FOSUN 复星

復星國際有限公司
FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00656)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL SUMMARY

	For the year ended 31 December	
In RMB million	**2018**	2017 (restated)
Revenue	**109,351.6**	88,025.2
Health Ecosystem	**29,093.3**	22,486.3
Happiness Ecosystem	**44,155.3**	25,455.6
Wealth Ecosystem	**36,878.5**	40,746.2
Insurance	***23,668.5***	*26,133.3*
Finance	***2,482.7***	*1,836.2*
Investment	***10,727.3***	*12,776.7*
Eliminations	**(775.5)**	(662.9)
Profit attributable to owners of the parent[note]	**13,406.4**	13,161.3
Health Ecosystem	**1,484.7**	1,300.7
Happiness Ecosystem	**2,567.5**	2,113.4
Wealth Ecosystem	**9,354.2**	9,747.2
Insurance	***2,382.7***	*2,792.9*
Finance	***1,245.2***	*1,100.6*
Investment	***5,726.3***	*5,853.7*
Earnings per share – basic *(in RMB)*	**1.57**	1.53
Earnings per share – diluted *(in RMB)*	**1.56**	1.53
Dividend per share *(in HKD)*	**0.37**	0.35

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

LETTER TO SHAREHOLDERS

Dear distinguished shareholders of Fosun,

As of the end of the Reporting Period, the total assets of the Group reached RMB638.88 billion, which increased by 20% year-on-year. During the Reporting Period, the revenue of the Group increased by 24.2% compared with 2017 to RMB109.35 billion. Profit attributable to owners of the parent increased by 1.9% year-on-year to RMB13.41 billion, marking the seventh consecutive year of growth and reaching a new record high. Despite the global market volatility and challenging economic environment in 2018, Fosun's good performance is a reflection of our business model resilience and strategy, adhering to the complementary twin-growth drivers of "Industry Operations + Industrial Investment". We are confident that the organic growth in Fosun's various businesses and their synergies with investments will enable Fosun to maintain steady and sound development through different industry cycles and remain resilient to capital market movements.

We are incredibly grateful to have our shareholders' long-term trust and support throughout these years that has allowed us to pursue our ambitions and achieved today's success. I am pleased to announce that the Board has recommended our dividend this year to be increased to HKD0.37 per share, which means a payout ratio of 20% and a dividend yield of 3.25%[1]. This will allow us to share the fruits of our business growth with our shareholders.

Looking ahead, Fosun, as a globalized company rooted in China, will continue to focus on long-term development with "Industry Operations + Industrial Investment" as our growth drivers. We remain oriented towards the demands of families worldwide for "health, happiness and wealth" products and services, with a view to building a global ecosystem that brings happiness to everyone.

1. Speeding up the establishment of a global happiness ecosystem centered around families

One of the major organizational changes for Fosun in 2018 was the establishment of several industrial groups. Yuyuan, for instance, completed its major asset reorganization, while FTG and Babytree were successfully listed in Hong Kong. At the same time, Fosun's various business segments, such as fashion, sports, technology and innovation, have been evolving into various industrial groups. In the future, all these industrial groups will focus on integrating businesses across their whole value chains while remaining centered on family needs. They will

[1] Calculated based on the share price as of 31 December 2018, subject to approval at the annual general meeting of the Company.

continue to refine their products and enhance their brand strengths so as to provide customers with better products and services.

At recent meetings, we have emphasised on three keywords - "Product Competitiveness, Brand Strength and Industrial Group". While Fosun's industrial groups already have clear positioning, what should be elaborated here is our understanding of product competitiveness and brand strength.

We believe there's no secret to a business's success, as success is achieved through the relentless pursuit of product competitiveness. Besides satisfying needs and solving problems, products that are competitive will also earn recognition from customers and therefore become classic and popular products. For example, after Yuyuan's acquisition of Songhelou, Songhelou's Suzhou-style soup noodles which was once renowned in Jiang Nan, has been revived recently. Since the opening of its first noodles shop, it has become very popular among customers.

Brand strength is another crucial aspect of business that takes a long time, from 1 to N, to build up. We believe a company with strong brand strength can still attract market attention even if its products do not. Consumers will wait for better products to be launched. For example, LANVIN is a French high-end fashion brand with a history of 130 years. Over the past four years, while LANVIN's business has struggled, many loyal customers and followers still have high expectations for the new season's products. Today, LANVIN has appointed a new chief executive officer ("**CEO**") and a new creative director. The latest women's collection produced by LANVIN is a real delight. As LANVIN strives to revive the brand and unlock its value, it has also created a new business model that enables it to better meet customers' current demand for luxuries.

We believe by having stronger product competitiveness with powerful brand influence, we can create more outstanding industrial groups. As a holding company, the Company will connect and empower each of its industrial groups with its mid-office, one equipped with smart technologies and its own professionalization capability. This will enable Fosun to build a global ecosystem that brings happiness to families worldwide.

We are pleased to see some successful cases during the development of our business ecosystems. In the health services ecosystem, Fosun United Health Insurance works with Fosun's pharmaceutical business and medical & health services. This enables the Group to provide customers improved health services ranging from consultation to diagnosis and treatments, and it also expands the customer base for its medical services business. Meanwhile, insurers are able to effectively increase the efficiency of their claims management. Fosun has thus formed a closed-loop mode of operation that encompasses healthcare and insurance for health management.

This is what the Company has been aspiring to do at the group level. Instead of being merely a sum of parts, Fosun's business ecosystem aims to create a multiplier effect through synergies between various industries. In a nutshell, Fosun combines all the strengths and fruits of innovation for its health, happiness and wealth ecosystems to provide comprehensive, one-stop solutions for customers.

2. Accelerating development of mid-office through smart technologies and upgrading industries with Big Data and artificial intelligence ("AI")

The key to boosting the development of the above-mentioned business ecosystems lies in a strong mid-office equipped with smart technologies and advanced information technology. Such a mid-office combining Big Data and AI can enhance both the efficiency and connectivity of Fosun's ecosystem of businesses. As proud as we are of our progress and our innovation, I know Fosun cannot yet be regarded as a pioneer in this area. Yet we have a strong determination to build a mid-office equipped with smart technologies, and we have strong capabilities to formulate and execute our plan. I believe our passion for pioneering will drive the Group to explore more and match our peers.

In 2018, Fosun Cloud was launched successfully, and has started to empower several dozen companies within Fosun's ecosystem providing cloud computing and various smart technologies. Meanwhile, we also rolled out several smart management sub-systems, such as intelligent finance and HR platforms and other online platforms to enhance the efficiency of management and operation of both the mid- and back offices. In addition, Onelinkplus, a centralized purchasing platform, has been developed to enhance Fosun's procurement and supply chain management capabilities.

