,294.6 |
| Happiness Ecosystem | **8,708.6** | 6,525.7 |
| Wealth Ecosystem | **21,155.6** | 19,756.8 |
| *Insurance and Finance* | **12,645.0** | 14,286.9 |
| *Investment* | **1,935.7** | 1,721.2 |
| *Hive Property* | **6,574.9** | 3,748.7 |
| Eliminations | **(337.4)** | (304.3) |
| | | |
| **Profit attributable to owners of the parent**[note] | **6,858.3** | 5,864.5 |
| Health Ecosystem | **828.9** | 631.6 |
| Happiness Ecosystem | **832.6** | 791.5 |
| Wealth Ecosystem | **5,196.8** | 4,441.4 |
| *Insurance and Finance* | **1,737.2** | 1,523.5 |
| *Investment* | **3,062.9** | 2,557.8 |
| *Hive Property* | **396.7** | 360.1 |

| | | |
|---|---|---|
| **Earnings per share – basic *(in RMB)*** | **0.80** | 0.68 |
| **Earnings per share – diluted *(in RMB)*** | **0.79** | 0.68 |

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

## BUSINESS OVERVIEW

During the Reporting Period, the Company delivered solid financial results, continued to actively implement its investment and operational strategies and maintained solid and healthy growth.

**17% growth represents the sixth consecutive year of profit growth**

Revenue reached RMB43.51 billion, an increase of approximately 20% over the same period of last year. Profit attributable to owners of the parent stood at RMB6.86 billion, an increase of approximately 17% over the same period of last year with Health, Happiness and Wealth Ecosystems growing 31%, 5% and 17% respectively. According to the old accounting standards (HKAS 39) for financial instruments, pro-forma profit attributable to owners of the parent was RMB8.29 billion, up by 41% over the same period of last year. Earnings per share was HKD0.98 (RMB0.80), an increase of approximately 18%[1] over the same period of last year. This is the sixth consecutive year of profit and earnings per share growth.

As at 30 June 2018, the Company continued to focus on maintaining a healthy and stable balance sheet and achieved a net gearing ratio of 53.6% with an overall financing cost of 5.18%. In January 2018, Moody's upgraded the Company's credit rating from Ba3 Positive to Ba2 Stable.

The Company's adjusted net asset value (adjusted NAV), estimated by management, was HKD30.78 per share, representing a decrease of HKD2.50 from the adjusted NAV recorded as of 31 December 2017. The main change in adjusted NAV was attributable to secondary market volatility in the first half of 2018.

As at 30 June 2018, the Company's book value per share was HKD13.79 and represents a 10 year compounded annual growth rate of 14.4%[2].

[1] calculated by RMB

[2] calculated for ten years from 30 June 2008 to 30 June 2018

**Fosun continues to focus on value creation while developing its core ecosystems in Health, Happiness and Wealth**

Over the last 26 years, Fosun has developed a world-class investment and post-investment mechanism consisting of approximately 40 investment teams and over 600 professionals around the world.

During the Reporting Period, Fosun's major investments include the joint acquisition of French leading healthy food company St Hubert with Sanyuan Foods for EUR625 million, an investment of 17.99% in China's leading brewery Tsingtao Brewery for approximately HKD6.62 billion, as well as investing in world renowned fashion brands including Lanvin from France and Wolford from Austria. In July 2018, the Group acquired approximately 69.18% in Baihe Jiayuan, China's matchmaking-to-wedding industry chain leader for approximately RMB4.0 billion. Key divestments in 2018 include the Company's remaining stake in Focus Media, among which 2.51% was not yet completed as at the date of this announcement and 5.0% equity interest in Sun Paper.

**Operations upgrade, strategic partnerships and asset monetization through capital markets**

In 2018, the Company accomplished several key milestones, particularly in the Happiness Ecosystem.

In tourism sector, the Company established the Fosun Tourism Group, which saw the official opening of its Atlantis Sanya in April 2018. Atlantis Sanya is located in Haitang Bay National Coast of Sanya in Hainan Province and aims at providing a one-stop leisure and vacation experiences for families worldwide. From December 2017 through the end of the Reporting Period, Club Med opened Club Med Grand Massif Samoëns Morillon Resort in the French Alps and Club Med Tomamu Resort in Japan, and re-opened Club Med Cefalu in Italy. In addition, Club Med has launched "Club Med Joyview" to target the fast-growing Chinese market by providing Chinese customers with an opportunity to experience resorts located within two to three hours' driving distance from urban areas, and a flexible choice of various packages. This includes Club Med Joyview Golden Coast Resort and Club Med Joyview Anji Resort which opened in 2018.

The Company also established the Fosun Fashion Group, a new pure-play platform of fashion which includes Lanvin, Wolford, St. John, Caruso and Tom Tailor with the aim to develop the portfolio brands into the Chinese market and worldwide. On 28 August 2018, Fosun Fashion Group announced the appointment of Mr. Jean-Philippe Hecquet as global CEO of Lanvin, who had a very successful career at two leading global fashion brand companies.

In May 2018, the Company's football team in the England, Wolverhampton Wanderers F.C. ("**Wolves**") won the English Football League Championship and was promoted into the top Premier League in England. Since Fosun's investment, Wolves has successfully collaborated with many of the Group's other consumer facing products, including Tsingtao Brewery, Club Med and Thomas Cook on marketing and sales strategy worldwide.

In August 2018, the Group's film division, Studio 8, run by Jeff Robinov, saw the release of Albert Hughes directed *Alpha* with plans to release Yann Demange directed *White Boy Rick* starring Matthew McConaughey in September 2018.

In 2018, the Group signed several strategic partnerships agreements to support the future growth plans. These include a strategic collaboration agreement with Tsingtao Brewery to jointly improve its corporate governance and global operations, a global strategic collaboration agreement with HSBC to support Fosun's future growth and a series of strategic collaboration agreements with financial institutions including New China Life Insurance, Shanghai Pudong Development Bank and the Shanghai Branch of Postal Saving Bank of China to lay the groundwork for future cooperation.

The Group is also executing its private-to-public strategy to monetize some key investee companies, allowing them to access the capital markets and to improve disclosure of the Group. In July 2018, Yuyuan completed the asset reorganization and the Group made further acquisition of its shares on the secondary market. Thus, the Group held approximately 68.52% of equity interest in Yuyuan as of the date of this announcement. In June 2018, the Company's 24.8%-owned associate Babytree, the leading maternity and child-focused community platforms in China, also submitted a listing application to the Hong Kong Stock Exchange and in July 2018, the Hong Kong Stock Exchange also approved the spin-off of the Company's subsidiary Fosun Tourism Group.

**Future growth driven by technology, innovation and Customer-to-Maker (C2M)**

During the Reporting Period, RMB4 billion was invested into technology and innovation companies as well as research and development and incubation of the Group's own technology initiatives. In investment, the Company's venture capital arms, including Fosun RZ, Innostar Capital and Fosun Capital grew their global presence focusing on telecommunication, media and technology (TMT), healthcare and fintech. The Company also increased investments into major proprietary technology projects, including Shanghai Henlius, China's leading biosimilar company invested by Fosun Pharma; Proxima, Fosun's first incubated artificial intelligence ("**AI**") firm and Youle Customer Loyalty Program ("**youlè**"). While still in early development, youlè connected the Group's various consumer products and services through an easily-accessible mobile phone based program and has already acquired a total user base exceeding 148 million within six months of launch. In June 2018, Insurance Technology Group was established to strengthen Fosun's development in insurance technology and innovation through investment, collaboration and incubation.

Technology innovation also advances in members of Fosun family. Yuyuan collaborated with Ant Financial Service Group in Alipay to attract online customers to Yuyuan's offline scenarios through Alipay, thus realising superior shopping experience of new retail mechanism. During the Reporting Period, Fosun Pharma invested RMB1,188 million in total in research and development, up by 89.8% over the same period of last year. Nanjing Nangang and its affiliated enterprise made a total investment of over RMB700 million in scientific and technology innovation with a focus on the industries, such as intelligent manufacturing, energy conservation and environment protection, internet of things, new materials and aerospace technology.

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW

As at the end of the Reporting Period, total assets of the Group amounted to RMB564,292.1 million, representing an increase of approximately 5.7% from the end of 2017. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB6,858.3 million, representing an increase of approximately 16.9% over the same period in 2017.

## ASSET ALLOCATION OF THE GROUP

Unit: RMB million

| **Segment** | **Total assets as at 30 June 2018** | **Total assets as at 31 December 2017 (restated)** | **Change from the end of 2017** |
|---|---|---|---|
| **Health Ecosystem** | **81,000.2** | 75,521.0 | 7.3% |
| **Happiness Ecosystem** | **45,603.5** | 38,079.7 | 19.8% |
| **Wealth Ecosystem** | **452,668.1** | 433,177.8 | 4.5% |
| Insurance and Finance | **247,851.2** | 241,578.0 | 2.6% |
| Investment | **87,484.2** | 76,673.1 | 14.1% |
| Hive Property | **117,332.7** | 114,926.7 | 2.1% |
| **Eliminations** | **(14,979.7)** | (12,990.4) | N/A |
| **Total** | **564,292.1** | 533,788.1 | 5.7% |

# Corporate Structure[1] (as of 30 June 2018)

| Health Ecosystem | | | Happiness Ecosystem | | | Wealth Ecosystem | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Pharmaceutical | Medical Services & Health Management | Health Products | Tourism & Leisure | Fashion | Consumer & Lifestyle | Insurance and Finance | | Investment | | Hive Property |
| Fosun Pharma 37.94% | Fosun United Health Insurance[2] 20.00% | Babytree 24.8% | Club Med[6] 91.83% | Lanvin 65.60% | Yuyuan[11] 26.45% | Fosun Insurance Portugal[15] 84.9884% | Fosun Hani Securities 100% | Fosun Capital 100% | Nanjing Nangang 60.00% | Forte 100% |
| Sinopharm | Chancheng Hospital | Silver Cross 87.23% | Atlantis Sanya 100% | Tom Tailor[8] 28.89% | Tsingtao Brewery[12] 17.99% | AmeriTrust 100% | H&A 99.91% | IDERA 98.00% | Koller[16] 84.50% | 28 Liberty 100% |
| Gland Pharma | Luz Saúde[3] 98.79% | Sanyuan Foods[4] 20.45% | Thomas Cook[7] 12.60% | Wolford 58.05% | AHAVA[13] 100% | Peak Reinsurance 86.90% | BCP 27.06% | Cainiao 6.75% | Besino Environment[17] 100% | Bund Finance Center 50.00% |
| Sisram | United Family | St Hubert[5] 98.12% | | Caruso[9] 73.90% | Baihe Jiayuan[14] 69.18% | Pramerica Fosun Life Insurance 50.00% | Mybank 25.00% | | ROC 100% | |
| We Doctor | Starcastle Senior Living 50.00% | | | St. John[10] 70.00% | | Yong'an P&C Insurance 40.68% | | | Hainan Mining 51.57% | |

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 30 June 2018. The companies marked in the dotted box are invested by Fosun Pharma. For specific information, please refer to the disclosure of Fosun Pharma. The company marked in the shadow box is the project remained to be completed as at the end of the Reporting Period.
2. Under accounting treatment, it is listed under the segment of "Insurance and Finance" in operating segment information.
3. The Company and Fidelidade, a subsidiary of the Group held 49.00% and 49.79% equity interest in Luz Saúde, respectively. Therefore, the Group held 91.32% effective equity interest in Luz Saúde.
4. The Group through its wholly-owned subsidiary, and Shanghai Fosun Chuanghong Equity Investment Fund Partnership (L.P.) ("**Fosun Chuanghong**"), a fund under management of the Group held 16.67% and 3.78% equity interest, respectively, in Sanyuan Foods. The Group held Fosun Chuanghong general partnership effective interest and limited partnership effective interest of totally 37.25%, thus, the Group held 18.08% effective equity interest in Sanyuan Foods.
5. St Hubert was held as to 98.12% by an associate (the Group held 51% equity interest in such associate).
6. Club Med is indirectly held by Fosun Tourism Group, a subsidiary which the Group held as to 99.10%. Club Med is held as to 90.25% by a wholly-owned subsidiary of Fosun Tourism Group and as to 1.58% by a subsidiary (Fosun Tourism Group held 50.62% equity interest in such subsidiary). Therefore, the Group held 90.23% effective equity interest in Club Med.
7. The Group through its subsidiaries, Fosun Tourism Group and Fidelidade, held 5.375% and 7.225% equity interest in Thomas Cook, respectively. Therefore, the Group held 11.47% effective equity interest in Thomas Cook.
8. Tom Tailor was held as to 14.33% by the Company, as to 10.49% by Fidelidade, a subsidiary of the Group, and as to 4.07% by a company in which Fidelidade held 51% equity interest. Therefore, the Group held 25.01% effective equity interest in Tom Tailor.
9. The Group held 43.50% equity interest in Caruso. The joint venture established by the Group and Pramerica-Fosun China Opportunity Fund managed by the Group held 30.40% equity interest in Caruso (the Group held 17.00% equity interest in the joint venture). Therefore, the Group held 48.67% effective equity interest in Caruso.
10. The joint venture established by the Group and Pramerica-Fosun China Opportunity Fund managed by the Group held 70% equity interest in St. John (the Group held 19.70% equity interest in the joint venture). Therefore, the Group held 13.79% effective equity interest in St. John.
11. Yuyuan completed the asset reorganization in July 2018 and the Group made further acquisition of its shares on the secondary market. Thus, as of the date of this announcement, the Group held 68.52% equity interest in Yuyuan.
12. Tsingtao Brewery was held as to 11.66% by two wholly-owned subsidiaries of the Group, as to 2.55% and 0.53% by Fidelidade and Peak Reinsurance (both are subsidiaries of the Group) respectively, and as to 3.25% by a fund managed by the Group. Therefore the Group held 14.29% effective equity interest in Tsingtao Brewery.
13. The Group through its subsidiary held 100% equity interest in AHAVA. Such subsidiary was owned as to 84.26% and 15.28% by the Group and Yuyuan, the Group's associate respectively. Therefore, the Group held 84.26% effective equity interest in AHAVA.
14. The Group signed an agreement in July 2018 to acquire 69.18% equity interest in Baihe Jiayuan and the transaction was completed as of the date of this announcement.
15. The Group held 84.9884% equity interest in Fidelidade, 80% equity interest in Multicare and 80% equity interest in Fidelidade Assistência through its wholly-owned subsidiary.
16. Nanjing Nangang, the company's joint venture company, held 84.50% equity interest in Koller.
17. The Group and Nanjing Nangang jointly purchased 100% equity interest in Besino Environment, as to 50% held by the Group.

## Health Ecosystem

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

Unit: RMB million

| | For the six months ended 30 June 2018 | For the six months ended 30 June 2017 (restated) | Change over the same period of last year |
|---|---|---|---|
| Revenue | 13,985.0 | 10,294.6 | 35.8% |
| Profit attributable to owners of the parent | 828.9 | 631.6 | 31.2% |

During the Reporting Period, the increase in revenue of the Health Ecosystem was mainly attributable to the continuous and steady growth of Fosun Pharma's revenue. Profit attributable to owners of the parent of the Health Ecosystem mainly comes from the contribution of Fosun Pharma, meanwhile includes the investment income related to Health Products.