To fully connect the membership systems within Fosun's ecosystems, we have been linking up our businesses through the Youle Customer Loyalty Program ("**youlè**"). One year after its launch, youlè has incorporated the customer membership systems of the Group's 15 portfolio companies while its functions and services have been upgraded.

At the same time, Fosun has been pressing ahead with the upgrading of all its businesses with the help of Big Data and AI technology. For example, Fosun's self-incubated Fonova is helping its businesses such as tourism, culture, commerce and retail to digitalize and intelligentize their operations with smart technologies such as Big Data and AI. In the field of "health", Fosun has also developed some specific programs, such as the Xingqiao Program, which allow application of Big Data analytics to its health businesses. With diversified products and services under Fosun's various business sectors, we are able to integrate the businesses and form a closed-loop health ecosystem.

3. Industry Operations + Industrial Investment

As I have always said, investment is in Fosun's genes, and is a very important component of our business strategy. However, investment is not our ultimate goal, rather, it should serve to complement the development of our industrial businesses. Investment has to serve a purpose which, for Fosun, is to enable its industrial businesses to develop effectively and efficiently. Let's take Fosun's health business as an example. Fosun would not have been able to create a globally recognized pharmaceutical company without inorganic investments. Fosun Pharma's business now covers the whole healthcare value chain, with a solid industrial foundation particularly in pharmaceuticals manufacturing and research and development ("**R&D**"), medical services, medical devices, medical diagnostics, and pharmaceuticals distribution and retail. Fosun Pharma leads the industry in innovation and R&D.

We aren't so bold as to claim it's the only way to success, but it's Fosun's distinctive development model of "Industry Operations + Industrial Investment", under which we make bold and wise investments, yet all our investments should complement our industrial development.

For this reason, we can say that Fosun judges the quality of its investments by two criteria. On one hand, we have to assess the intrinsic value of the projects as pure investments; and on the other hand, we need to assess the value that can be generated from synergies between the prospective investment and Fosun's existing businesses. After this consideration, we will evaluate the ability to integrate the invested projects within Fosun's existing ecosystem. These are critical factors within our investment decision making process.

In short, let me share with you our fundamental investment decision-making approach. First, prospective investment targets will have to be businesses that fit in well with Fosun's existing businesses and are oriented towards family demands for health, happiness and wealth-related products and services. Second, Fosun will consider taking controlling stakes in such investments. Third, Fosun will focus on the beginning and end of an industry life cycle when it searches for investment targets, such as projects at the forefront of their technological field or projects that can help companies eliminate development bottlenecks.

Here, I would also like to share with you the importance of improving the operational capabilities of our portfolio companies through empowerment. The projects or portfolio companies that most need to be empowered often face obvious problems, but they also have distinct features and strengths. Fosun can draw on its in-depth knowledge and rich experience in various industries, and make use of its advantages to make up for the disadvantages of our portfolio companies and help them solve their problems. This is how Fosun can create value as a unique business partner. In the fashion industry, for instance, Fosun has accumulated considerable experience and built up a talent pool in recent years which enabled it to revive companies or brands through turnaround strategies. In 2018, for example, Fosun assisted its portfolio company Caruso, the high-end Italian menswear brand, to achieve significant improvements in its operations through various proactive initiatives, including reshaping its strategy and product mix, optimizing its cost structure, rationalizing its network of retail stores, and pressing ahead with overseas development plans. Meanwhile, the process of revitalizing Caruso has also added to Fosun's experience in the fashion industry. This serves as an example of how Fosun's industrial operations and investment reinforce each other.

Indeed, it's not easy to work it out, but we are working to build something that matters to our customers, and we believe only if we can improve our portfolio companies' competitiveness through empowerment, Fosun's strategy of "Industry Operations + Industrial Investment" can be well executed. This is also our way forward.

4. Driving business development with technology and innovation

The pace of technological progress is now faster than ever. Industries are increasingly eager to apply the latest technologies to enhance their competitiveness, and Fosun believes in driving business development through technology and innovation. In 2018, Fosun increased its investment in technology and innovation, R&D, investment and incubation.

Fosun's technology and innovation initiatives are aimed at meeting the needs of its businesses in their specific situations. We are committed to developing applied technologies in a smart and efficient way, and we already have many achievements in this endeavor.

A good example is Shanghai Henlius, which was founded by Dr. Liu Shigao and Dr. Jiang Weidong from Fosun Pharma a decade ago. In February 2019, "Rituximab Injection" (Hanlikang®) researched by Shanghai Henlius received approval from National Medical Products Administration, which is the country's first biosimilar to receive permission for marketing, mainly used in the treatment of non-Hodgkin's lymphoma. The successful R&D of this new drug is a testament to the rewards of persistence.

In the area of Internet-enabled industries, Fosun's profound industrial experience gives it distinct advantages to all the businesses in its ecosystems. Fosun's various industrial groups have taken the initiative in upgrading products produced through traditional manufacturing and in enhancing their supply chains with Big Data and AI. For instance, Nanjing Iron & Steel adopted a business model of "JIT+C2M" (combining "just-in-time manufacturing" and the "customer-to-maker" business model) to transform its traditional steel production several years ago. The move has enabled Nanjing Iron & Steel not only to provide customized products for downstream users, but also to carry out centralized and efficient production, optimize resource allocation and greatly boost supply chain efficiency. The production line of Nanjing Iron & Steel has been highly automated, and its steelmaking robots have also been deeply integrated into its operations.

Leveraging the development of Big Data and AI, Fosun has also entered such AI-related fields such as computer vision and knowledge mapping in the field of healthcare. Through integration, it has formed a closed-loop ecosystem of such businesses as medical services, medical devices, and diagnostic reagents. It has also achieved multi-field, multi-dimensional AI-assisted image reading platforms for radiology, pathology, clinical laboratory, respiratory, orthopedics and the treatment of cardiovascular diseases. For instance, Aitrox, which was independently incubated by Fosun, has launched four products, namely Proxai, Pannotation, Placks and Pyxis. Today, Proxai has been applied in more than a hundred hospitals, and Pyxis has developed to an automated intelligent microscope. All these products constitute a closed-loop system of "hardware + software + AI" for different business purposes.

Fosun's persistent efforts to increase its investment in innovative R&D are aimed at long-term growth rather than short-term gains. We believe the pursuit of innovation can square the circle, we believe the simple truth – no great success (product) was ever achieved (produced) without trial and failure. Fosun will continue to coordinate its resources and actively cooperate with other companies and talents worldwide in innovation, R&D.

5. Making stable yet bold progress for sustainable growth and continuing to reinforce our financial strength

I always believe running a business is like treading on thin ice or fighting your way up a cliff. It requires us to take each step cautiously. That's why we stress the importance of both an optimized asset structure and a strong balance sheet to drive Fosun's steady growth.

In the past few years, Fosun has paid particular attention to the Group's financial strength and performance. As of 31 December 2018, the total debt to total capital ratio was 53.7%, which was maintained at a safe and comfortable level, and the overall average cost of debt of 2018 was 4.97%.

Rating agencies have also taken notice of Fosun's optimized financial leverage. In January 2018, Moody's upgraded Fosun's credit rating to Ba2 and gave it a stable outlook.

In 2018, Fosun formed global strategic partnerships with a number of financial institutions, including HSBC, Natixis, New China Life Insurance, Shanghai Pudong Development Bank and China Minsheng Bank.

Meanwhile, Fosun's core assets continued to tap the capital market. In 2018, Babytree and FTG, two of Fosun's core member companies, were successfully listed in Hong Kong; and Yuyuan also completed its asset reorganization. These moves have enhanced the transparency of Fosun's businesses and made its valuation easier. It also offers a convenient way for the public to better understand Fosun's strategy and business endeavors. In the future, Fosun will encourage more of its member companies to tap the capital market so as to unlock their value and increase the transparency of Fosun.

6. Valuing talents and teams as the most precious assets

Since its establishment, talents and teams have always been Fosun's most valued assets. Fosun aspires to be a platform for entrepreneurs and creates opportunities for those with ambitions and dreams. This is why Fosun has adopted a partnership model[2] and formed partner mechanisms at different levels. Although partnership might not necessarily be the best mechanism in the contemporary business world, I personally think the partnership model fits for Fosun. Through the partner mechanisms, employees of Fosun can themselves become real entrepreneurs.

The entrepreneurial spirit means always being vigilant, venturing out of your comfort zone, and constantly improving yourself through learning. In a fast-changing world of rapid technological innovation, we must always maintain full energy, keep abreast of the times and forge ahead.

At present, Fosun has more than 50 global partners from all walks of life and regions, who are all entrepreneurs in various industries or professionals at Fosun. Some of them are young people who were born in the 1980s. Fosun has always attached importance to nurturing young people. Fosun believes that recruiting young talents for higher levels of management allows the team to become more energetic and more competitive. In the future, Fosun's global partners will start from the "top-level design" to further rationalize the organizational structure and share their intelligence. They will fully participate in the globalization of Fosun's businesses, and actively cooperate with Fosun in building its business ecosystems.

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

7. Being a responsible global citizen

Since its establishment, Fosun has been adhering to its core cultural values of "Self-improvement, Teamwork, Performance and Contribution to Society". Founders of Fosun grew up in the countryside, and China's reform and opening-up policy allowed us to go to colleges and change our destinies. For the past 40 years, we have been deeply grateful to the reform and opening up policy and would like to give back to society.

In 2018, Fosun started the "Rural Doctors" campaign to alleviate poverty through healthcare. The campaign has been in operation for only a year, yet it is being conducted in 37 poverty-stricken counties in 12 Chinese provinces, municipalities and autonomous regions. We understand that problems in the healthcare system at the grass-roots level in rural areas are some of the main reasons why poverty persists, and so we will forge ahead the "Rural Doctors" campaign, with our campaign slogan of "Reaching the Last Mile", in order to alleviate poverty. At the annual meeting of the Yabuli China Entrepreneurs Forum, which ended at the beginning of 2019, the "Rural Doctors" charity campaign was supported by a number of Chinese entrepreneurs.

As of 2018, Artesun® (Artesunate for injection), an innovative drug to which Fosun Pharma has completely independent intellectual property rights, had saved more than 20 million sufferers of severe malaria worldwide, especially children in African countries.

The Protechting Start-ups Acceleration Program initiated by Fosun and Fidelidade, has been successfully held for three consecutive years. Protechting 3.0 received applications of 235 youth entrepreneurial projects from 33 countries in 2018, winning three international awards for its performance in fulfilling social responsibility.

As a global company rooted in China, Fosun is determined to be a responsible global citizen that strives to contribute to the fields of health, happiness and wealth, with a view to creating more opportunities for sustainable development all over the world.

In the past year, for Fosun and myself, we learnt and believed that "Going Back to the Basics" or "Going Back to the Nature of Business" can undoubtedly strengthen our foundation. More fundamentally, we believe only if we can focus on enhancing our product competitiveness and brand influence, a strong industrial group and a global ecosystem can be established.

In 2019, Fosun needs to stay composed, resilient to external factors and focused on our strategy. We also need to remain focused on creating quality products, building brand strength and servicing the needs of our customers in order to bring health, happiness and wealth to the world's one billion families. This is how we will build Fosun's global happiness ecosystem in 2019 and beyond.

Looking forward to 2019, I am confident about the future.

Last but not least, I would like to extend my sincere gratitude to our distinguished shareholders and all the people who have supported and helped Fosun.

I wish all of you a happy Year of the Pig!

Guo Guangchang
26 March 2019

BUSINESS OVERVIEW

During the Reporting Period, the Group delivered 24.2% growth in revenue and recorded its 7th consecutive year of profit attributable to owners of the parent growth. The Group also strengthened its balance sheet and improved its capital structure by bringing mature assets to the capital markets through asset reorganization and initial public offerings. The Group continued to invest and operate based on its C2M strategy within three ecosystems of health, happiness and wealth aiming to upgrade operations, increase product competitiveness so as to maintain a sustainable and healthy growth across the global business.

Diversified assets continue to drive solid financial performance

Despite the downturn of global security markets in 2018 which saw the CSI 300 index, Hang Seng index and S&P index dropped 25.31%, 13.71% and 6.24% respectively, the Group maintained a growth in both revenue and profit. The Group's revenue reached RMB109.35 billion this year, representing an increase of approximately 24.2% over the same period of last year. Profit attributable to owners of the parent stood at RMB13.41 billion, being the 7th year of consecutive growth with the Health and Happiness Ecosystems accounting for 30.2%, which saw a year-on-year growth of 18.7%. This is an important indicator of Fosun's proactive transition from a predominantly investment driven growth model to a more balanced mix of investment and industry operating driven growth model.

As at 31 December 2018, the Company continued to maintain a healthy and stable balance sheet and achieved a total debt to total capital ratio at 53.7%. During the Reporting Period, the overall average cost of debt of the Group was 4.97%. The total debt to total capital ratio, a more comprehensive measure to better reflect the Company's ability to manage corporate debt, is introduced in 2018 to complement the net gearing ratio which continues to be optimized. The Company has been committed to appropriate deleveraging. In January 2018, Moody's upgraded the Company's rating to "Ba2 Stable", in recognition of the Company's diversified investment portfolio, proven investment track record and increased holdings of marketable securities.