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

## Pharmaceutical

***Fosun Pharma***

Fosun Pharma is a leading healthcare group in China. As of 30 June 2018, the Group held 37.94% equity interest in Fosun Pharma.

Fosun Pharma was established in 1994, the principal business is providing drugs, medical devices, diagnostic products and healthcare service.

During the Reporting Period, the revenue of Fosun Pharma increased by 42.17% as compared to the corresponding period of 2017 to RMB11,767 million, and excluding the impacts of the new acquisitions of enterprises in 2017 for comparison purposes and other factors, revenue would have increased by 23.46% as compared to the corresponding period of 2017. Of which, the revenue from pharmaceutical manufacturing and research and development (R&D) segment of Fosun Pharma amounted to RMB8,872 million, representing an increase of 55.49% (31.51% on the same basis) as compared to the corresponding period of 2017. The revenue from healthcare service business amounted to RMB1,199 million, representing an increase of 18.60% as compared to the corresponding period of 2017.

During the Reporting Period, Fosun Pharma recorded profit before tax of RMB2,038 million, net profit attributable to owners of the parent of RMB1,560 million and net profit attributable to owners of the parent (after extraordinary gain or loss) of RMB1,201 million, which represented a decrease of 6.49%, 7.61% and 5.32% as compared to the corresponding period of 2017 respectively. The decrease was mainly due to the reduction of RMB61 million in extraordinary gain or loss as less gain from assets disposal, and the decrease of RMB67 million in ordinary gain or loss as compared to the corresponding period of the previous year.

During the Reporting Period, Fosun Pharma continued to enhance its R&D investment. The total R&D investment amounted to RMB1,188 million, representing an increase of RMB562 million or 89.82% as compared to the corresponding period of 2017. In particular, R&D expenses amounted to RMB709 million, representing an increase of RMB248 million or 53.69% as compared to the corresponding period of 2017. The R&D investment in the pharmaceutical manufacturing segment amounted to RMB1,064 million, representing an increase of RMB534 million or 100.90% as compared to the corresponding period of 2017. In particular, the R&D expenses of the pharmaceutical manufacturing segment amounted to RMB596 million, representing an increase of RMB231 million or 63.29% as compared to the corresponding period of 2017.

For more information, please refer to the interim results announcement for the six months ended 30 June 2018 of Fosun Pharma published on the Hong Kong Stock Exchange's website on 27 August 2018.

## Medical Services & Health Management

### ***Fosun United Health Insurance***

Fosun United Health Insurance actively operates in medical insurance, illness insurance, disability income insurance, health care insurance and accident insurance markets in the PRC, providing high quality life cycle products for Chinese families.

At present, Fosun United Health Insurance is committed to providing health insurance and health services to its customers and has already launched more than 40 products. Among them, long-term insurance products called *Kang Le* have been well-received by the market and customers, of which the premium income has continued to increase, accounting for approximately 59% of the total premium income as of 30 June 2018.

As of 30 June 2018, Fosun United Health Insurance had commenced operations in Guangdong and Beijing, and set up branches in Guangzhou, Foshan, Dongguan, Jiangmen and Zhongshan; its insurance income amounted to RMB152.11 million, with a long-term insurance new business value rate of 69% and short-term comprehensive cost ratio of 123%;

its core solvency adequacy ratio is 331.65%, and the comprehensive risk rating continues to be A-rated.

Fosun United Health Insurance will continue to explore the establishment of online health consultation services and to launch healthcare newsletters to help customers manage chronic illnesses, and to provide positive experience in medical treatment to customers and high quality health services to more individuals and families through youlè platform.

***<u>Star Healthcare</u>***

Shanghai Star Healthcare Co., Ltd. ("**Star Healthcare**") is a wholly-owned subsidiary established by the Group through an initial capital injection of RMB50 million in 2014. Star Healthcare integrates the Group's internal and external eminent medical resources to provide one-stop and whole-process health management services and third-party insurance services for mid-to high-end members and corporate customers including planning products for employee healthcare benefits that targets for corporate customers, innovative products targeting insurance customers and healthcare service products focused on mothers and their children.

As of 30 June 2018, the revenue of Star Healthcare amounted to RMB7.80 million, representing a year-on-year increase of 446%. The direct billing network resources of Star Healthcare in China concentrated in 340 cooperative medical and checkup institutions in 14 cities. By leveraging the leading insurance claim core system within the industry, Star Healthcare provided professional direct payment of medical management and claim settlement services for insurance companies.

***<u>Starcastle Senior Living</u>***

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

In Phase I, Starcastle Senior Living had 219 units, with an occupancy rate of 97% as of 30 June 2018. In Starcastle Senior Living's Pujiang Community, there were a total of 395 units, with an occupancy rate of 42% as of 30 June 2018. Together, Phase I and Pujiang Community of Starcastle Senior Living had a total of 614 units, accommodating approximately 1,200 seniors. Additionally, Phase II of Starcastle Senior Living began construction in April 2017. It will provide 900 units and is expected to commence its operations in 2019.

***<u>Luz Saúde</u>***

Luz Saúde is a leading private healthcare provider group in Portugal with 98.79% of its equity interest held by the Group as of 30 June 2018. Luz Saúde owns 12 private hospitals, 1 national health service hospital under a public private partnership, 9 private ambulatory clinics and 2 senior residences. Luz Saúde started operations in the Coimbra region of Portugal in the first quarter of 2018 through the acquisition of Idealmed medical system.

As at the end of the Reporting Period, Luz Saúde provided approximately 1,650 beds and continued its growth in the Portuguese private healthcare market through the acquisition of a hospital and three clinics in the Coimbra region. In addition, Luz Saúde opened a clinic in Odivelas and expanded the area of Hospital da Luz Oeiras, doubling its capacity and expanding the portfolio of services.

Hospital da Luz Lisboa of Luz Saúde (already the largest private hospital in Portugal) is currently undergoing expansion to increase service capacity by 80% and further reinforce its market leadership position. In addition, a new private hospital in Vila Real (north of Portugal) is also under construction in order to strengthen Luz Saúde's presence in the region and expand its client base.

## Health Products

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

***Silver Cross***

Fosun acquired Silver Cross in 2015 and held its 87.23% equity interest as at the end of the Reporting Period. Established in 1877, Silver Cross is one of the most iconic maternal and nursery brands in the UK.

Silver Cross remains renowned for its meticulous design, high-end craftsmanship, excellent materials and attention to details. Its traditional hand-made baby prams, travel accessories, safety seats and furniture are well-recognized and highly-rated by customers worldwide. Silver Cross benefits from its international distribution channels and offices spanning in the UK, US, Europe, Russia, the Middle East and the Asia-Pacific region.

In 2017 Silver Cross acquired Micralite, a baby stroller brand with a multitude of patents, which was relaunched in Hong Kong in January 2018. Silver Cross has established a long-term authorising partnership with Aston Martin and has launched a new product range utilising the license with childrenswear brand "Marie Chantal" in the first half of 2018.

During the Reporting Period, Silver Cross reported operating revenue of approximately GBP22.26 million and a profit before tax of GBP1.57 million.

***Sanyuan Foods***

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

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

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

As of 31 March 2018, Sanyuan Foods recorded revenue of RMB1,752.6 million, and net profit attributable to shareholders of the listed company of RMB35.5 million.

***Juewei Food***

As at 30 June 2018, the Group held 6.20% equity interest in Juewei Food Co., Ltd. ("**Juewei Food**"), a company listed on the SSE with stock code 603517. On 29 June 2018, the closing price for Juewei Food was RMB42.45 per share with a total market capitalization of approximately RMB17,404.50 million.

Juewei Food, a company mainly engages in research and development, production and sales of braised foods, is the market leader of the braised food industry in China. Juewei Food's market share in domestic leisure braised products is around 9% as at the end of the Reporting Period. Benefiting from the rapid development of the leisure fast moving consumer goods market in China, there is significant room for future growth of the braised food market.

Juewei Food has established direct sales and franchise chain sales network covering 29 provinces / municipalities. As at the end of the Reporting Period, Juewei Food had more than 3,000 franchisees and more than 9,000 offline stores nationwide. Online registered users totaled more than 40.00 million. In the first half of 2018, the company opened up market in Hong Kong, and entered market in Singapore which represented a breakthrough in overseas market.

As of 30 June 2018, Juewei Food recorded operating revenue of RMB2,085.00 million, and net profit attributable to shareholders of the listed company of RMB315.13 million.

***St Hubert***

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

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

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

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

***Babytree***

The Group held 24.8% equity interest in Babytree as of 30 June 2018. Babytree is the largest and the most active maternity and child-focused community platforms in China by the average monthly active users ("**MAU**"), dedicated to connecting and serving young families, which are families between two years before the birth of a child and six years after. In 2017, the MAU of Babytree reached 139 million. Right after the strategic investment in Babytree by the Group, the two parties quickly launched a cooperative test in the C2M strategy so as to successfully create customized commodity consumption service for young Chinese families. On the other hand, Babytree leveraged the Group's medical and health resources to start online premium content and health service businesses.

In May 2018, Babytree announced that it had received a strategic investment from Alibaba Group Holding Limited. In June 2018, Babytree submitted a listing application to the Hong Kong Stock Exchange.

## Happiness Ecosystem

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

Unit: RMB million

| | For the six months ended 30 June 2018 | For the six months ended 30 June 2017 (restated) | Change over the same period of last year |
|---|---:|---:|---:|
| Revenue | 8,708.6 | 6,525.7 | 33.5% |
| Profit attributable to owners of the parent | 832.6 | 791.5 | 5.2% |

During the Reporting Period, the increase in revenue of the Happiness Ecosystem was mainly due to the revenue growth as a result of business expansion of Club Med. Profit attributable to owners of the parent remains stable.

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

## Tourism & Leisure

Fosun Tourism Group is one of the world's leading leisure-focused and integrated tourism groups. Its principal business activities include resorts, tourism destinations and services and solutions in various tourism and leisure settings.

**Resorts**

***Club Med***

The Group privatized Club Med in February 2015. As of 30 June 2018, the Group held approximately 91.83% equity interest in Club Med.

Club Med, founded in 1950 and headquartered in France, pioneered the concept of the all-inclusive resort holiday experience around the world. By the end of the Reporting Period, Club Med had operations in more than 40 countries and regions with 69 resorts (including one cruise ship) located in more than 26 countries and regions. For the year ended 31 December 2017 and six months ended 30 June 2018, Club Med recorded approximately 1.35 million and approximately 0.74 million customers respectively. As a leading premium all-inclusive vacation resorts service provider, Club Med continues to innovate and provide exciting new vacation experiences to its customers. From December 2017 through the end of the Reporting Period, Club Med opened Club Med Grand Massif Samoëns Morillon Resort in the French Alps and Club Med Tomamu Resort in Japan, and re-opened Club Med Cefalu in Italy.

In addition, Club Med has launched the "Club Med Joyview" to target the fast-growing Chinese market by providing Chinese customers with an opportunity to experience resorts located within two to three hours' driving distance from urban areas, and a flexible choice of various packages. This includes Club Med Joyview Golden Coast Resort and Club Med Joyview Anji Resort which opened in 2018.

### Tourism Destinations

***<u>Atlantis Sanya</u>***

Atlantis Sanya is located in Haitang Bay National Coast of Sanya, Hainan Province in China, aiming at providing one-stop leisure and distinctive holiday experiences for families worldwide.

Atlantis Sanya held its soft opening in February 2018 and officially opened in April 2018. For the months ended 30 June and 31 July 2018 respectively, the occupancy rate of Atlantis Sanya accommodation facilities was 66.4% and 79.3% respectively.

Atlantis Sanya also includes approximately 1,000 saleable residential vacation units, namely Tang Residence, which the Group recognized contract liabilities amounting to approximately RMB6,988.8 million and plans to recognize its revenue upon the transfers of property ownership in the future.

***<u>Albion</u>***

Albion was launched to provide design, technical, operational and management to owners and concession right holders of tourism destinations in China under the Albion brand.

### Services and Solutions in Various Tourism and Leisure Settings

The Group has been developing its culture and performing arts business, including the promotion and operations of Cirque du Soleil's "Toruk" premiered in Sanya China.

In addition, the Group has established a joint venture with Mattel, Inc., which is a global leader in children's learning and development through play and the owner of a number of copyrights and trademarks, to commence Miniversity. Miniversity provides one-of-a-kind learning and recreational clubs for children in both tourism destinations and modern cities. Its first club is located in Atlantis Sanya.

Other than direct and indirect distribution channels owned or utilized by Club Med, the Fosun Tourism Group also launched its proprietary FOLIDAY platform, to provide and distribute tailor-made tourism and leisure solutions to families including membership services through youlè. Through the FOLIDAY platform, Fosun Tourism Group promotes and distributes products of its brands, including resorts, tourism destinations, shows and other tailor-made solutions and packages through various types of products and transportation arrangements.

The Group invested in British travel and leisure group Thomas Cook in March 2015. As of 30 June 2018, the Group held approximately 12.60% equity interest in Thomas Cook. For the six months ended 31 March 2018, Thomas Cook recorded revenue of GBP3.227 billion, representing an increase of 7.8% over the same period of last year. Fosun Tourism Group established a joint venture with Thomas Cook called Kuyi International Travel Agency (Shanghai) Co., Ltd, as a part of its travel agency and distribution network, in which Fosun Tourism Group held 51% equity interest.

## Fashion

Fosun Fashion Group is an important component of the Happiness Ecosystem of Fosun, which focuses on in-depth operation and global integration of relevant industries surrounding consumers' life and happiness. The operation model of Fosun Fashion Group combines strategic investment and industrial operation. Currently, it engages in apparel, jewelry, leather goods, footwear and other sectors within fashion. The current portfolio assets include French high fashion brand Lanvin, Austrian high-end lingerie and stocking brand Wolford, American high fashion brand St. John, Italian high-end menswear brand Caruso, and German fast fashion brand Tom Tailor. In the future, Fosun Fashion Group aims to meet the leisure demand of families, integrate resources, and establish a fashion ecosystem with global influence.

***Tom Tailor***

The Group made a strategic investment in the German fashion group Tom Tailor in 2014. As of 30 June 2018, the Group held 28.89% stake in Tom Tailor.

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

During the Reporting Period, Tom Tailor has continued to focus on profitable growth as well as operational transformation. In its core activities and markets, Tom Tailor is growing continuously and profit margins have been further increased. The restructuring efforts which were initiated in the fourth quarter of 2016 have been concluded. Key investments for 2018 are mainly related to selective retail and wholesale expansion projects, marketing spendings for the Tom Tailor brand as well as additional capital expenditures for major IT projects.