As of 31 December 2018, the Company's adjusted NAV per share was HKD24.84 per share, representing a decrease of HKD8.44 from the adjusted NAV per share recorded as of 31 December 2017. The main change in the adjusted NAV per share was attributable to secondary market volatility in 2018. The Company's total assets further increased to RMB638.88 billion in 2018, registering a year-on-year increase of 20% and a 10-year compound annual growth rate (CAGR) of 24.8%.

In line with the financial results of the Company achieved in 2018 and the Company's continued commitment to its shareholders, the Board recommends a dividend per share for 2018 of HKD0.37, representing a dividend yield of 3.25% and payout ratio of 20%, an improvement from 2017.

Successful capital market strategy unlocks value and increases transparency

During the Reporting Period, the portfolio companies of the Group completed asset reorganization and initial public offerings of its mature assets on stock exchanges in Shanghai and Hong Kong, including Yuyuan (600655.SH), FTG (1992.HK) and Babytree (1761.HK). Going forward, the Group will continue to integrate and streamline its assets to form industrial groups, and actively bring those industrial groups to capital markets.

Balancing value investments with accretive divestments

During the Reporting Period, Fosun invested RMB28.5 billion, over 70 new investments with nearly half overseas, in line with its C2M strategy and three core ecosystems. Meanwhile, the Group continued to drive divestment and optimize capital allocation, receiving over RMB17.1 billion proceeds, including disposals of Focus Media (002027.SZ), Sun Paper (002078.SZ) and Shida Shenghua (603026.SH).

Major investments of Fosun in 2018 included the joint acquisition of French leading healthy food company St Hubert with Sanyuan Foods at a consideration of EUR625 million, an investment of approximately 17.99% equity interest in China's leading brewery Tsingtao Brewery at a consideration of approximately HKD6.62 billion, as well as acquisitions of world renowned fashion brands including LANVIN from France and Wolford from Austria. In July 2018, the Group acquired approximately 69.18% in Baihe Jiayuan, a leading service supplier of China's matchmaking-to-wedding industry chain for approximately RMB4.0 billion. The Group also pioneered new investments in new emerging family-centred sectors such as smart wearable devices, blockchain technology, education and pet businesses.

C2M ecosystem starts to drive value at maker level and innovate new products

On the operation side, the C2M ecosystem started to bear fruit with several key milestones achieved through the creation of new and innovative products.

In insurance, Fosun United Health Insurance launched new competitive products "He Mu" medical insurance by leveraging the Group's strong healthcare resources with United Family Hospital and distributed products through Shanghai Fuheng Brokers Co. Ltd. to enhance distribution.

In tourism, Thomas Cook developed Wolverhampton Wanderers-featured travel products to meet the demand of sports fans and also distinguished itself from competitors. Thomas Cook's cooperation also includes the Group's other consumer-oriented products such as joint marketing with Tsingtao Brewery and Club Med. In November 2018, Thomas Cook and Fosun jointly set up the first Sino-foreign joint venture travel agency in Hainan Island to tap into its booming tourism industry.

Fosun's ecosystems provide various scenarios for technology to make an impact in the daily operations and improve their efficiency. One year after its launch, youlè, the customer loyalty program and an easily-accessible mobile phone based program, connected the membership system of the Group's 15 portfolio companies and has been applied in various shopping scenarios.

Operations continue to upgrade and progress while mid-to-back office structure is optimized and strategic partnerships are developed

In 2018, the Group continued to improve the mid-to-back office capabilities such as intelligent finance and HR platforms to support industrial groups with a view to improving the Company's efficiency in operations and consequently providing competitive products and services to customers.

The Group also signed several strategic partnership agreements to support the future development. These include a strategic collaboration framework agreement with Tsingtao Brewery to jointly improve its corporate governance and global operations, strategic collaboration agreements with HSBC, Natixis, New China Life Insurance, Shanghai Pudong Development Bank and China Minsheng Bank to support Fosun's future global growth strategies.

Reclassification for the Group's business segments

With the completion of the asset reorganization of Yuyuan and the expansion of the non-insurance financial business of the Insurance and Finance segment under the former Wealth Ecosystem, the Group has reclassified the business segments in the 2018 annual report, by wholly integrating the restructured Yuyuan into the Happiness Ecosystem, dividing the former Insurance and Finance segment into the Insurance segment and Finance segment, and merging the former Hive Property segment into the Investment segment.

The Company's operational achievements in the three ecosystems include:

- **Health Ecosystem**

  - Fosun Pharma attached great importance to R&D and has established a global network of R&D. In the meantime, Fosun Pharma also introduced global leading technologies back to China, which included the establishment of joint venture companies, Fosun Kite Biotechnology Co., Ltd. and Intuitive Surgical - Fosun Medical Technology (Shanghai) Co., Ltd.. In 2018, R&D expenses of Fosun Pharma amounted to RMB1.48 billion. In February 2019, "Rituximab Injection" (Hanlikang®) researched and developed by Shanghai Henlius received approval from National Medical Product Administration, which is the country's first biosimilar getting permission for marketing, mainly used in the treatment of non-Hodgkin's lymphoma.

  - Fosun United Health Insurance has already launched more than 60 products and has accumulated more than 550,000 customers. Among them, long-term health insurance products called "Kang Le" and the new managed medical insurance product "He Mu", has been well-received by the market and customers, and the premium income of these products continued to increase. Its insurance income generated nationwide has amounted to RMB520.13 million, representing a year-on-year increase of 782% as at the end of the Reporting Period.

  - Maternity and infant business was a key highlight in 2018. The maternity and infant business of Fosun matures and grows with a unique value positioning among families, including Babytree, which is one of the largest and most active maternity and child-focused community platforms in China and Qinbaobao, which records children's growth through photo sharing. Going forward, further efforts will be made to connect with Baihe Jiayuan and other Fosun resources to strengthen the ecosystem.

- **Happiness Ecosystem**

  - After completion of the asset reorganization in July 2018, Yuyuan has focused on happiness and fashion segment, made best use of both online fashion platform and offline property resources and carried forward the Happiness Ecosystem business. During 2018, the net profit attributable to the shareholders of the listed company of Yuyuan stood at RMB3,020.7 million, increasing by 4.67% as compared with 2017.

  - In addition to the successful initial public offering ("**IPO**"), FTG expanded its business with 5 new resorts and official opening of Atlantis Sanya. In 2018, FTG recorded net profit of RMB389 million. During the Chinese New Year vacation period (16 days in total, i.e. from 4 February 2019 to 19 February 2019), Atlantis Sanya recorded unaudited operating revenue of RMB150.4 million, including room revenue of approximately RMB77.8 million with occupancy rate by room[3] of approximately 93% and other operating revenue related to the Aquarium (the Lost Chambers Aquarium in Atlantis Sanya), the Waterpark (the Aquaventure Waterpark in Atlantis Sanya), food and beverage and other services of approximately RMB72.6 million.

- Wolverhampton Wanderers, a football team invested by Fosun, successfully won English Football League Championship 2017/2018 and was promoted to one of the world's top football leagues, the English Premier League.

➢ **Wealth Ecosystem**

- Fosun Insurance Portugal further reinforced its leadership in Portugal in 2018 with its market share of 34.7%, increasing 4.1 percentage points over the same period of last year. Its total premium income increased by 25.83% to EUR4,769.5 million. In addition, Fosun Insurance Portugal enhanced its operational efficiency through digitally-empowered innovation and increased its international focus.

- In June 2018, Fosun Insurance Technology Group was established to strengthen the development and innovation in InsurTech. Through global investment, collaboration and incubation, Fosun Insurance Technology Group was committed to expanding insurance infrastructure layout (such as insurance core system, cloud, big data etc.), and promoting the application of advanced insurance technology among different markets and other relevant areas (such as AI, internet of things ("**IOTs**"), telematics, blockchain etc.).

- Under the witness of State leaders of PRC and Portugal in December 2018, China UnionPay International Co., Ltd. and BCP signed a cooperative agreement to officially launch UnionPay card and BCP became the first non-Chinese bank in Europe (excluding Russia) to launch UnionPay card. In 2018, BCP also recorded solid financial results with net profit at EUR301 million, increasing by 61.5% compared with 2017.

Future growth driven by technology, innovation and C2M strategy

During the Reporting Period, significant investment was made into technology and innovation, R&D, investment and incubation by the Group.

[3] Occupancy rate by room represents the total number of rooms sold divided by the total number of rooms available for sale.

Fosun portfolio companies attached great importance to the investment in technology innovation. Club Med's "Happy Digital Plan" enables customers to make holiday plan in advance, customize accommodation, digitalize photos and travel experiences sharing. Fosun iRetail business employs membership program, AI technology and IOTs to manage both Fosun's commercial properties and third-party assets in a digital approach so as to improve customer services and increase the property value. Yuyuan has built its own customer relationship management mechanism and analyzed customer profiles to design "Gu Yun Jin" series products, which are very popular with the customers.

Outlook

While the outlook for the macro-economy, geopolitics and global security markets remains uncertain, the Company will continue to focus on building a strong, stable and global business that can weather volatility and continuously drive shareholder returns.

In 2019, the Company expects to drive shareholders' value through a two-pronged approach.

Firstly, the Company will continue to focus on increasing its net asset value ("**NAV**") per share through continued value investments balanced with well-timed and accretive exits, strengthen the operational capacity and product competitiveness through the C2M strategy. At present, there are still many good investment opportunities in the market. The Company will maintain investment discipline, pay close attention to investment opportunities, support the investment teams to improve investment efficiency, and make correct investment decisions in due course.

Secondly, the Company will continue to narrow the discount that exists between the Company's current NAV per share and the current share price. This will be achieved through the Company's capital markets strategy at first, of bringing mature and successful businesses to capital markets. This unlocks value from a NAV perspective of the portfolio companies but also allows them to operate independently, tap into necessary equity and debt markets and allows greater transparency to the Company's NAV per share. Secondly, the Company will focus on operating efficiency and apply strict ROE targets for every portfolio company. Finally, the Company has embarked on a steady improvement of its disclosure and will continue to improve the transparency to the market.

2018 was a volatile period full of challenges. Despite this, the Company was able to capitalize on its diversified portfolios across the world and drive the 7th consecutive year of profit growth. While 2019 remains uncertain, the Company is confident that it can continue to execute on its strategy to drive NAV per share and narrow the NAV discount which will ultimately continue to drive shareholder return.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

As at the end of the Reporting Period, total assets of the Group amounted to RMB638.88 billion, representing an increase of approximately 19.7% from the end of 2017. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB13.41 billion, representing an increase of approximately 1.9% over the same period in 2017.

ASSET ALLOCATION OF THE GROUP

Unit: RMB million

Segment	**Total assets as at 31 December 2018**	**Total assets as at 31 December 2017 (restated)**	**Change from the end of 2017**
Health Ecosystem	86,877.6	74,436.6	16.7%
Happiness Ecosystem	143,824.3	79,346.7	81.3%
Wealth Ecosystem	424,081.4	394,218.5	7.6%
Insurance	185,550.3	176,130.4	5.3%
Finance	76,530.8	65,623.9	16.6%
Investment	162,000.3	152,464.2	6.3%
Eliminations	(15,899.5)	(14,213.7)	N/A
Total	638,883.8	533,788.1	19.7%

Corporate Structure[1] (as of 31 December 2018)