As a result, Tom Tailor has achieved a revenue of EUR399 million in the first half of 2018, with an EBITDA of EUR26.8 million and net profit of EUR2.03 million.

***Lanvin***

During the Reporting Period, the Group completed the investment in France's oldest luxury couture house that remains active, Lanvin, becoming its controlling shareholder. This investment was a major step in developing Fosun Fashion Group, the pure-play fashion platform of the Group.

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

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

During the Reporting Period, Lanvin was reshaping the new management team and will open up new product power and explore great potential. On 28 August 2018, Fosun Fashion Group announced the appointment of Mr. Jean-Philippe Hecquet as global CEO of Lanvin. Hecquet had a very successful career at two leading global fashion brand companies.

***Wolford***

In May 2018, the Group completed an acquisition of majority stake of 50.87% in Wolford for EUR12.80 per share. As of 30 June 2018, the Group held a 58.05% stake in Wolford.

Founded in 1950 and headquartered in Bregenz Austria, Wolford is a well-known Austrian textiles manufacturer focusing on high-end stocking, lingerie and pajama. Over the past 68 years, Wolford has introduced numerous innovations, in particular, it is a leader of the global stockings, lingerie and pajama market by relying on continuous innovation and upgrading of technology and manufacturing ability to launch numerous popular products to the market. Wolford designs and manufactures its products exclusively in Europe and is marketed in 60 countries and regions around the world.

At present, there is a transparent growing trend of global consumption escalation, particularly in China. Combining this motivation with Wolford's exceptional high quality of production, the Group will continue to empower Wolford under its happiness ecosystems for global families as well as the profound industrial accumulation of the Group.

With about 1,555 employees, Wolford operates 16 subsidiaries and markets its products through 262 offline monobrand boutiques (owned and partner operated) and 16 online stores. Wolford generated EUR149.1 million in sales in 2017/2018 financial year.

## Consumer & Lifestyle

***Yuyuan***

In November 2002, the Group became the largest shareholder of Yuyuan. As of 30 June 2018, Yuyuan had a market value of RMB13.58 billion and the Group held a total of 26.45% equity interest in it. In July 2018, Yuyuan completed the asset reorganization and the Group made further acquisition of its shares on the secondary market. Thus, the Group held approximately 68.52% of equity interest in Yuyuan as of the date of this announcement.

Yuyuan is a "new commerce" platform in the Group's Happiness Ecosystem as it owns a range of industries with unique competitive advantages targeting the emerging middle-class consumption patterns. These mainly include two gold and jewelry brands, "Laomiao Gold" and "Yayi Jewelry"; real estate business and popular food and beverage businesses. As at the end of the Reporting Period, the number of jewelry stores belonging to Laomiao Gold and Yayi Jewelry was 1,974. Yuyuan also holds part of the equity interest in Zhaojin Mining Industry Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code: 01818).

During the Reporting Period, Yuyuan recorded revenue of RMB9.89 billion, representing an increase of 7.67% compared with the same period of last year; and profit attributable to the shareholders of the listed company of RMB372.5 million, representing an increase of 13.46% compared with the same period of last year.

***Cirque du Soleil***

The Group invested in Canada's Cirque du Soleil in July 2015. Yuyuan and two Fosun-managed funds jointly held equity interest in Cirque du Soleil.

Cirque du Soleil is headquartered in Montreal Quebec, providing high-quality artistic theatre entertainment. In 2017, Cirque du Soleil launched "Volta", a new touring show. In the first half of 2018, Toruk went on its tour in Sanya, while KOOZA went on its tour in Beijing, Shenzhen, Hong Kong and Changsha. The company also launched the National Football League Experience Times Square in New York, the first interactive and immersive attraction of its kind. Cirque du Soleil also created a new show, "Crystal", which explores the artistic attributes of ice.

In July 2017, Cirque du Soleil completed the acquisition of Blue Man Group, a global live entertainment company best known for its award-winning Blue Man show, performed in over

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

***Studio 8***

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

During the Reporting Period, Studio 8 has around 40 projects in the pipeline. In August 2018, Studio 8 saw the release of Albert Hughes directed "Alpha" with plans to release Yann Demange directed 'White Boy Rick' starring Matthew McConaughey in September 2018, which are the first two projects developed independently by Studio 8.

***Tsingtao Brewery***

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

Founded in 1903 by German and British merchants, Tsingtao Brewery is one of China's oldest brewers. Today it is sold in more than 100 different countries and regions, producing both middle- and high-end products in 60 breweries across China for Tsingtao Brewery's various brands including Tsingtao, Laoshan and Hans. In the first quarter of 2018, Tsingtao Brewery recorded total revenue of RMB7.252 billion, an increase of 3.01% over the same period of last year and a net profit attributable to owners of the parent of RMB667 million, up by 15.16% over the same period of last year.

In June 2018, the Group and Tsingtao Brewery signed framework agreement of strategic cooperation and agreed to create synergy and strengthen cooperation.

***AHAVA***

The Group invested RMB539 million into Israeli cosmetic company AHAVA in September 2016 and the Group held 100% equity interest in AHAVA as of 30 June 2018.

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

In the first half of 2018, AHAVA's revenue in Israel grew by 11% over the same period of last year. The trust of Fosun's management team, in addition to a new incentives scheme, have contributed to improving execution and to this significant growth in Israel's domestic business despite of the instability of Israel's political situation at the beginning of this year. Ever since AHAVA was acquired by the Group, Fosun's post-investment team has worked closely with the Israeli management team and has helped the company enter into the Chinese market.

In the first half of 2018, AHAVA's net sales grew by 17% over the same period of last year, keeping positive growth since acquisition. As of 30 June 2018, 60 Stock Keeping Units ("**SKUs**") received approvals from State Administration for Market Regulation in China, and almost 20,000 Chinese customers were recorded during the latest six months. In 2018, AHAVA expects further opportunities for sustainable growth in Israel with new products to be launched. Furthermore, AHAVA expects expansion opportunities in Asia, especially in China.

***Folli Follie***

Folli Follie, a globally renowned fashion retail group, was an overseas investment made by the Group in 2011. As at the end of the Reporting Period, the Group and the affiliated enterprise held 16.37% equity interest in Folli Follie.

In May 2018, the Hellenic Capital Markets Commission suspended trading on Folli Follie shares citing the company's inability to provide financial data following a report by a hedge fund questioning its Asian business. Folli Follie is currently undergoing an independent audit by Ernst & Young at the request of the Greek regulator. The Group will continue to follow closely on the development of the incident.

The Group invested in Folli Follie with the initial cost of EUR86 million. The total dividend the Group has received over the years is EUR7 million. The fair value gain recognized in prior years is EUR62 million. Based on the closing price of EUR4.8 per share before its suspension, the fair value loss recognized in the Reporting Period was EUR101 million, while the accumulative fair value loss was EUR39 million.

# WEALTH ECOSYSTEM

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

## Insurance and Finance

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

Unit: RMB million

| | For the six months ended 30 June 2018 | For the six months ended 30 June 2017 (restated) | Change over the same period of last year |
|---|---|---|---|
| Revenue | 12,645.0 | 14,286.9 | -11.5% |
| Profit attributable to owners of the parent | 1,737.2 | 1,523.5 | 14.0% |

During the Reporting Period, the revenue of Insurance and Finance segment decreased by 11.5% compared with the same period of last year. Excluding the impact of the disposal of 100% equity of Ironshore Inc. completed in May 2017, the revenue of Insurance and Finance segment increased by 14.0% over the same period of the last year. Among the subsidiaries in this segment, revenues from Fosun Insurance Portugal, Peak Reinsurance and H&A had increased significantly. The increase in profit attributable to owners of the parent was mainly attributable to the profit growth of the Group's insurance and finance subsidiaries, the profit share of the associates of BCP and the investment income related to insurance and finance.

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

***Fosun Insurance Portugal***

In 2014, the Group acquired a controlling stake in Fosun Insurance Portugal, consisting of Fidelidade, Multicare and Fidelidade Assistência. The Group owns 84.9884% equity interest in Fidelidade and 80.00% equity interest in Multicare and Fidelidade Assistência respectively as of 30 June 2018. This platform facilitates business development in Europe and Portuguese-speaking countries and strengthens access to high-quality, long-term capital.

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

Fosun Insurance Portugal had a total market share in Portugal of 35.6% in June 2018. Life insurance business has achieved a 40.2% market share in June 2018, an increase of 15.6 percentage points over June 2017 reflecting an extraordinary effort of CGD in an environment of extremely low interest rates and limited alternative bank products. In the non-life insurance business, there was a market share increase of 0.6 percentage point over June 2017 to 28.2%.

During the Reporting Period, Fosun Insurance Portugal recorded total premium income of EUR2,436.5 million, non-life insurance business combined ratio of 97.7% and net profit of EUR170.3 million. Net assets totalled EUR2,977.3 million with EUR15,379.0 million for total investable assets. Total investment return was 2.8% (not annualized).

Fosun Insurance Portugal's international business recorded overall premiums of EUR140.4 million, an increase of 25.9% when compared with the same period of last year, reflecting a favorable performance from life insurance business, which grew 91.2% over the same period of last year. Non-life insurance international business had a decrease of 7.3% in premiums due to weaker performance from Angolan operation. As of 30 June 2018, premiums recorded from international business represented 4.3% of life insurance business and 9.0% of non-life insurance business.

Fidelidade's property, life and health insurance markets are ranked first in Portugal, with significant advantage over competitors. In 2018, Fosun Insurance Portugal won several distinguished awards, such as "Marca de Confiança 2018" (2018 Most Trusted Brand) for Fidelidade and Multicare and "Escolha do Consumidor 2018" (2018 Consumer's Choice) for Fidelidade and Multicare.

***AmeriTrust (Formerly Known as MIG)***

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

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

During the Reporting Period, AmeriTrust recorded premium income of USD309.7 million, net profit of USD27.2 million, combined ratio of 100.6%, investable assets of USD1,594.3 million, total investment return of 2.2% (not annualized), solvency adequacy ratio of 442.9% (Risk-based capital ratio and local statutory solvency ratio as of 31 December 2017), and net assets of USD588.7 million as of 30 June 2018.

***Peak Reinsurance***

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

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

In 2012, the Group and International Finance Corporation established Peak Reinsurance.

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

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

Life and General Reinsurer by the Monetary Authority of Singapore to carry on reinsurance business with effect from November 2017.

Peak Reinsurance was awarded "Asian Reinsurer of the Year" for the third consecutive year by *Asian Banking and Finance* magazine in 2018 and is now ranked 43 on A.M. Best's annual ranking, by gross written premium.

Since the launch of Peak Reinsurance, it has delivered a track record of year-on-year premium growth. During the Reporting Period, it generated premium income of USD671.2 million compared to USD472.4 million over the same period of last year. Peak Reinsurance continues to make consistent profit starting from the first year of operations. During the Reporting Period, net profit increased to USD30.2 million (with technical combined ratio of 96.3%), reflecting robust growth throughout a difficult period for the reinsurance industry.

As of 30 June 2018, Peak Reinsurance's total investment return was 1.5% (not annualized), with investable assets and net assets growing to USD1,637.2 million and USD1,020.4 million respectively. Solvency remains very strong with solvency adequacy ratio of 521.6%. Peak Reinsurance continues to deliver stable and sustainable returns since its establishment.

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

***Pramerica Fosun Life Insurance***

In September 2012, the Group worked with The Prudential Insurance Company of America to set up Pramerica Fosun Life Insurance, which marked the Group's first step into China's domestic life insurance market. As of 30 June 2018, the Group held 50% equity interest in Pramerica Fosun Life Insurance. Pramerica Fosun Life Insurance conducts sales through multiple channels including tied agency, worksite marketing, bancassurance, intermediary and elite agency.

In April 2017, Pramerica Fosun Life Insurance increased its registered capital of RMB1,362.1 million to RMB2,662.1 million. During the Reporting Period, Pramerica Fosun Life Insurance recorded premium income of RMB536.7 million with a growth of 106.1% compared with the same period of last year. Total net asset was RMB1,974.5 million, a decrease of 2.0% from the start of 2018. Pramerica Fosun Life Insurance recorded net loss of RMB1.7 million, indicating a reduction of 89.5% compared with same period of last year, solvency adequacy ratio of 552.6%, investable assets of RMB3,944.4 million, total investment return of 3.6% (not annualized).

In recent years, the premium received by Pramerica Fosun Life Insurance has been growing rapidly with launches of the Beijing branch, Shandong branch, Jiangsu branch, 12 sales offices and 2 sub-branches. Pramerica Fosun Life Insurance has followed the strategy of "Sticking to the Tradition with Innovation", positioning itself with the long-term strategy of combining the rapid growth of regular-pay premium and new business value, and formed its business model dominated by regular-pay premium, with annualized new premium achieving a growth of 96.8% compared with the same period of last year during the Reporting Period.

***Yong'an P&C Insurance***

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

During the Reporting Period, Yong'an P&C Insurance recorded premium income of RMB5,067.2 million, net profit of RMB89.8 million, investable assets of RMB10,914.7 million and net asset of RMB4,697.4 million as at the end of the Reporting Period. Yong'an P&C Insurance recorded a combined ratio of 103.9%, total investment return of 2.5% (not annualized) and solvency adequacy ratio of 247.0% as at the end of the Reporting Period.

***Fosun Hani Securities***

Fosun Hani Securities is an integrated financial platform and the investment institution wholly-owned by Group based in Hong Kong. With the transition towards fintech, Fosun Hani Securities, in close cooperation with the Group, has increased its investment in the field of technology innovation. In line with the Group's C2M strategy, the transition of company has made progress in terms of integrating with the Group's online and offline resources, including supporting the design and launch of Xiaolu Health App and providing products and services of overseas asset allocation for family customers. In the meantime, the company is dedicated to building a boutique investment bank with its competitiveness in healthcare business. As at the end of the Reporting Period, the net asset, total revenue and net profit of the company amounted to HKD1,267.3 million, HKD124.8 million and HKD32.4 million, respectively.

***Hauck & Aufhäuser Privatbankiers AG (H&A)***

Fosun acquired 99.91% equity interest in H&A in September 2016 with a consideration of EUR210 million. H&A is a fully licensed private bank in Germany, offering financial services such as private banking, asset management and servicing as well as investment banking.

H&A is a market leader in custodian banking services and capital market services for small- and mid-sized institutional clients in German speaking countries.

Founded in 1796, H&A is headquartered in Frankfurt with offices in Munich, Dusseldorf, Hamburg and Cologne, branches in Luxembourg and London, a subsidiary in Zurich and a representative office in Paris. With Fosun's support, H&A acquired a Luxembourg-based company Oppenheim in December 2017, reaching an important strategic milestone in its growth strategy. The acquisition gives H&A the opportunity to expand its products and services in the European Union. Furthermore, H&A's investment banking division reached the No. 1 position for IPOs and capital increases in the Small- and Mid-Cap segment[3] in Germany. Additionally, H&A has also gained the recognition of the public. H&A's asset management was also named among the top 3 most dynamic asset managers in the segment of EUR10 million to 100 million assets under management due to above-average net new money growth, in part enabled by synergies with the Group.