Health Ecosystem			Happiness Ecosystem			Wealth Ecosystem			
Pharmaceutical	Medical Services & Health Management	Health Products	Tourism & Leisure	Fashion	Consumer & Lifestyle	Insurance	Finance	Investment	
Fosun Pharma 37.55%	Fosun United Health Insurance[2] 20%	Babytree[4] 21.75%	FTG[7] 81.76%	LANVIN 65.60%	Yuyuan 68.58%	Fosun Insurance Portugal[14] 84.9884%	Fosun Hani Securities 100%	Fosun Capital 100%	Nanjing Nangang 60%
Sinopharm	Chancheng Hospital	Silver Cross 87.23%	Club Med	Tom Tailor[9] 28.89%	Tsingtao Brewery[12] 17.99%	AmeriTrust 100%	H&A 99.91%	IDERA 98%	Koller 84.50%
Gland Pharma	Luz Saúde[3] 99.36%	Sanyuan Foods[5] 20.45%	Atlantis Sanya	Wolford 58.45%	AHAVA[13] 100%	Peak Reinsurance 86.90%	BCP 27.25%	Cainiao 6.73%	Besino Environment 98.81%
Sisram Med	United Family	St Hubert[6] 98.12%	Thomas Cook[8] 13.89%	Caruso[10] 73.78%	Baihe Jiayuan 69.18%	Pramerica Fosun Life Insurance 50%	Mybank 25%	Bund Finance Center 50%	ROC[15] 100%
We Doctor	Starcastle Senior Living 100%			St. John[11] 70.00%		Yong'an P&C Insurance 40.68%		28 Liberty 100%	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 31 December 2018. The companies marked in the dotted-line borders are invested by Fosun Pharma. For specific information, please refer to the disclosure of Fosun Pharma. The companies marked in the shaded boxes are invested by FTG. For specific information, please refer to the disclosure of FTG. The companies marked in the double-line borders are invested by the joint venture of the Company, Nanjing Nangang.
2. Under accounting treatment, it is listed under the segment of "Insurance".
3. The Company and Fidelidade held 49% and 50.36% equity interest in Luz Saúde, respectively. Therefore, the Group held 91.80% effective equity interest in Luz Saúde.
4. The Company, together with its wholly-owned subsidiary, held 21.62% equity interest in Babytree. In addition, Fidelidade held 0.13% equity interest in Babytree. Therefore, the Group held 21.73% effective equity interest in Babytree.
5. The Company 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 37.24% effective equity interest in Fosun Chuanghong, thus, the Group held 18.08% effective equity interest in Sanyuan Foods.
6. St Hubert was held as to 98.12% by an associate of the Group in which the Group held 51% equity interest.
7. The Company's equity interest in FTG was diluted to 81.07% as at the date of this announcement due to the partial exercise of the over-allotment option of FTG in January 2019.
8. Thomas Cook was held as to 6.66% and 7.23% by FTG and Fidelidade (through its wholly-owned subsidiary), both are subsidiaries of the Company, respectively. Therefore, as at 31 December 2018 the Group held 11.59% effective equity interest in Thomas Cook.
9. Tom Tailor was held as to 14.33% by the Company, as to 14.56% by Fidelidade and its wholly-owned subsidiary. Therefore, the Group held 26.70% effective equity interest in Tom Tailor as at 31 December 2018. In February 2019, the Company increased its shareholding in Tom Tailor to 22.12% upon the subscription of the newly issued shares of Tom Tailor while the shareholding of Fidelidade and its wholly-owned subsidiary in Tom Tailor was diluted to 13.23%. As a result, the Group held 33.36% effective equity interest in Tom Tailor as at the date of this announcement.
10. The Company through its wholly-owned subsidiaries held 43.40% equity interest in Caruso. The joint venture established by the Group and Pramerica - Fosun China Opportunity Fund, L.P. managed by the Group held 30.38% equity interest in Caruso (the Group held 17.00% equity interest in the joint venture). Therefore, the Group held 43.40% effective equity interest in Caruso.
11. The joint venture established by the Group and Pramerica - Fosun China Opportunity Fund, L.P. managed by the Group held 70% equity interest in St. John Knit International Inc. (the Group held 19.70% equity interest in the joint venture).
12. Tsingtao Brewery was held as to 11.66% by two wholly-owned subsidiaries of the Company, as to 2.55% and 0.53% by Fidelidade and Peak Reinsurance, both are subsidiaries of the Company, 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 Company through its subsidiary held 100% equity interest in AHAVA. Such subsidiary was owned as to 94.21% effective interest by the Group. Therefore, the Group held 94.21% effective equity interest in AHAVA.
14. The Company held 84.9884% equity interest in Fidelidade, 80% equity interest in Multicare and 80% equity interest in Fidelidade Assistência through its wholly-owned subsidiary.
15. An agreement has been entered into by a wholly-owned subsidiary of the Company to dispose of 51% equity interest in ROC to Hainan Mining, and the transaction was approved at the general meeting of Hainan Mining in December 2018 and is not completed yet.

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

	2018	2017 (restated)	Change over the same period of last year
Revenue	29,093.3	22,486.3	29.4%
Profit attributable to owners of the parent	1,484.7	1,300.7	14.1%

During the Reporting Period, the increase in revenue of the Health Ecosystem was mainly attributable to the continuous and steady growth of Fosun Pharma's revenue. Although Fosun Pharma's profit decreased as a result of the increased investment in innovative R&D and improved business layout, as well as the deficits in certain associates and joint ventures and the increase in financial cost, etc., health products business and investments of the Health Ecosystem had a good performance, which caused the increase in profit attributable to owners of the parent of the Health Ecosystem by 14.1% compared to last year.

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

Pharmaceutical

Fosun Pharma

Fosun Pharma was established in 1994, and its principal business is providing drugs, medical devices, diagnostic products and healthcare service. Fosun Pharma is the leading healthcare group in China. As at 31 December 2018, the Group held 37.55% of its equity interest.

During the Reporting Period, the revenue of Fosun Pharma and its subsidiaries ("**Fosun Pharma Group**") increased by 34.59% as compared to the year of 2017 to RMB24,714 million, and excluding the impacts of the contributions from the new acquisitions of enterprises for comparison purpose, revenue would have increased by 20.44% on the same basis as compared to 2017. Among them, the pharmaceutical manufacturing and R&D segment achieved strong growth, and the operating revenue grew 41.83% year-over-year to RMB18,499 million, and 24.94% on the same basis as compared to 2017. The healthcare service segment realized the operating revenue of RMB2,555 million, representing an increase of 22.42% compared with

2017. The medical devices and medical diagnosis segment achieved operating revenue of RMB3,627 million, representing an increase of 13.20% compared to the same period of 2017.

During the Reporting Period, Fosun Pharma Group witnessed a growth in sales and a good cash return. The cash flows from operating activities continued to rise, and the net cash flow from operating activities in 2018 was RMB2,950 million, representing an increase of 14.34% over 2017.

Fosun Pharma Group continued to increase R&D investment. During the Reporting Period, the total R&D investment amounted to RMB2,507 million, representing an increase of RMB978 million or 63.92% as compared to 2017. In particular, the R&D expenses amounted to RMB1,480 million, representing an increase of RMB453 million or 44.14% as compared to 2017. The R&D investment in the pharmaceutical manufacturing segment amounted to RMB2,250 million, representing an increase of RMB975 million or 76.49% as compared to 2017. In particular, R&D expenses amounted to RMB1,255 million, representing an increase of RMB456 million or 57.10% as compared to 2017.

As at the end of the Reporting Period, Fosun Pharma Group had 215 pipeline drugs, generic drugs, biosimilars and consistency evaluation projects of generic drugs, including 15 small molecular innovative drugs, 10 biopharmaceutical innovative drugs, 17 biosimilars, 117 generic drugs of international standards, 54 consistency evaluation projects and 2 traditional Chinese medicine drugs.

Medical Services & Health Management

<u>Fosun United Health Insurance</u>

Fosun United Health Insurance was established in January 2017 in Guangzhou, Guangdong Province, with a registered capital of RMB500 million. As at the end of the Reporting Period, the Group held 20% equity interest in Fosun United Health Insurance.

Fosun United Health Insurance actively operates in medical insurance, illness insurance, disability income insurance, healthcare insurance and accident insurance in the PRC markets, providing high quality life cycle products and the whole-process service system for Chinese families.