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

As at the end of the second quarter of 2018, H&A's assets under management reached EUR120 billion, representing an increase of 71.4% compared with the same period of last year, whilst the total assets grew to EUR5,677 million. H&A also recorded a gross income of EUR105 million by the end of the second quarter, which corresponds to an increase of 64.1% compared with the same period in 2017. Profit before tax at the end of the second quarter stood at EUR14.2 million, representing an increase of EUR7.4 million compared with the same period of last year.

***BCP***

In November 2016, the Group invested in BCP. As of 30 June 2018, the Group's shareholding in BCP reached 27.06%. BCP is the largest Portuguese listed bank with a market capitalization of approximately EUR4.1 billion as of 30 June 2018.

Established in 1985, BCP offers banking products and financial services in Portugal and abroad, including retail banking, corporate and investment banking, private banking businesses, and owns a leading innovative bank called ActivoBank. BCP also holds a prominent position in Poland, Switzerland, Mozambique and Angola, and has operated in

[3] Market Capitalization≤EUR750 million

Macau Special Administration Region through a fully-licensed branch and the Chinese mainland market through its Guangzhou representative office since 2010.

The net profit as of 30 June 2018 was EUR150.6 million, increased 67.5% compared with the EUR89.9 million of the same period in 2017. The business volume has increased by EUR2.9 billion compared with the same period of 2017. The number of active customers in Portugal has increased by 103,000 compared with the same period of last year.

BCP and Ant Financial Services Group have signed a cooperation agreement. The two companies will work together, combining Alipay's expertise and experience in online and mobile payment systems as well as BCP's local and international banking business and transactional capabilities, to launch payments "Alipay in-store" linking Portuguese merchants of goods and services to Chinese visitors in Portugal and to provide innovative, cutting-edge services to their respective customers.

BCP has signed a clearing and settlement of Renminbi business agreement with the Bank of China Macau Branch (the Chinese bank for clearing Renminbi for Portuguese-speaking countries designated by the People's Bank of China), which reinforces its presence in the Chinese market. With this agreement executed, BCP becomes the first bank in Portugal to be considered a participating bank with access to Macau's payments system.

In Switzerland, BCP has set up its Chinese desk, preparing for enlarging its customer base and developing its products by leveraging the Group's C2M platform.

The new executive committee and new board of directors (for the term 2018-2021) of BCP have been resolved in the shareholders' meeting in May 2018 and approved by European Central Bank in July 2018.

***Mybank***

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

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

Since the opening, Mybank has provided services to 5.71 million small and micro businesses and operators with an average loan amount RMB28,000. In the year of 2017, Mybank has issued RMB446.8 billion of loans to small and micro businesses and operators. At the same time of developing online lending business, Mybank is also actively exploring the development of other financial products to provide credit services for small and micro merchants, which include its offline business in credit products to over 1 million small and micro businesses by the end of 2017. It also sold monetary fund products to a total of 6.75 million customers.

In 2017, Mybank recorded the revenue of RMB4,275 million, up by 62.12% over the same period of last year and net profit of RMB404 million, up by 27.85% over the same period of last year. By the end of 2017, Mybank had its total asset at RMB78,171 million, total liability at RMB73,500 million and shareholder's equity at RMB4,671 million. The solvency ratio stood at 13.51%, while the ratio of non-performing loan was at 1.23%.

## Investment

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

Unit: RMB million

| | For the six months ended 30 June 2018 | For the six months ended 30 June 2017 (restated) | Change over the same period of last year |
|---|---|---|---|
| Revenue | 1,935.7 | 1,721.2 | 12.5% |
| Profit attributable to owners of the parent | 3,062.9 | 2,557.8 | 19.7% |

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

The Investment segment includes primary market investments, asset management and others.

### ***Primary Market Investments***

#### *Cainiao*

In May 2013, the Group invested RMB500 million into Cainiao as one of the founding shareholders. Cainiao is the official logistics partner of Alibaba. Cainiao will further strengthen its global logistics network with the aim to realize the mission of fulfilling orders within 24 hours in China and within 72 hours anywhere in the world, and enable greater efficiencies and lower costs in China's logistics sector.

Cainiao has currently developed five key networks, including express delivery, warehouse distribution, cross-border logistics, and urban and rural last mile logistics. Cainiao achieved rapid growth in the first half of 2018, including network coverage, product penetration, package volume and timeliness of delivery.

As of 30 June 2018, Cainiao had next-day delivery coverage capacity in over 1,500 districts and counties within China. Meanwhile, Cainiao plans to deploy 6 digital intelligent logistics hubs worldwide in 6 cities, including Kuala Lumpur, Hong Kong, Liège, Dubai, Moscow and Hangzhou. The purpose of such establishments is to provide small and medium enterprises worldwide with the same logistics service as larger companies to conduct trade.

***Asset Management***

The asset management business of the Group mainly targets domestic and international high-end large institutional clients and high net worth individuals, and actively seeks institutional investors, large enterprises and family capital to become limited partners for long term cooperation. During the Reporting Period, the management fee derived from the asset management business amounted to RMB256 million. As at the end of the Reporting Period, the scale of the asset management business of the Group reached RMB121,010.2 million and net assets attributable to the Group of RMB7,306.0 million. The asset management of the Group includes equity funds, real estate funds and asset management platforms.

***Equity Funds***

As at the end of the Reporting Period, the scale of the equity funds managed by the Group amounted to RMB30,898.3 million, the number of projects invested increased to 91 projects with new projects in the first half of this year such as Tsingtao Brewery.

Fosun Capital is an equity investment and management company, established and wholly owned by the Group. Established in April 2007, its current total paid-in capital is RMB600.0 million.

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

As at the end of the Reporting Period, its assets under management were RMB14,325 million.

***Real Estate Funds and Asset Management Platforms***

As at the end of the Reporting Period, the scale of the real estate funds and asset management platforms under management of the Group amounted to RMB90,111.9 million, including the Japanese real estate capital management company IDERA, the French listed real estate fund management company Paris Reality Fund SA, the European real estate asset management company Resolution Property Investment Management LLP, the Russian real estate asset management company Fosun Eurasia Capital Limited Liability Company, and the Brazilian fund asset management company Rio Bravo. The highlights of IDERA, the subsidiary of the Group, are stated below.

***IDERA***

In May 2014, the Group had completed the acquisition of IDERA, a Japanese real estate capital management company, at a consideration of JPY6,811.0 million. As at the end of the Reporting Period, the Group held 98% equity interest in IDERA. IDERA is a leading Japanese independent real estate capital management and fund platform. As at the end of the Reporting Period, it managed over JPY296,195 million (representing approximately RMB17,746.2 million) assets. During the Reporting Period, IDERA recorded unaudited revenue of JPY1,869.4 million (approximately RMB109.9 million) according to the Japanese Accounting Standards.

***<u>Others</u>***

***ROC***

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

ROC successfully entered into two transactions with Buru Energy Limited for a 50% non-operated interest in the Ungani production licences (L20 and L21), onshore Western Australia; and a 50% non-operated exploring interest in each of EP391, EP428 and EP436, onshore Western Australia. Completion of these two transactions is subject to government approval.

In July 2018, ROC together with its partner, Smart Oil Investment Ltd., has signed a contract with China National Offshore Oil Corporation for joint operatorship of the exploration and development of Weizhou 10-3W Oilfield and Block 22/04 in the Beibu Gulf, offshore of South China Sea.

During the Reporting Period, ROC realized sales revenue of USD89.8 million (1H2017: USD65.1 million), net profit of USD34.2 million (1H2017: USD25.1 million) and net cash inflow from operating activities of USD65.0 million (1H2017: USD42.0 million)

***Hainan Mining***

The Group invested in Hainan Mining in 2007. As of 30 June 2018, the Group held 51.57% equity interest in Hainan Mining. The Group engages in iron ore production and operation through Hainan Mining, a subsidiary of the Group which owns a high-grade iron ore mine in China. Its core business includes mining and sales of iron ore. By investing in existing mining projects and other mining companies, Hainan Mining aims to accelerate the expansion of its scale and enhance its position in the industry. During the Reporting Period, Hainan Mining's operating income was RMB779.5 million, down by 30.82% over the same period of last year, and the loss attributable to owners of the parent was RMB206.0 million. The decrease in net profit for the period compared with the same period of last year was mainly attributable to the factors such as the decline in iron ore sales, the increase in land acquisition costs and volatility in the secondary market.

***Nanjing Nangang***

As of 30 June 2018, the Group in total held 60% equity interest in Nanjing Nangang. Nanjing Nangang through its investment in Nanjing Iron & Steel, carries out operations in the iron and steel industry and invests in areas such as energy and environmental protection as well as new materials. In the first half of 2018, Nanjing Nangang realized a revenue of RMB21,948.54 million, representing an increase of 25.59% over the same period of last year, and the total profit was RMB3,079.91 million, representing an increase of 93.34% over the same period of last year.

Located in Eastern China, Nanjing Iron & Steel is an integrated steel company that covers the complete production process including mining, coking, sintering, iron smelting, steel smelting and steel rolling. Nanjing Iron & Steel has the capacity to produce 10 million tons of steel, 9 million tons of iron and 9.4 million tons of steel materials annually. It is the single largest Chinese manufacturer of medium-size plates. During the Reporting Period, the production and sales of its leading products of high-quality medium-size plate and special long steel plate were booming. The operational mechanism of "efficiency in production and cost-saving in manufacturing" was consistently optimized. The gross profit margin of products increased significantly year-on-year, and the competitiveness of products increased steadily. The operational performance has reached the best level in history. In particular, the sales proportion of special steel plate products increased to over 87%, and that of special long steel plate reached more than 60%.

At present, the transformation of Nanjing Nangang is progressing steadily. In terms of environmental protection, the Group and Nanjing Nangang jointly invested and acquired 100% shareholding in Besino Environment. In terms of new materials, Nanjing Nangang, through Nanjing Iron & Steel, participated in the private placement of Jiangsu Tiangong Technology Company Limited (listed on the NEEQ with stock code: 834549), and completed its investment as the controlling shareholder in Koller, a German supplier of lightweight parts for the automotive industry in August 2017 and improved its layout of the new material industry chain. In terms of intelligent manufacturing, Nanjing Iron & Steel strengthened the construction of industrial internet. Its thick plate production line was awarded as an excellent demonstration workshop in Jiangsu Province; the "JIT+C2M" model was introduced to its manufacturing process to satisfy the customer needs and facilitate its deep operation over the whole industry chain. Jiangsu Jinheng Information Technology Co., Ltd.（江蘇金恆信息科技股份有限公司）, its subsidiary which specializes in intelligent manufacturing solutions for the metallurgical industry, has been listed on the NEEQ with stock code 872438.

***Hangzhou-Taizhou Highspeed Railway***

In September 2017, Fosun led the construction of China's Hangzhou-Taizhou Highspeed Railway. As a private consortium, Fosun led the signing with the Zhejiang government on the Hangzhou-Taizhou project, with private capital accounting for 51% of the shares. The project started construction in December 2017 and is estimated to open to traffic by the end of 2021.

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

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

## Hive Property

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

Unit: RMB million

| | For the six months ended 30 June 2018 | For the six months ended 30 June 2017 (restated) | Change over the same period of last year |
|---|---|---|---|
| Revenue | 6,574.9 | 3,748.7 | 75.4% |
| Profit attributable to owners of the parent | 396.7 | 360.1 | 10.2% |

During the Reporting Period, the increase in revenue and profit attributable to owners of the parent of the Hive Property segment was mainly due to the property area (booked area) increased compared with the same period of last year. The increase in profit attributable to the owners of the parent company was lower than that of the income growth was mainly due to the valuation gain was reduced as compared with the same period of last year.

***Forte***

In the first half of 2018, Forte focused on market changes, localized its strategies, and accelerated its destocking drive to cash in on new sales with a sound sales performance over the half year. In terms of investment and operation, Forte continued its "dynamic Hive Cities" strategy, and combined it with the Group's first-tier assets such as Club Med, to highly connect family life with industries like finance, culture, business, health and trade in the city.

Forte continues to focus on the city's deep-rooted policy and to consolidate its foothold in key first and second-tier cities to further expand its business reach. At the same time, Forte continues to capture opportunities around the world and continues to enter into new markets. For finance control, Forte actively tapped into capital markets, and continuously optimized debt structure to improve debt rating and to provide multiple sources of funding for business development. Meanwhile, Forte participated in the reorganization of Yuyuan, helping Yuyuan realize the upgrade and integration of resources and platforms.

**I. Project development**

| | **Total GFA (Unit: sq.m.)** | | | **Total Attributable GFA (Unit: sq.m.)** | | |
|---|---|---|---|---|---|---|
| | **1H2018** | **1H2017** | **Change over the same period of last year** | **1H2018** | **1H2017** | **Change over the same period of last year** |
| **Projects under development** | **5,713,424.1** | 6,253,131.7 | -8.63% | **3,582,716.8** | 4,130,744.1 | -13.27% |
| **Newly commenced projects** | **200,575.9** | 654,418.5 | -69.35% | **188,098.2** | 387,680.0 | -51.48% |
| **Completed projects** | **781,668.7** | 236,094.6 | 231.08% | **662,233.8** | 177,445.8 | 273.20% |

**II. Project reserves**

| | Total Planned GFA (Unit: sq.m.) | | | Total Attributable GFA (Unit: sq.m.) | | |
|---|---|---|---|---|---|---|
| | **1H2018** | **1H2017** | **Change over the same period of last year** | **1H2018** | **1H2017** | **Change over the same period of last year** |
| **Newly added projects (2)** | **209,663.2** | 1,180,695.1 | -82.24% | **154,732.3** | 1,146,880.1 | -86.51% |
| **All projects (64)** | **12,458,417.7** | 11,964,855.5 | 4.13% | **8,664,234.6** | 7,928,932.0 | 9.27% |

**III. Property sales**

| | Contract sales area (Unit: sq.m.) | Contract sales revenue (Unit: RMB million) | Attributable contract sales area (Unit: sq.m.) | Attributable contract sales revenue (Unit: RMB million) |
|---|---|---|---|---|
| **1H2018** | **332,451.4** | **5,456.9** | **251,177.2** | **4,105.5** |
| **1H2017** | 528,836.0 | 9,521.7 | 429,782.3 | 8,134.1 |

**IV. Property booked**

| | Area booked (Unit: sq.m.) | Amount booked (Unit: RMB million) | Attributable area booked (Unit: sq.m.) | Attributable amount booked (Unit: RMB million) |
|---|---|---|---|---|
| **1H2018** | **245,476.6** | **5,008.1** | **214,069.4** | **4,694.8** |
| **1H2017** | 461,010.4 | 6,205.4 | 274,184.8 | 3,628.1 |

| | Area sold but not booked (Unit: sq.m.) | Amount sold but not booked (Unit: RMB million) | Attributable area sold but not booked (Unit: sq.m.) | Attributable amount sold but not booked (Unit: RMB million) |
|---|---|---|---|---|
| **1H2018** | **1,553,030.0** | **27,949.7** | **1,157,517.4** | **18,948.3** |
| **1H2017** | 1,654,896.7 | 26,529.5 | 1,283,786.9 | 20,770.4 |

***28 Liberty***

In December 2013, the Group acquired a 100% equity interest in 28 Liberty with freehold for investment purposes, at a consideration of USD725 million. Located in the north of the financial district in Lower Manhattan, New York City, 28 Liberty is a 60-storey Grade A landmark office building with a leasable area of 2,200,000 sq.ft. During the Reporting Period, the rental revenue of the 28 Liberty project amounted to USD28.4 million.

***The Bund Finance Center***

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

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

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

| **Name of project** | **Floor** | **Area (sq.m.)** |
|---|---|---|
| GFA | | 425,482 |
| Grade A offices | S1 | 107,079 |
| | S2 | 103,138 |
| | N1 | 21,425 |
| | N2 | 25,462 |
| | N4 | 10,410 |
| Shopping center | | 117,412 |
| Boutique hotel | | 36,346 |
| Fosun arts center | | 4,211 |

| Name of project | Usage | Land area (sq.m.) | Total GFA (sq.m.) | Ownership ratio | Land cost (RMB million) | Development progress | Construction and installation costs (RMB million) |
|---|---|---|---|---|---|---|---|
| The Bund Finance Center | Office, commercial, hotel | 45,472 | 425,482 | 50% | 9,836.2 | The north side was completed in 2016, the south side was completed in 2017 | 3,965.9 |

***Cloudjet***

Shanghai Cloudjet Information Technology Co., Ltd. ("**Cloudjet**") was established in 2015. It is a smart technology innovation platform wholly-owned by the Group. Cloudjet has been developing industrial connectivity and technological capabilities and has focused on two ecosystems, smart consumption and smart healthcare, which empower the industrial customers with technology and add value to the industrial customers with the ecosystems.

Shanghai Ziku Information Technology Co., Ltd. ("**Ziku**"), incubated by Cloudjet, taps into one-stop Social Customer Relationship Management (SCRM) and user operation management business. By upgrading clients' online experiences, building digital operating platforms, it helps to redefine corporate operation model through smart technology. At this stage, Ziku serves mostly catering and retail industries and covers approximately 2,000 stores and 500,000 customers.

Fonova, a total solution service provider driven by big data, focused on "business entity + destinations", creating a unique business model in vertical scenarios such as tourism, commercial real estate, tourist attractions etc. Fonova provides productions such as traffic analysis in visitors, customers, regions, brands and public opinions based on 1 billion unique online device data and 300 million offline commercial data.

In September 2017, Proxima was established as the first independently incubated AI company within the Group. It has successfully initiated the product research and development and built up a competent team of talents.

In 2017, Proxima launched the first AI-based diagnostic product to better detect lung diseases. This was also the first intelligent diagnosis product that combined deep learning and evidence-based medicine. Furthermore, for the second time, Proxima has won the first place in the renowned "LUNA16" competition, an internationally recognized analysis competition in the field of early pulmonary nodule detection for lung cancer and one of the highest profile projects related to diagnostic imaging analysis. As at 30 June 2018, Proxima's product was already able to diagnose 20 types of diseases.

Proxima is a major milestone in the Group's efforts in the intelligent technology of the medical field. Proxima will continue to explore new business opportunities and to detect new business models by taking advantage of near 100 AI models in different disease areas.

As at the end of Reporting Period, the data processing capability of Cloudjet has reached a level of one petabyte, whilst its database has reached approximately 700 million independent devices and covered 300 million offline customers' behaviour data. This would promote the construction of an industry ecosystem and upgrade the families' experience. In the future, Cloudjet will continue to focus on smart consumption and smart healthcare, develop the incubation of smart technology innovations and explore more opportunities.

# RECENT DEVELOPMENT

***Baihe Jiayuan***

In July 2018, the Group acquired approximately 69.18% of the equity interest in Baihe Jiayuan with a total consideration of approximately RMB4 billion.

Baihe Jiayuan is principally engaged in internet and information service, providing products and services in dating and matchmaking industry chain. As of 31 December 2017, the audited total assets and net assets of Baihe Jiayuan were approximately RMB3,339.3 million and RMB2,583.5 million, respectively.

Centering around families, Fosun is focused on families' core needs of happiness. As China's matchmaking-to-wedding industry chain leader, Baihe Jiayuan is devoted to building a happiness ecosystem of marriage and families. Dating and matchmaking, wedding planning and relationship management are indispensable for happy families. It is a shared strategic vision of both companies to create happiness ecosystem for Chinese families.

Through the acquisition, Fosun integrates dating and matchmaking business with three ecosystems "Health, Happiness and Wealth", based on the core needs of the Chinese young families and ever-increasing demands of family consumption levels, so as to make finer products and services and create happy lives for families worldwide.

***Guide[Note]***

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

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

In August 2018, the transaction was approved by Central Bank of Brazil and still being pended for the approval by National Monetary Council of Brazil and a presidential decree.

Note: As at the date of this announcement, the transaction was not yet completed.

# FINANCIAL REVIEW

## NET INTEREST EXPENDITURES

Net interest expenditures, net of capitalized amounts of the Group, increased to RMB3,143.6 million for the six months ended 30 June 2018 from RMB2,488.9 million for the six months ended 30 June 2017. The increase in net interest expenditures was mainly attributable to the growth in scale of total borrowings. For the six months ended 30 June 2018, the interest rates of borrowings were approximately between 0.45% and 9.3% as compared with approximately between 0.64% and 8.5% over the same period of last year.

## TAX

Tax of the Group was RMB1,860.4 million for the six months ended 30 June 2018, which was increased by RMB152.1 million compared with that for the six months ended 30 June 2017 of RMB1,708.3 million. The increase in tax was mainly due to the increase in taxable profit from the Group.

## INDEBTEDNESS AND LIQUIDITY OF THE GROUP

As at 30 June 2018, the total debt of the Group was RMB162,465.1 million, representing an increase over RMB150,456.5 million as at 31 December 2017, which was mainly due to the increase in borrowings as a result of business expansion of various segments of the Group. As at 30 June 2018, mid-to-long-term debt of the Group accounted for 55.7% of total debt, as opposed to 61.4% as at 31 December 2017. As at 30 June 2018, cash and bank balance and term deposits dramatically increased by RMB6,290.7 million to RMB88,906.8 million as compared with RMB82,616.1 million as at 31 December 2017.

## TOTAL DEBT TO TOTAL CAPITALIZATION RATIO

As at 30 June 2018, the ratio of total debt to total capitalization was 54.2% as compared with 52.4% as at 31 December 2017. This ratio has increased as a result of the increase of the total debt. Healthy debt ratios and abundant funds can reinforce the Group’s ability to defend against risk exposure, and provide support to the Group in capturing investment opportunities.

## INTEREST COVERAGE

For the six months ended 30 June 2018, EBITDA divided by net interest expenditures was 4.8 times as compared with 5.3 times for the same period in 2017. The decrease was mainly due to the increase in proportion of the Group’s net interest expenditures higher than increase in EBITDA. Meanwhile, EBITDA of the Group increased to RMB14,932.1 million for the six months ended 30 June 2018 from RMB13,093.7 million for the six months ended 30 June 2017.

## ANALYSIS OF IMPACT DUE TO THE NEW FINANCIAL INSTRUMENTS STANDARD

The Group adopted the Hong Kong Financial Reporting Standards 9 ("**HKFRS 9**") - Financial Instruments with effect from 1 January 2018. The impact on the Group's profit attributable to owners of the parent after adoption of the new standard is analyzed as below:

Unit：RMB million

| | For the six months ended 30 June | | Variance | |
|---|---|---|---|---|
| | 2018 | 2017 | Amount | % |
| Before adoption of HKFRS 9 | 8,291.8 | 5,864.5 | 2,427.3 | 41.4% |
| Difference[1] | -1,433.5 | - | N/A | N/A |
| After adoption of HKFRS 9 [2] | 6,858.3 | 5,864.5 | 993.8 | 16.9% |

1) The differences between HKFRS 9 adopted on 1 January 2018 and HKAS 39 (being replaced) are mainly the reclassification, measurement and impairment of the financial instruments, which brought out the difference of investment income;

2) According to rules of initial application of HKFRS 9, the Group is not required to restate the comparable amount of the same period of last year；

3) On transition date of the HKFRS 9, the Group's line items on the statement of financial position and the statement of changes in equity were reclassified according to the rules of new standard. Please refer to the interim condensed consolidated statement of financial position and interim condensed consolidated statement of changes in equity for details.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
**For the six months ended 30 June 2018**

| | Notes | For the six months ended 30 June 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) |
|---|---|---|---|
| **REVENUE** | 3 | 43,511,760 | 36,272,764 |
| Cost of sales | | (27,892,441) | (22,627,044) |
| Gross profit | | 15,619,319 | 13,645,720 |
| Other income and gains | 4 | 10,964,495 | 11,057,555 |
| Amount reported in profit or loss applying overlay approach | | 1,873,225 | - |
| Selling and distribution expenses | | (8,007,922) | (5,935,371) |
| Administrative expenses | | (7,221,724) | (6,599,963) |
| Other expenses | | (3,036,248) | (2,815,695) |
| Finance costs | 5 | (3,289,480) | (2,690,384) |
| Share of profits and losses of: | | | |
| Joint ventures | | 873,160 | 924,823 |
| Associates | | 2,499,611 | 1,716,735 |
| **PROFIT BEFORE TAX** | 6 | 10,274,436 | 9,303,420 |
| Tax | 7 | (1,860,433) | (1,708,307) |
| **PROFIT FOR THE PERIOD** | | 8,414,003 | 7,595,113 |
| Attributable to: | | | |
| Owners of the parent | | 6,858,320 | 5,864,471 |
| Non-controlling interests | | 1,555,683 | 1,730,642 |
| | | 8,414,003 | 7,595,113 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | |
| **Basic** | | | |
| **- For profit for the Period (RMB)** | 8 | 0.80 | 0.68 |
| **Diluted** | | | |
| **- For profit for the Period (RMB)** | 8 | 0.79 | 0.68 |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
**For the six months ended 30 June 2018**

| | For the six months ended 30 June | |
|---|---|---|
| | **2018** | **2017** |
| | **RMB'000** | **RMB'000** |
| | **(Unaudited)** | **(Unaudited)** |
| **PROFIT FOR THE PERIOD** | 8,414,003 | 7,595,113 |
| **OTHER COMPREHENSIVE INCOME** | | |
| *Other comprehensive income to be reclassified to profit or loss in subsequent periods:* | | |
| Available-for-sale investments: | | |
| Changes in fair value | - | 6,293,905 |
| Reclassification adjustments for gains/(losses) included in the consolidated statement of profit or loss | | |
| - gain on disposal | - | (2,329,814) |
| - impairment loss | - | 320,116 |
| - gain on disposal of a subsidiary | - | (173,092) |
| Income tax effect | - | (977,096) |
| | - | 3,134,019 |
| Financial assets designated under overlay approach | | |
| Amount reported in other comprehensive loss applying overlay approach | (1,873,225) | - |
| Income tax effect | 550,894 | - |
| | (1,322,331) | - |
| Debt instruments at fair value through other comprehensive income: | | |
| Change in fair value | (2,559,626) | - |
| Changes in allowance for expected credit losses | 200,560 | - |
| Income tax effect | 499,905 | - |
| | (1,859,161) | - |
| Change in other life insurance contract liabilities due to potential losses/(gains) on financial assets | 386,152 | (245,402) |
| Income tax effect | (121,638) | 72,394 |
| | 264,514 | (173,008) |
| Fair value adjustments of hedging instruments in cash flow hedges | 23,386 | 14,061 |
| Income tax effect | (8,923) | (1,905) |
| | 14,463 | 12,156 |
| Fair value adjustments of hedging of a net investment in a foreign operation | (609,454) | (561,931) |
| Income tax effect | - | (42,551) |
| | (609,454) | (604,482) |
| **Net other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods** | (3,511,969) | 2,368,685 |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)
## For the six months ended 30 June 2018

| | For the six months ended 30 June 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) |
|---|---|---|
| **OTHER COMPREHENSIVE INCOME (Continued)** | | |
| **Net other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods** | (3,511,969) | 2,368,685 |
| Share of other comprehensive loss of joint ventures | (18,906) | (43,632) |
| Share of other comprehensive (loss)/income of associates | (54,171) | 5,361 |
| Exchange differences: | | |
| Reclassification adjustments for a foreign operation disposed of during the Period | - | (20,812) |
| Exchange differences on translation of foreign operations | (790,783) | 874,600 |
| | (790,783) | 853,788 |
| Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods | (4,375,829) | 3,184,202 |
| *Other comprehensive income not to be reclassified to profit or loss in subsequent periods:* | | |
| Revaluation gain upon transfer from owner-occupied property to investment property | 4,179 | 351 |
| Actuarial reserve relating to employee benefit | 6,798 | 24,498 |
| Income tax effect | 20 | (2,034) |
| | 6,818 | 22,464 |
| Equity instruments at fair value through other comprehensive income | | |
| Change in fair value | (1,215,331) | - |
| Income tax effect | 169,738 | - |
| | (1,045,593) | - |
| **Net other comprehensive (loss) / income not to be reclassified to profit or loss in subsequent periods** | (1,034,596) | 22,815 |
| **OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD, NET OF TAX** | (5,410,425) | 3,207,017 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | 3,003,578 | 10,802,130 |
| Attributable to: | | |
| Owners of the parent | 2,084,007 | 7,762,264 |
| Non-controlling interests | 919,571 | 3,039,866 |
| | 3,003,578 | 10,802,130 |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**As at 30 June 2018**

| | 30 June 2018 RMB'000 (Unaudited) | 31 December 2017 RMB'000 (Audited) |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Property, plant and equipment | 25,933,664 | 25,413,153 |
| Investment properties | 32,682,284 | 32,438,435 |
| Prepaid land lease payments | 2,480,780 | 2,359,772 |
| Exploration and evaluation assets | 309,386 | 174,935 |
| Mining rights | 538,126 | 542,180 |
| Oil and gas assets | 1,105,609 | 957,612 |
| Intangible assets | 11,616,658 | 10,880,302 |
| Goodwill | 15,726,432 | 15,203,443 |
| Investments in joint ventures | 24,383,517 | 20,418,447 |
| Investments in associates | 78,414,369 | 61,721,901 |
| Available-for-sale investments | - | 111,575,761 |
| Financial assets at fair value through profit or loss | 28,768,698 | - |
| Financial assets at fair value through other comprehensive income | 59,342,890 | - |
| Debt instruments at amortised cost | 13,956,510 | - |
| Properties under development | 24,194,143 | 22,850,114 |
| Loans receivable | - | 2,393,352 |
| Due from related parties | 33,832 | - |
| Prepayments, deposits and other receivables | 2,266,325 | 3,072,337 |
| Deferred tax assets | 4,784,665 | 3,852,666 |
| Inventories | 402,011 | 188,918 |
| Policyholder account assets in respect of unit-linked contracts | 160,158 | 858,734 |
| Insurance and reinsurance debtors | 155,104 | 152,094 |
| Reinsurers' share of insurance contract provisions | 4,565,621 | 4,630,070 |
| Term deposits | 351,561 | 964,496 |
| Placements with and loans to banks and other financial institutions | 114,773 | 117,035 |
| Loans and advances to customers | 601,865 | 2,543,362 |
| Derivative financial instruments | 268,736 | 363,961 |
| Finance lease receivables | 443,855 | 599,046 |
| Total non-current assets | 333,601,572 | 324,272,126 |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
## As at 30 June 2018