As at the end of the Reporting Period, Fosun United Health Insurance has already launched more than 60 products and has accumulated more than 550,000 customers. Among them, long-term insurance products "Kang Le" and the new managed medical insurance product "He Mu", have been well-received by the market and customers, and the premium income of these products continued to increase.

As at the end of the Reporting Period, Fosun United Health Insurance expanded its operations into Guangdong, Beijing and Shanghai, and set up branches in Foshan, Dongguan, Jiangmen, Zhongshan, Huizhou and other cities in Guangdong province; its insurance income generated nationwide amounted to RMB520.13 million, representing a year-on-year increase of 782%; and the latest comprehensive risk rating of Fosun United Health Insurance was B rated in the fourth quarter of 2018 by China Banking and Insurance Regulatory Commission.

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

Star Healthcare

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 healthcare 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.

During the Reporting Period, the revenue of Star Healthcare amounted to RMB12.04 million, representing a year-on-year increase of 270%. The direct billing network resources of Star Healthcare in China concentrated in approximately 600 cooperative medical and checkup institutions in 300 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.

Starcastle Senior Living

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

Phase I of Starcastle Senior Living's Zhonghuan Community had 219 units, with an occupancy rate of 96% as at the end of the Reporting Period. In Starcastle Senior Living's Pujiang Community, there were a total of 395 units, with an occupancy rate of 49% as at the end of the Reporting Period. Together, the 2 projects have the capacity to accommodate approximately 1,200 seniors. Additionally, the construction of Phase II of Starcastle Senior Living's Zhonghuan Community commenced in April 2017. It is expected to commence operations in 2019 and provide 897 units.

Luz Saúde

Luz Saúde is a leading private healthcare provider group in Portugal. Luz Saúde was delisted from Euronext Lisbon in November 2018. As at the end of the Reporting Period, the Group held an aggregate of approximately 99.36% equity interest in Luz Saúde.

As at the end of the Reporting Period, Luz Saúde owned 15 private hospitals, 1 national healthcare service hospital under a public private partnership, 12 private ambulatory clinics and 2 senior residences. Luz Saúde offered approximately 1,650 beds and continued its growth in the Portuguese private healthcare market through a series of acquisitions, expansion and greenfield projects. During the Reporting Period, Luz Saúde started to operate its Odivelas clinic in January 2018, and completed the expansion of Hospital da Luz Oeiras in March 2018, so as to continue to expand its client base and regional footprint. Luz Saúde started operations in the Coimbra region of Portugal in the first quarter of 2018 through the acquisition of Idealmed medical system. Hospital da Luz Lisboa of Luz Saúde (one of the largest private hospital in Portugal) is currently undergoing expansion to increase service capacity by 80% upon completion of expansion and further reinforce its market leadership position. In addition, the launch of Hospital of Vila Real, a new private hospital of Luz Saúde in Vila Real (north of Portugal) in September 2018 will also strengthen Luz Saúde's presence in the region and expand its client base.

During the Reporting Period, Luz Saúde recorded revenue of EUR544.9 million and EBITDA of EUR54.7 million, with an EBITDA margin of 10%, compared with the revenue of EUR483.8 million, EBITDA of EUR53.7 million and EBITDA margin of 11.1% for the same period in 2017; its profit attributable to owners of the parent was EUR14.0 million, as compared to EUR17.0 million for the same period in 2017.

Health Products

Fosun's health products business focuses on investment in world-class health management 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

The Group acquired Silver Cross in 2015 and held 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 across the US, Europe, the Middle East and the Asia-Pacific region.

In 2017 Silver Cross acquired Micralite, a baby stroller brand which owns multiple 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 utilizing the license with childrenswear brand "Marie Chantal" in the first half of 2018.

During the Reporting Period, Silver Cross recorded operating revenue of approximately GBP47.35 million and a profit before tax of approximately GBP4.15 million.

Sanyuan Foods

The Group is the second largest shareholder of Sanyuan Foods with 20.45% equity interest as at the end of the Reporting Period, which was acquired through an injection of approximately RMB2 billion by way of a private placement in 2015.

Sanyuan Foods is a renowned state-owned brand in the Chinese dairy industry, it is well-regarded for its brand image and extensive sales channels. Sanyuan Foods enjoys significant market advantages in Beijing and peripheral markets.

After acquiring shares in Sanyuan Foods, Fosun utilized its global resources to achieve integrated development of Sanyuan Foods and enhance its leading position in the Chinese dairy industry by optimizing 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 distribution and providing innovative and high quality healthy food products.

During the first nine months of 2018, Sanyuan Foods recorded revenue of RMB5,673.5 million and net profit attributable to shareholders of the listed company of RMB139.0 million, representing an increase of 21.1% and 12.6% over the same period of last year, respectively.

Juewei Food

In March 2011, the Group invested RMB104 million in Juewei Food Co., Ltd. ("**Juewei Food**", a company listed on the SSE with stock code 603517). As at the end of the Reporting Period, the Group held 5.81% equity interest in Juewei Food. In February 2019, the Group intended to dispose all of its 23,841,329 shares in Juewei Food.

Juewei Food, a company mainly engaged in R&D, production and sales of leisure braised foods, is the market leader of the braised food niche industry in China. Currently, the industry is not very concentrated. In the future, the market share will gradually concentrate in companies of larger scale, and the market concentration will be further increased. Meanwhile, due to the fast-moving leisure consumer product market, the Group believes that there is a huge space for the future growth of the casual braised food market.

Juewei Food has established direct sales and franchise chain sales network covering 30 provinces/municipalities in China. As at the end of the Reporting Period, Juewei Food had more than 3,000 franchisees, more than 9,000 offline stores and accumulatively more than 40 million online registered users nationwide. In the first half of 2018, Juewei Food opened up the market in Hong Kong, and entered the market in Singapore, which represented a breakthrough in overseas market.

During the first nine months of 2018, Juewei Food recorded operating revenue of RMB3,265.9 million, and net profit attributable to shareholders of the listed company of RMB487.2 million.

St Hubert

In January 2018, Fosun and Sanyuan Foods successfully acquired St Hubert, a French renowned leading healthy food company. As at the end of the Reporting Period, the Group together with Sanyuan Foods held 98.12% equity interest in St Hubert.

Established in 1904, St Hubert has annual sales of approximately 35,000 tonnes. St Hubert has a leading edge in R&D 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 2018, St Hubert's market share reached 43.5% in France, 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 yogurt product lines into the Chinese market, establishing retail and corporate customer channels in China, as well as sharing logistics resources and jointly developing new healthy product lines, such as new type of vegetable spreads and other plant-based products.

During the first nine months of 2018, St Hubert recorded an operating income of approximately EUR91 million, and EBITDA of EUR33 million.