| | Note | 30 June 2018 RMB'000 (Unaudited) | 31 December 2017 RMB'000 (Audited) |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and bank | | 88,555,222 | 81,651,571 |
| Investments at fair value through profit or loss | | - | 17,158,173 |
| Financial assets at fair value through profit or loss | | 21,220,097 | - |
| Financial assets at fair value through other comprehensive income | | 23,934,504 | - |
| Debt instruments at amortised cost | | 3,448,975 | - |
| Derivative financial instruments | | 637,207 | 1,122,387 |
| Trade and notes receivables | 9 | 6,546,369 | 6,349,958 |
| Contract assets | | 122,801 | - |
| Prepayments, deposits and other receivables | | 16,926,773 | 14,081,682 |
| Inventories | | 4,646,471 | 4,182,799 |
| Completed properties for sale | | 8,901,233 | 8,343,896 |
| Properties under development | | 15,639,245 | 18,517,485 |
| Loans receivable | | - | 982,891 |
| Due from shareholders | | 657 | - |
| Due from related companies | | 17,399,994 | 12,309,468 |
| Available-for-sale investments | | - | 25,116,703 |
| Policyholder account assets in respect of unit-linked contracts | | 193,740 | 511,285 |
| Insurance and reinsurance debtors | | 10,629,291 | 8,932,147 |
| Reinsurers' share of insurance contract provisions | | 2,412,755 | 2,170,922 |
| Placements with and loans to banks and other financial institutions | | 10,957 | 345 |
| Loans and advances to customers | | 5,236,087 | 3,803,068 |
| Finance lease receivables | | 1,829,512 | 1,749,081 |
| | | 228,291,890 | 206,983,861 |
| Assets of a disposal group classified as held for sale | | 2,398,652 | 2,532,067 |
| Total current assets | | 230,690,542 | 209,515,928 |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
## As at 30 June 2018

| | Note | 30 June 2018 RMB'000 (Unaudited) | 31 December 2017 RMB'000 (Audited) |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Interest-bearing bank and other borrowings | | 72,028,292 | 58,027,951 |
| Convertible bonds | | - | 81,428 |
| Contract liabilities | | 20,310,556 | - |
| Trade and notes payables | 10 | 12,753,329 | 12,368,277 |
| Accrued liabilities and other payables | | 23,978,088 | 41,911,579 |
| Tax payable | | 5,459,821 | 6,419,801 |
| Finance lease payables | | 75,999 | 68,323 |
| Deposits from customers | | 38,165,921 | 34,971,708 |
| Due to the holding company | | 2,192,034 | 769,062 |
| Due to related companies | | 8,252,437 | 3,922,928 |
| Derivative financial instruments | | 1,287,624 | 1,065,674 |
| Accounts payable to brokerage clients | | 99,935 | 40,967 |
| Unearned premium provisions | | 6,502,134 | 5,845,267 |
| Provision for outstanding claims | | 14,045,274 | 13,325,966 |
| Provision for unexpired risks | | 440,318 | 384,049 |
| Financial liabilities for unit-linked contracts | | 154,064 | 351,138 |
| Investment contract liabilities | | 8,112,220 | 5,856,188 |
| Other life insurance contract liabilities | | 1,250,342 | 1,475,431 |
| Insurance and reinsurance creditors | | 6,005,768 | 4,896,620 |
| Due to banks and other financial institutions | | 2,133,710 | 1,101,553 |
| Placements from banks and other financial institutions | | 78,083 | 268,165 |
| | | 223,325,949 | 193,152,075 |
| Liabilities directly associated with the assets classified as held for sale | | 208,388 | 204,047 |
| Total current liabilities | | 223,534,337 | 193,356,122 |
| **NET CURRENT ASSETS** | | 7,156,205 | 16,159,806 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 340,757,777 | 340,431,932 |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
## As at 30 June 2018

| | 30 June 2018 RMB'000 (Unaudited) | 31 December 2017 RMB'000 (Audited) |
|---|---|---|
| **NON-CURRENT LIABILITIES** | | |
| Interest-bearing bank and other borrowings | 90,436,838 | 92,347,113 |
| Contract liabilities | 7,646 | - |
| Finance lease payables | 312,280 | 268,911 |
| Deposits from customers | 90,351 | 105,859 |
| Derivative financial instruments | 564,615 | 689,354 |
| Deferred income | 763,976 | 894,450 |
| Other long term payables | 9,412,199 | 5,968,071 |
| Deferred tax liabilities | 10,011,932 | 10,326,318 |
| Provision for outstanding claims | 17,693,727 | 18,291,386 |
| Financial liabilities for unit-linked contracts | 199,826 | 1,018,881 |
| Investment contract liabilities | 58,953,899 | 59,649,260 |
| Other life insurance contract liabilities | 14,546,642 | 13,862,939 |
| Insurance and reinsurance creditors | 135,303 | 142,034 |
| Due to banks and other financial institutions | 445,854 | 455,075 |
| Total non-current liabilities | 203,575,088 | 204,019,651 |
| **Net assets** | 137,182,689 | 136,412,281 |
| **EQUITY** | | |
| **Equity attributable to owners of the parent** | | |
| Share capital | 36,660,886 | 36,485,351 |
| Treasury shares | (137,515) | (108,757) |
| Equity component of convertible bonds | - | 18,054 |
| Other reserves | 63,302,923 | 64,566,106 |
| | 99,826,294 | 100,960,754 |
| **Non-controlling interests** | 37,356,395 | 35,451,527 |
| **Total equity** | 137,182,689 | 136,412,281 |

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

### 1.1 Basis of preparation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2018 and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statements of comprehensive income for the six months ended 30 June 2018 (the "Period"), have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

### 1.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and amendments effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, HKFRS 15 Revenue from Contracts with Customers and HKFRS 9 Financial Instruments. As required by HKAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### 1.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4

HKFRS 9 replaces HKAS 39 for annual periods beginning on or after 1 January 2018. The Group elected, as a policy choice permitted under HKFRS 9, to continue to apply hedge accounting in accordance with HKAS 39. Amendments to HKFRS 4, issued in January 2017, also permits the Group to apply an 'overlay approach', i.e. allows the Group to designate eligible financial assets which meet both the criteria that (a) it is measured at fair value through profit or loss applying HKFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying HKAS 39 and (b) it is not held in respect of an activity that is unconnected with contracts within HKFRS 4.

## 1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

### 1.2 New standards, interpretations and amendments adopted by the Group (Continued)

### 1.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4 (continued)

The Group has not restated comparative information for 2017 for financial instruments in the scope of HKFRS 9. Therefore, the comparative information for 2017 is reported under HKAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of HKFRS 9 have been recognised directly in reserves and retained earnings as of 1 January 2018 and are disclosed in note 1.2.1(d). The Group elected to apply the overlay approach to designate certain eligible financial assets to address the concerns over possible additional accounting mismatches (between those eligible financial assets and related liabilities arising from the insurance contracts and other contracts within scope of HKFRS 4) and volatility in profit or loss, when HKFRS 9 is applied before HKFRS 17. The Group elected to continue HKAS 39 hedge accounting.

**(a) Changes to classification and measurement**

On initial recognition, financial assets and financial liabilities at fair value through profit or loss are normally measured at their fair value on the date they are initially recognised. The initial measurement of other financial instruments is also based on their fair value, but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of instrument.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables, and loans and receivables included under other non-current financial assets etc.

- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. Financial assets in this category are the Group's debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell. Under HKAS 39, the Group's debt instruments were classified as available-for-sale ("AFS") financial assets.

## 1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

### 1.2 New standards, interpretations and amendments adopted by the Group (Continued)

#### 1.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4 (continued)

**(a) Changes to classification and measurement (continued)**

Other financial assets are classified and subsequently measured, as follows:

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. Such classification is determined on an instrument-by-instrument basis. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to classify upon initial recognition or transition. The Group classified some of its equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under HKFRS 9. Under HKAS 39, the Group's equity instruments were classified as AFS financial assets.

Financial assets at FVPL comprise financial assets held for trading, derivative instruments other than those that are hedging instruments in cash flow hedges and equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under HKAS 39, the Group's equity securities were classified as AFS financial assets or investments at FVPL

The accounting for financial liabilities remains largely the same as it was under HKAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the statement of profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms.

The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

**(b) Impairment**

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, contract assets, lease receivables, certain loan commitments, financial guarantees, etc.

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. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

## 1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

### 1.2 New standards, interpretations and amendments adopted by the Group (Continued)

### 1.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4(Continued)

**(b) Impairment (continued)**

For contract assets and trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets (i.e., loans and debt securities at FVOCI), contract assets, lease receivables, certain loan commitments, and financial guarantees, etc, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The adoption of the ECL requirements of HKFRS 9 resulted in increases in impairment allowances of the Group's debt financial assets. The increase in allowance resulted in adjustment to retained earnings and reserves.

Further details are disclosed in note 1.2.1 (d).

**(c) Hedge accounting**

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

## 1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

### 1.2 New standards, interpretations and amendments adopted by the Group (Continued)

### 1.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4 (Continued)

#### (d) The material impact of transition to HKFRS 9 as follows:

The adjustment to the opening balance of retained earnings and fair value reserves as at 1 January 2018 has been recognised in the statement of changes in equity for the six months ended 30 June 2018 and disclosed as follow:

| | Fair value reserves and retained earnings RMB'000 |
|---|---|
| **Fair value reserve attributable to owners of the parent** | |
| Closing balance under HKAS 39 (31 December 2017) (audited) | 5,718,058 |
| Reclassification of debt instruments from available-for-sale to amortised cost | (117,912) |
| Reclassification of investment (debt and equity) from available-for-sale to FVPL | (3,764,936) |
| Recognition of expected credit losses under HKFRS 9 for debt instruments at FVOCI | 361,954 |
| Re-measurement impact of the available-for-sale at cost to FVOCI | (3,019) |
| Reclassification between retained earnings and fair value reserve under overlay approach | 1,948,399 |
| Deferred tax in relation to the above | 352,456 |
| Opening balance under HKFRS 9 (1 January 2018) (unaudited) | 4,495,000 |
| | |
| **Retained earnings attributable to owners of the parent** | |
| Closing balance under HKAS 39 (31 December 2017) (audited) | 51,622,339 |
| Re-measurement impact of reclassifying financial assets held at amortised cost and available-for-sale at cost to FVPL | 3,241 |
| Reclassification of investment (debt and equity) from available-for-sale to FVPL | 3,764,936 |
| Recognition of expected credit losses under HKFRS 9 | (380,493) |
| Reclassification between retained earnings and fair value reserve under overlay approach | (1,948,399) |
| Deferred tax in relation to the above | (312,051) |
| Opening balance under HKFRS 9 (1 January 2018) (unaudited) | 52,749,573 |
| | |
| **Total change in equity attributable to owners of the parent due to adopting HKFRS 9 (unaudited)** | **(95,824)** |
| | |
| **Total change in non-controlling interests (unaudited)** | **(10,999)** |

**1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)**

**1.2 New standards, interpretations and amendments adopted by the Group (Continued)**

**1.2.1 HKFRS 9 Financial Instruments and amendments to HKFRS 4(Continued)**

**(d) The material impact of transition to HKFRS 9 as follows (continued):**

The following table reconciles the aggregate opening loss provision allowances under HKAS 39 to the ECL allowances under HKFRS 9.

| In RMB'000 | Loss provision under HKAS 39 at 31 December 2017 | Re- measurement ECL | Loss provision under HKFRS 9 at 1 January 2018 |
|---|---|---|---|
| **Impairment allowance for** | | | |
| Loans and receivables per HKAS 39/ financial assets at amortised cost under HKFRS 9 | 724,108 | 26,572 | 750,680 |
| Available-for-sale debt investment per HKAS 39/Debt instruments at amortised cost under HKFRS 9 | - | 1,994 | 1,994 |
| Available-for-sale debt investment per HKAS 39/debt financial assets at FVOCI under HKFRS 9 | 1,131,889 | 425,129 | 1,557,018 |

A reconciliation for the material financial instruments between the carrying amounts under HKAS 39 to the balances reported under HKFRS 9 as of 1 January 2018 is, as follows:

| In RMB'000 | HKAS 39 | | Re- | Remeasurement | | HKFRS 9 |
|---|---|---|---|---|---|---|
| | Category | Amount | classification | ECL | Other | Amount |
| **Investments at fair value through profit or loss** | **FVPL** | **17,158,173** | **(17,158,173)** | **-** | **-** | **N/A** |
| To: Financial assets at FVPL | | N/A[3] | 17,158,173 | - | - | 17,158,173[a] |
| **Available-for-sale investments** | **AFS** | **136,692,464** | **(136,692,464)** | **-** | **-** | **N/A** |
| To: Financial assets at FVPL | | N/A | 30,257,179 | - | 998 | 30,258,177[a] |
| To: Debt instruments at FVOCI | | N/A | 83,678,242 | - | - | 83,678,242[b] |
| To: Equity instruments at FVOCI | | N/A | 9,912,911 | - | (7,679) | 9,905,232[c] |
| To: Debt instruments at amortised cost | | N/A | 12,844,132 | (1,994) | (117,912) | 12,724,226[d] |
| **Loans and advances to customers** | **L&R[1]** | **6,346,430** | **-** | **(1,300)** | **-** | **6,345,130[e]** |
| **Trade and notes receivables** | **L&R** | **6,349,958** | **-** | **(16,157)** | **-** | **6,333,801[f]** |
| **Loans receivable** | **L&R** | **3,376,243** | **(3,376,243)** | **-** | **-** | **N/A** |
| To: Debt instruments at amortised cost | | N/A | 2,250,540 | (9,115) | - | 2,241,425[d] |
| To: Financial assets at FVPL | | N/A | 982,453 | - | 663 | 983,116[a] |
| To: Debt instruments at FVOCI | | N/A | 143,250 | - | - | 143,250[b] |

| | Notes | HKFRS 9 Category | HKFRS 9 Subtotal amount |
|---|---|---|---|
| **Financial assets at FVPL** | a | FVPL | 48,399,466 |
| **Debt instruments at FVOCI** | b | FVOCI | 83,821,492 |
| **Equity instruments at FVOCI** | c | FVOCI | 9,905,232 |
| **Debt instruments at amortised cost** | d | AC[2] | 14,965,651 |
| **Loans and advances to customers** | e | AC | 6,345,130 |
| **Trade and notes receivables** | f | AC | 6,333,801 |

[1]L&R: Loans and receivables
[2]AC: Amortised cost
[3]N/A: Not applicable

## 1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

### 1.2 New standards, interpretations and amendments adopted by the Group (Continued)

#### 1.2.2 HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The Group adopted HKFRS 15 using the modified retrospective method of adoption. Under this transition method, the Group elects to apply HKFRS 15 retrospectively only to contracts that are not completed contracts at the date of 1 January 2018. The Group recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The cumulative effect of the changes credited to retained earnings of the consolidated financial position at 1 January 2018 for the adoption of HKFRS 15 were RMB 32,094,000.

**(a) Accounting for revenue recognition**

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Revenue is recognised at an amount that reflects the consideration that the Group is expected to be entitled to in exchange for transferring goods or services to a customer, using a five-step model for each revenue stream.

**(b) Revenue from contracts with customers**

Most of the revenue recognised by the Group relates to sales generated from contracts with customers. In accounting for these contracts, the Group recognises revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for goods or services. For each contract with a customer, the Group:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price;
- allocates the transaction price to the performance obligations in the contract; and
- recognises revenue when (or as) each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

## 1. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

### 1.2 New standards, interpretations and amendments adopted by the Group (Continued)

#### 1.2.2 HKFRS 15 Revenue from Contracts with Customers (Continued)

**(b) Revenue from contracts with customers (continued)**

Revenue recognition with respect to the Group’s specific business activities are as follows:

(1) Sale of goods and rendering service
Revenue are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfer 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 a point in time when the customer 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 reporting period as a percentage of total estimated costs for each contract.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Upon entering into a contract with a customer, the Group obtains rights to receive considerations from the customer and assumes performance obligations to transfer goods or services to customers. The combination of those rights and performance - gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtain a contract with a customer within contract assets if the Group expects to recover these costs.

(2)Insurance income
Given insurance contracts are scoped out of HKFRS 15, the new standard has no effect on the accounting treatment of insurance income.

## 2. SEASONALITY OF OPERATIONS

The Group's operations are not subject to seasonality.

## 3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

Insurance and finance segment, investment segment and hive property segment listed above all belong to Wealth Ecosystem segment of the Group.

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

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

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

## 3. OPERATING SEGMENT INFORMATION (CONTINUED)

### Six months ended 30 June 2018 (unaudited)

| | Health Ecosystem | Happiness Ecosystem | Wealth Ecosystem | | | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| | | | Insurance and Finance | Investment | Hive property | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Segment revenue:** | | | | | | | |
| Sales to external customers | 13,736,118 | 8,708,191 | 12,582,977 | 1,927,861 | 6,556,613 | - | 43,511,760 |
| Inter-segment sales | 248,832 | 372 | 62,009 | 7,869 | 18,288 | (337,370) | - |
| Total revenue | 13,984,950 | 8,708,563 | 12,644,986 | 1,935,730 | 6,574,901 | (337,370) | 43,511,760 |
| **Segment results:** | 2,545,578 | 955,745 | 2,821,417 | 3,799,921 | 1,257,989 | (32,150) | 11,348,500 |
| Unallocated expenses | | | | | | | (1,074,064) |
| Profit before tax | 2,545,578 | 955,745 | 2,821,417 | 3,799,921 | 1,257,989 | (32,150) | 10,274,436 |
| Tax | (210,753) | 12,703 | (544,430) | (262,757) | (852,292) | (2,904) | (1,860,433) |
| Profit for the Period | 2,334,825 | 968,448 | 2,276,987 | 3,537,164 | 405,697 | (35,054) | 8,414,003 |
| **Other segment information:** | | | | | | | |
| Interest and dividend income | 64,705 | 31,467 | 1,719,897 | 312,146 | 86,676 | (48,760) | 2,166,131 |
| Other income and gains (excluding interest and dividend income) | 960,549 | 1,504,265 | 1,498,142 | 4,734,574 | 190,777 | (89,943) | 8,798,364 |
| Amount reported in profit or loss applying overlay approach | - | - | 1,873,225 | - | - | - | 1,873,225 |
| Impairment losses recognised in the statement of profit or loss, net | (36,134) | (29) | (332,696) | (167) | 2,682 | - | (366,344) |
| Finance costs | (471,863) | (46,734) | (96,957) | (2,465,067) | (401,212) | 192,353 | (3,289,480) |
| Share of profits and losses of | | | | | | | |
| - Joint ventures | 1,972 | (3,435) | (842) | 533,297 | 342,168 | - | 873,160 |
| - Associates | 774,710 | 42,455 | 809,079 | 896,185 | (145) | (22,673) | 2,499,611 |

## 3. OPERATING SEGMENT INFORMATION (CONTINUED)

### Six months ended 30 June 2017 (unaudited) (restated)

| | Health Ecosystem | Happiness Ecosystem | Wealth Ecosystem | | | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| | | | Insurance and Finance | Investment | Hive property | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Segment revenue:** | | | | | | | |
| Sales to external customers | 10,066,451 | 6,525,746 | 14,220,371 | 1,721,246 | 3,738,950 | - | 36,272,764 |
| Inter-segment sales | 228,178 | - | 66,512 | - | 9,758 | (304,448) | - |
| Total revenue | 10,294,629 | 6,525,746 | 14,286,883 | 1,721,246 | 3,748,708 | (304,448) | 36,272,764 |
| **Segment results:** | 2,281,347 | 1,081,886 | 2,201,834 | 3,406,855 | 1,276,475 | (1,417) | 10,246,980 |
| Unallocated expenses | | | | | | | (943,560) |
| Profit before tax | 2,281,347 | 1,081,886 | 2,201,834 | 3,406,855 | 1,276,475 | (1,417) | 9,303,420 |
| Tax | (276,797) | (64,135) | (286,020) | (407,279) | (672,333) | (1,743) | (1,708,307) |
| Profit for the Period | 2,004,550 | 1,017,751 | 1,915,814 | 2,999,576 | 604,142 | (3,160) | 7,595,113 |
| **Other segment information:** | | | | | | | |
| Interest and dividend income | 59,370 | 6,451 | 1,629,994 | 524,301 | 53,093 | (55,704) | 2,217,505 |
| Other income and gains (excluding interest and dividend income) | 790,781 | 499,366 | 2,607,933 | 3,801,960 | 1,138,997 | 1,013 | 8,840,050 |
| Impairment losses recognised in the statement of profit or loss, net | (53,520) | (4,016) | (534,032) | (413,329) | (58,798) | - | (1,063,695) |
| Finance costs | (293,039) | (30,268) | (112,112) | (1,976,931) | (381,762) | 103,728 | (2,690,384) |
| Share of profits and losses of | | | | | | | |
| - Joint ventures | (6,070) | (8,635) | (6,291) | 605,367 | 340,452 | - | 924,823 |
| - Associates | 518,943 | 329,449 | 726,870 | 38,816 | 117,431 | (14,774) | 1,716,735 |

## 3. OPERATING SEGMENT INFORMATION (CONTINUED)

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 period. In addition, it includes the net earned premiums from insurance business, the value of services rendered and rental receivables from investment properties during the period.

An analysis of revenue is as follows:

| | For the six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Gross premiums written | 13,994,753 | 16,860,918 |
| Less: Premiums ceded to reinsurers and retrocessionaires | (1,845,854) | (3,054,014) |
| Net premiums written | 12,148,899 | 13,806,904 |
| Change in unearned premium provisions, net of reinsurance | (856,351) | (337,796) |
| Net earned premiums | 11,292,548 | 13,469,108 |
| Sale of goods | 17,907,617 | 12,026,442 |
| Rendering of services | 14,513,732 | 10,890,263 |
| Subtotal | 43,713,897 | 36,385,813 |
| Less: Government surcharges | (202,137) | (113,049) |
| | 43,511,760 | 36,272,764 |

## 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Total segment assets and liabilities as at 30 June 2018 and 31 December 2017 are as follows:

**Segment assets:**

| | 30 June 2018 RMB'000 (Unaudited) | 31 December 2017 RMB'000 (Audited) (Restated) |
|---|---|---|
| Health Ecosystem | 81,000,225 | 75,521,042 |
| Happiness Ecosystem | 45,603,478 | 38,079,707 |
| Wealth Ecosystem | | |
| Insurance and Finance | 247,851,227 | 241,577,994 |
| Investment | 87,484,240 | 76,673,135 |
| Hive Property | 117,332,685 | 114,926,651 |
| Eliminations* | (14,979,741) | (12,990,475) |
| Total consolidated assets | 564,292,114 | 533,788,054 |

**Segment liabilities:**

| | 30 June 2018 RMB'000 (Unaudited) | 31 December 2017 RMB'000 (Audited) (Restated) |
|---|---|---|
| Health Ecosystem | 39,527,183 | 35,897,429 |
| Happiness Ecosystem | 27,832,331 | 16,877,364 |
| Wealth Ecosystem | | |
| Insurance and Finance | 186,223,354 | 185,079,743 |
| Investment | 113,122,755 | 100,194,924 |
| Hive Property | 81,353,889 | 81,392,701 |
| Eliminations* | (20,950,087) | (22,066,388) |
| Total consolidated liabilities | 427,109,425 | 397,375,773 |

* Inter-segment loans and other balances are eliminated on consolidation.

## 4. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains is as follows:

| | For the six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| **Other income** | | |
| Interest income | 347,507 | 230,688 |
| Dividends and interests from financial assets | 1,818,624 | 1,986,818 |
| Rental income | 250,350 | 322,021 |
| Government grants | 205,957 | 86,381 |
| Consultancy and other service income | 30,170 | 81,909 |
| Fee income relating to investment contracts | 240,552 | 345,148 |
| Others | 874,061 | 476,583 |
| | 3,767,221 | 3,529,548 |

## 4. OTHER INCOME AND GAINS (CONTINUED)

An analysis of the Group's other income and gains is as follows (Continued):

| | For the six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| **Gains** | | |
| Gain on disposal of subsidiaries | 11,185 | 2,094,484 |
| Gain on deemed disposal of associates | 265,871 | - |
| Gain on disposal of associates | 166,053 | 226,519 |
| Gain on disposal of joint ventures | - | 276,206 |
| Gain on disposal of property, plant and equipment | 76,244 | 17,753 |
| Gain on disposal of investment properties | 1,984 | - |
| Gain on disposal of financial assets | 1,779,240 | - |
| Gain on disposal of available-for-sale investments | - | 1,950,256 |
| Gain on fair value adjustment of investment properties | 63,637 | 581,947 |
| Gain on fair value adjustment of investment at fair value through profit or loss | 3,958,339 | 57,132 |
| Gain on fair value adjustment of derivative financial instruments | - | 890,993 |
| Gain on bargain purchase of associates | - | 1,109,927 |
| Gain on reversal of impairment of insurance and reinsurance debtors | - | 15,697 |
| Gain on fair value adjustment of unit-linked contracts | 626 | - |
| Exchange gains, net | 874,095 | 113,189 |
| Reclassification of available-for-sale revaluation reserve from other comprehensive income to profit or loss upon disposal of a subsidiary | - | 173,092 |
| Reclassification of translation reserve from other comprehensive income to profit or loss upon disposal of a subsidiary | - | 20,812 |
| | 7,197,274 | 7,528,007 |
| Other income and gains | 10,964,495 | 11,057,555 |

## 5. FINANCE COSTS

| | For the six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | RMB’000 | RMB’000 |
| | (Unaudited) | (Unaudited) |
| Total interest expenses | 3,695,263 | 2,851,331 |
| Less: Interest capitalized, in respect of bank and other borrowings | (551,702) | (362,460) |
| Interest expenses, net | 3,143,561 | 2,488,871 |
| Bank charges and other finance costs | 145,919 | 201,513 |
| Total finance costs | 3,289,480 | 2,690,384 |

## 6. PROFIT BEFORE TAX

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

| | For the six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | RMB’000 | RMB’000 |
| | (Unaudited) | (Unaudited) |
| Cost of sales | 27,892,441 | 22,627,044 |
| Depreciation of items of property, plant and equipment | 1,097,462 | 863,339 |
| Amortisation of: | | |
| Prepaid land lease payments | 12,410 | 25,113 |
| Mining rights | 4,187 | 17,729 |
| Intangible assets | 280,317 | 229,336 |
| Oil and gas assets | 119,722 | 165,848 |
| Provision/(reversal) for impairment of: | | |
| Trade and other receivables | (8,589) | 126,440 |
| Inventories | 19,906 | 39,120 |
| Completed properties for sale | - | (52,996) |
| Available-for-sale investments | - | 779,508 |
| Goodwill | - | 122,959 |
| Loans and advances to customers | 20,698 | 64,361 |
| Investments in associates | 9,293 | - |
| Insurance and reinsurance debtors | 124,476 | (15,697) |
| Debt instruments at FVOCI | 200,560 | - |
| Gain/(loss) on fair value adjustment of derivative financial instruments | 1,054,574 | (890,993) |

## 7. TAX

The major components of tax expenses for the six months ended 30 June 2018 and 2017 are as follows:

| | Notes | For the six months ended 30 June 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) |
|---|---|---|---|
| Current – Portugal, Hong Kong and others | (1) | 393,139 | 677,087 |
| Current – Mainland China | | | |
| - Income tax in Mainland China for the Period | (2) | 695,724 | 535,614 |
| - LAT in Mainland China for the Period | (3) | 542,046 | 266,627 |
| Deferred | | 229,524 | 228,979 |
| Tax expenses for the Period | | 1,860,433 | 1,708,307 |

Notes:

(1) Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period.

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") incorporated in Israel, is based on a preferential rate of 16% (six months ended 30 June 2017: 16%).

The provision for income tax of Fidelidade - Companhia de Seguros, S.A., Multicare - Seguros de Saúde, S.A. and Fidelidade Assistência - Companhia de Seguros, S.A., subsidiaries incorporated in Portugal acquired by the Group, is based on a rate of 31.5% (six months ended 30 June 2017: 29.5%).

## 7. TAX (CONTINUED)

Notes (continued):

The provision for income tax of AmeriTrust Group, Inc. and its subsidiaries incorporated in the United States acquired by the Group is based on a rate of 21%(six months ended 30 June 2017: 35%).

The provision for income tax of Club Med Holding and its subsidiaries incorporated in France acquired by the Group, is based on a rate of 34.43%(six months ended 30 June 2017: 38%).

The provision for income tax of Hauck & Aufhäuser Privatbankiers AG and its subsidiaries incorporated in Germany acquired by the Group, is based on a rate of 32.15%(six months ended 30 June 2017: 32.175%). .

The provision for income tax of Gland Pharma Limited, acquired in October 2017 by Fosun Pharma incorporated in India, is based on a statutory rate of 34.61% before 1 April 2018. Since 1 April 2018, the statutory rate increased to 34.94%.

(2) The provision for Mainland China current income tax is based on a statutory rate of 25% (six months ended 30 June 2017: 25%) of the assessable profits of the Group as determined in accordance with the Enterprise Income Tax Law of the PRC which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which were taxed at preferential rates of 0% to 20%.

(3) According to the tax notices issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 0.5% to 5% on proceeds from the sale and pre-sale of properties from 2004. Prior to 2007, except for the mentioned amount paid to the local tax authorities, no further provision for LAT had been made. The directors considered that the relevant tax authorities would be unlikely to impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

During the Period, the prepaid LAT of the Group amounted to RMB436,498,000 (six months ended 30 June 2017: RMB437,063,000). In addition, based on the latest understanding of the LAT regulations from the State Administrative of Taxation, the Group made an additional LAT provision in the amount of RMB252,499,000 (six months ended 30 June 2017: RMB80,126,000) in respect of the sales of properties up to 30 June 2018 in accordance with the requirements set forth in the relevant PRC tax laws and regulations.

During the Period, unpaid LAT provision in the amount of RMB206,783,000 (six months ended 30 June 2017: RMB250,562,000) was reversed to the interim condensed 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.

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

The calculation of the basic earnings per share amount is based on the profit for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 8,573,957,384 (six months ended 30 June 2017: 8,578,900,943 ordinary shares) in issue during the Period.

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

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

| | For the six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Earnings | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | 6,858,320 | 5,864,471 |
| Less: cash dividends distributed to share award scheme | (1,625) | (1,877) |
| Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | 6,856,695 | 5,862,594 |
| Interest on convertible bonds | 682 | 12,704 |
| Cash dividends distributed to share award scheme | 1,625 | 1,877 |
| Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation | 6,859,002 | 5,877,175 |

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

The calculations of the basic and diluted earnings per share are based on (Continued):

| | Number of shares | |
|---|---|---|
| | For the six months ended 30 June | |
| | 2018 | 2017 |
| Shares | | |
| Weighted average number of ordinary shares in issue during the Period used in the basic earnings per share calculation | 8,573,957,384 | 8,578,900,943 |
| Effect of dilution – weighted average number of ordinary shares: | | |
| – Share award scheme | 6,041,253 | 4,364,547 |
| – Share option scheme | 47,339,149 | 4,123,876 |
| – Convertible bonds | 4,212,707 | 35,664,088 |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share | 8,631,550,493 | 8,623,053,454 |
| Basic earnings per share (RMB) | 0.80 | 0.68 |
| Diluted earnings per share (RMB) | 0.79 | 0.68 |

## 9. TRADE AND NOTES RECEIVABLES

| | 30 June 2018 RMB'000 (Unaudited) | 31 December 2017 RMB'000 (Audited) |
|---|---|---|
| Trade receivables | 5,531,688 | 5,324,958 |
| Notes receivable | 1,014,681 | 1,025,000 |
| | 6,546,369 | 6,349,958 |

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

| | 30 June 2018 RMB'000 (Unaudited) | 31 December 2017 RMB'000 (Audited) |
|---|---|---|
| Outstanding balances with ages: | | |
| Within 90 days | 3,814,348 | 4,373,772 |
| 91 to 180 days | 851,756 | 395,662 |
| 181 to 365 days | 577,456 | 289,561 |
| 1 to 2 years | 275,545 | 450,863 |
| 2 to 3 years | 129,347 | 49,340 |
| Over 3 years | 133,257 | 67,354 |
| | 5,781,709 | 5,626,552 |
| Less: Provision for impairment of trade receivables | (250,021) | (301,594) |
| | 5,531,688 | 5,324,958 |

Trade and notes receivables of the Group mainly arose from the health ecosystem segment and hive property segment. Credit terms granted to the Group's customers are as follows:

| | Credit terms |
|---|---|
| Health ecosystem segment | 90 to 180 days |
| Hive property segment | 30 to 360 days |

At 30 June 2018, the Group's trade and notes receivables with a carrying amount of approximately RMB57,570,000 (31 December 2017: RMB39,339,000) were pledged to secure bank loans.

## 10. TRADE AND NOTES PAYABLES

| | 30 June 2018 RMB'000 (Unaudited) | 31 December 2017 RMB'000 (Audited) |
|---|---|---|
| Trade payables | 12,466,620 | 12,230,295 |
| Notes payable | 286,709 | 137,982 |
| | 12,753,329 | 12,368,277 |

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

| | 30 June 2018 RMB'000 (Unaudited) | 31 December 2017 RMB'000 (Audited) |
|---|---|---|
| Outstanding balances with ages: | | |
| Within 90 days | 5,503,153 | 6,020,166 |
| 91 to 180 days | 790,692 | 764,742 |
| 181 to 365 days | 1,541,331 | 1,402,636 |
| 1 to 2 years | 1,278,674 | 1,898,174 |
| 2 to 3 years | 1,578,692 | 760,955 |
| Over 3 years | 1,774,078 | 1,383,622 |
| | 12,466,620 | 12,230,295 |

## 11. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2017: Nil).

The proposed final dividend of HKD0.35 per ordinary share for the year ended 31 December 2017 was declared payable and approved by the shareholders at the annual general meeting of the Company on 6 June 2018.

## 12. EVENTS AFTER THE REPORTING PERIOD

In July 2018, the Group announced that Shanghai Fosun Venture Capital Management Co., Ltd., an indirect wholly-owned subsidiary of the Company agreed to acquire 69.18% equity interest in Baihe Jiayuan Network Group Co., Ltd. for RMB4,000,481,000.

## INTERIM DIVIDEND

The Board has resolved not to declare or distribute any interim dividend for the Reporting Period.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company purchased a total of 25,299,500 Shares on the Hong Kong Stock Exchange at an aggregate consideration of HKD403,598,909.09 from January 2018 to June 2018. As at the date of the announcement, all the purchased Shares have been cancelled.

| Month | Total number of Shares repurchased | Purchase price paid per Share | | Total purchase price paid (HKD) |
|---|---|---|---|---|
| | | Highest (HKD) | Lowest (HKD) | |
| January 2018 | 1,709,000 | 19.10 | 18.20 | 32,116,700.00 |
| February 2018 | 8,186,500 | 16.92 | 15.14 | 128,918,549.19 |
| March 2018 | 2,600,000 | 17.28 | 17.00 | 44,563,540.20 |
| April 2018 | 3,830,500 | 17.20 | 16.64 | 65,126,430.00 |
| May 2018 | 611,500 | 16.80 | 16.48 | 10,153,670.01 |
| June 2018 | 8,362,000 | 15.24 | 14.16 | 122,720,019.69 |
| **Total** | **25,299,500** | **-** | **-** | **403,598,909.09** |

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any Shares during the Reporting Period.

## SHARE OPTION SCHEME

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

On 28 March 2018, the Board announced that, subject to the acceptance of the relevant grantees, the Company has decided to grant 51,701,000 share options to subscribe for an aggregate of 51,701,000 Shares under the New Share Option Scheme.

## SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 25 March 2015, unless otherwise defined, the capitalized terms used herein shall have the same meanings as defined in the circular of the Company dated 26 April 2018.

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

On 28 March 2018, the Board resolved to award an aggregate of 5,902,000 award shares to 70 selected participants under the Share Award Scheme. The award shares were settled by way of (i) issue and allotment of 5,367,150 New Award Shares pursuant to a specific mandate obtained in the annual general meeting held on 6 June 2018; and (ii) 534,850 award Shares which were lapsed before vesting under the 2015 Award, 2016 Award and 2017 Award. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the New Award Shares shall be transferred from the Trustee, Computershare Hong Kong Trustees Limited to the selected participants upon expiry of the respective vesting period. As at the end of the Reporting Period, the New Award Shares have been fully issued to the Trustee.

## REVIEW OF INTERIM RESULTS

The Audit Committee of the Company comprises five independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Zhang Huaqiao, Mr. David T. Zhang, Mr. Yang Chao and Dr. Lee Kai-Fu. The main duties of the Audit Committee are to review and monitor the financial reporting procedures, risk management and internal control system of the Company, and to provide recommendations and advices to the Board.

The interim results of the Company for the Reporting Period are unaudited but have been reviewed by the Audit Committee of the Company. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

## COMPLIANCE WITH THE CG CODE

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.

## COMPLIANCE WITH THE MODEL CODE

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 employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the above mentioned written guidelines by the relevant employees of the Company was noted by the Company.

## PUBLICATION OF INTERIM REPORT

This results announcement is published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.fosun.com). The interim report will be despatched to the shareholders of the Company and published on both websites on or before 30 September 2018.

## FORWARD-LOOKING STATEMENTS

This announcement includes certain forward-looking statements which involve the financial conditions, results and businesses of the Group. These forward-looking statements are the Group’s expectation or beliefs for 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.

# GLOSSARY

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

## *Formula*

| | | |
|---|---|---|
| EBITDA | = | profit for the period + tax + net interest expenditures + depreciation and amortisation |
| Interest coverage | = | EBITDA / interest expenses, net |
| Net gearing ratio | = | net debt / shareholder's equity |
| Total capitalization | = | equity attributable to owners of the parent + non-controlling interests + total debt |
| Total debt | = | current and non-current interest-bearing bank and other borrowings + convertible bonds |

## *Abbreviations*

| | |
|---|---|
| AHAVA | AHAVA Dead Sea Laboratories Ltd. |
| AmeriTrust | AmeriTrust Group, Inc. (formerly known as Meadowbrook Insurance Group, Inc.) |
| Babytree | Babytree Group |
| Baihe Jiayuan | Baihe Jiayuan Network Group Co., Ltd (百合佳緣網絡集團股份有限公司)，a company listed on the NEEQ with stock code 834214 |
| BCP | Banco Comercial Português, S.A. |
| Besino Environment | Besino Environment Ltd. |
| the Board | the board of Directors |
| Cainiao | Cainiao Network Technology Co., Ltd. |
| Caruso | Raffaele Caruso S.p.A. |
| CG Code | Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules |

| | |
|---|---|
| Chancheng Hospital | Foshan Chancheng Central Hospital Company Limited |
| Club Med | Club Med SAS |
| the Company | Fosun International Limited |
| the Director(s) | the director(s) of the Company |
| EUR | Euro, the official currency of the Eurozone |
| Fidelidade | Fidelidade - Companhia de Seguros, S.A. |
| Fidelidade Assistência | Fidelidade Assistência - Companhia de Seguros, S.A. |
| Focus Media | Focus Media Information Technology Co., Ltd., a company whose A shares are listed on the Shenzhen Stock Exchange with stock code 002027 |
| Folli Follie | Folli Follie S.A., a company listed on the Athens Stock Exchange with stock code FFGRP |
| Forte | Shanghai Forte Land Co., Ltd. |
| Fosun Capital | Shanghai Fosun Capital Investment Management Co., Ltd. |
| Fosun Hani Securities | Fosun Hani Securities Limited |
| Fosun Insurance Portugal | Fidelidade, Multicare and Fidelidade Assistência |
| Fosun Pharma | Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company whose A shares are listed on the SSE with stock code 600196, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 02196 |
| Fosun United Health Insurance | Fosun United Health Insurance Company Limited |
| GBP | Pound Sterling, the official currency of United Kingdom |
| GFA | Gross floor area |
| Gland Pharma | Gland Pharma Limited |
| the Group or Fosun | the Company and its subsidiaries |
| H&A | Hauck & Aufhäuser Privatbankiers AG (formerly known as Hauck & Aufhäuser Privatbankiers KGaA) |

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| Hainan Mining | Hainan Mining Co., Ltd., a company whose A shares are listed on the SSE with stock code 601969 |
| HKD | Hong Kong dollars, the official currency of Hong Kong |
| Hong Kong | the Hong Kong Special Administrative Region of PRC |
| Hong Kong Stock Exchange | The Stock Exchange of Hong Kong Limited |
| IDERA | IDERA Capital Management Ltd. |
| JPY | Japanese yen, the official currency of Japan |
| Koller | Koller Beteiligungs GmbH |
| Lanvin | Jeanne Lanvin SAS |
| Listing Rules | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange |
| Luz Saúde | Luz Saúde, S.A. (formerly known as ESPÍRITO SANTO SAÚDE – SGPS, SA), a company listed on the Euronext Lisbon with stock code LUZ |
| Model Code | the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules |
| Multicare | Multicare - Seguros de Saúde, S.A. |
| Mybank | Zhejiang E-Commerce Bank Co., Ltd. |
| Nanjing Iron & Steel | Nanjing Iron and Steel Co., Ltd., a company whose A share are listed on the SSE with stock code 600282 |
| Nanjing Nangang | Nanjing Nangang Iron & Steel United Co., Ltd. |
| NEEQ | National Equities Exchange and Quotations |
| Peak Reinsurance | Peak Reinsurance Company Limited |
| Pramerica-Fosun China Opportunity Fund | Pramerica-Fosun China Opportunity Fund, L.P. |
| Pramerica Fosun Life Insurance | Pramerica Fosun Life Insurance Co., Ltd. |
| PRC or China | the People’s Republic of China |

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| Proxima | Shanghai Proxima Technology Ltd. |
| Reporting Period | the six months ended 30 June 2018 |
| Rio Bravo | Rio Bravo Investimentos S.A. |
| RMB | Renminbi, the official currency of the PRC |
| ROC | Roc Oil Company Limited |
| Sanyuan Foods | Beijing Sanyuan Foods Co., Ltd., a company whose A shares are listed on the SSE with stock code 600429 |
| Shanghai Henlius | Shanghai Henlius Biotech Co., Ltd. |
| Share(s) | the share(s) of the Company |
| Share Award Scheme | the share award scheme adopted by the Company on 25 March 2015, as amended from time to time |
| Silver Cross | Silver Cross Nurseries Limited |
| Sinopharm | Sinopharm Group Co., Ltd., a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01099 |
| Sisram | Sisram Medical Ltd, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01696 |
| SSE | the Shanghai Stock Exchange |
| Starcastle Senior Living | Shanghai Starcastle Senior Living Co., Ltd. |
| St Hubert | St Hubert SAS |
| St. John | St. John Knit International Inc. |
| Studio 8 | Studio 8, LLC |
| Sun Paper | Shandong Sun Paper Industry Joint Stock Co., Ltd., a company whose A shares are listed on the Shenzhen Stock Exchange with stock code 002078 |
| Thomas Cook | Thomas Cook Group plc |
| Tom Tailor | TOM TAILOR Holding AG |
| Tsingtao Brewery | Tsingtao Brewery Company Limited, a company whose A shares are listed on the SSE with stock code 600600, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 00168 |

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| USD | United States dollars, the official currency of the United States |
| Wolford | Wolford AG |
| Yong'an P&C Insurance | Yong'an Property Insurance Company Limited |
| Yuyuan | Shanghai Yuyuan Tourist Mart Co., Ltd., a company whose A shares are listed on the SSE with stock code 600655 |

By Order of the Board
**Fosun International Limited**
**Guo Guangchang**
*Chairman*

28 August 2018

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