Babytree

As at the end of the Reporting Period, the Group held 21.75% equity interest in Babytree.

As at the end of the Reporting Period, Babytree owned and operated the one of the largest and the most active maternity and child-focused community platform 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 2018, Babytree successfully created customized services for young Chinese families. Babytree also leveraged the Group's health resources to start online premium content and health service businesses.

In May 2018, Babytree announced a strategic investment by Alibaba Group Holding Limited (through its subsidiary), and in November 2018, Babytree was successfully listed on the Hong Kong Stock Exchange with stock code 01761, raising approximately HKD1,608.6 million.

As of 30 June 2018, Babytree recorded total revenue of RMB407.5 million, excluding the effects of fair value change of financial liabilities at fair value through profit or loss and equity-settled share-based payment expenses, Babytree recorded adjusted profit of RMB122.3 million.

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

	2018	2017 (restated)	Change over the same period of last year
Revenue	44,155.3	25,455.6	73.5%
Profit attributable to owners of the parent	2,567.5	2,113.4	21.5%

During the Reporting Period, the increase in revenue of the Happiness Ecosystem was mainly due to the revenue of Yuyuan consolidated into the financial statements of the Group after the completion of the reorganization, as well as the revenue increase brought by the business expansion of Club Med and the opening of Atlantis Sanya of FTG. The increase in profit attributable to owners of the parent was mainly attributed to the substantial growth of FTG's performance in 2018, turning around from loss to profit. Meanwhile, profit attributable to owners of the parent of the restructured Yuyuan reached RMB3.02 billion in 2018, being the main source of operating profit of the Happiness Ecosystem.

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

Tourism & Leisure

FTG

FTG is one of the world's leading leisure-focused integrated tourism groups, and the largest leisure tourism resorts group worldwide in terms of revenue in 2017. Focusing on the leisure and tourism needs of families around the world, it is engaged in the entire industry chain of leisure and tourism with integration of global resources. FTG was spun off from the Group and successfully listed on the main board of the Hong Kong Stock Exchange in December 2018.

FTG has made encouraging progress during the Reporting Period. Its total revenues increased by 37.9% to RMB16,269.8 million in 2018, compared with RMB11,799.4 million in 2017. Gross profit increased by 86.4% to RMB5,276.0 million in 2018, compared with RMB2,830.3 million in 2017. Adjusted EBITDA increased to RMB2,073.0 million in 2018, compared with

RMB746.3 million in 2017. Net profit was turned around with net profit amounted to RMB389.1 million in 2018 against the net loss of RMB295.0 million in 2017.

Its resort business under Club Med brand has demonstrated strong performance in 2018. The business volume increased by 8.0% in 2018 compared with 2017 and the recurring operating profit of resort operation increased by 41.8% in 2018. Under the upscale strategy, resort capacities of Club Med increased by 8.9% in 2018 and 80.1% of them are 4 and 5 Trident resort capacities. The internationalization diversity of FTG's customer base and business presence in tourist destinations help to strengthen its profitability. In 2018, the number of customers from Asia-Pacific region increased by 14.4% and particularly, customers from Greater China increased by 21.6%. In addition, its Happy Digital program has been widely implemented as an innovative means to serve customers and enhance their satisfaction.

Atlantis Sanya, the first tourism destination project of FTG located in Sanya, has approved to be an icon of tourism upgrading v3.0 of Sanya, Hainan Province. Since its soft opened in February 2018 and officially opened in April 2018, Atlantis Sanya contributed RMB752.0 million operation revenue and the number of customer visits to Atlantis Sanya reached 3.2 million in 2018. In addition, FTG has delivered 764 apartment units of Tang Residence in 2018 and 147 units have been operated and managed by Albion brand to provide more accommodation capacity in Sanya.

In addition to Atlantis Sanya, FTG will also embark on two other tourist destination projects by starting the construction of Lijiang International Foliday Zone and Taicang Foliday European Town in 2019, which will have well-designed tourist attractions for sightseeing, resorts and other types of accommodation, facilities for leisure and entertainment, customized vacation inns and residences, and various kinds of entertainment and cultural activities. FTG believes that the projects in Lijiang and Taicang will generate significant returns in the next few years.

Furthermore, FTG has launched various tourism-related services and solutions, including the resident show C in Atlantis Sanya, a playing-and-learning club for kids through cooperation with Mattel Ventures International II Limited, and FOLIDAY platform for family-oriented, tourism- and leisure-related services and joint venture with Thomas Cook in China. Through these endeavors, FTG has enriched offerings of distinctive vacation experiences and expanded the distribution channel. The different offerings interact with synergies and enable FTG to realize one-stop services.

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, leather goods, footwear and other sectors within fashion industry. The current portfolio assets include French high-end 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 all families, integrate resources, and establish a fashion ecosystem with global influence.

LANVIN

In April 2018, the Group completed the investment in France's oldest luxury couture house that remains active, LANVIN. As at the end of the Reporting Period, the Group became LANVIN's controlling shareholder with an equity interest of 65.60%.

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

By combining Fosun's global resources and LANVIN's profound heritage, both can explore new opportunities in the Chinese market, operational improvements and potentials for further global expansion.

During the Reporting Period, while maintaining its distinguished brand image, LANVIN continued to reshape its operation, including but not limited to organizational restructuring, talent mapping, and improving operation efficiencies. In August 2018, Fosun Fashion Group announced the appointment of Mr. Jean-Philippe Hecquet as global CEO of LANVIN. Mr. Jean-Philippe Hecquet served multiple different executive roles over the past 20 years at two of the leading global fashion companies. In January 2019, LANVIN announced the appointment of Mr. Bruno Sialelli as the creative director, to set up a new direction for the brand. In February of the same year, LANVIN successfully held the Fall-Winter 2019 Show in Paris, France.

Wolford

In May 2018, the Group completed its acquisition of a majority stake of 50.87% in Wolford at the consideration of EUR12.80 per share. Followed by the Group's tender offer and capital increase, the Group held 58.45% stake in Wolford as of 31 December 2018.

Founded in the Austrian City of Bregenz in 1950, Wolford is the market leader for luxury legwear and bodywear and has also established itself in the exclusive lingerie segment. Wolford's shares are listed on the Vienna Stock Exchange since 1995. Over the past decades, Wolford has introduced numerous product innovations, of which some remain bestsellers today. Wolford designs and manufactures its products exclusively in Europe and meets the highest environmental standards. As at the end of the Reporting Period, Wolford had its presence in around 60 countries and regions.

In 2018, an essential part of the corporate strategy of Wolford is to make the brand relevant to younger consumers once again. This means having the right fashion collection and accompanying product communications by exploiting all channels. Since the official launch of the new campaign, which was photographed by the well-known fashion photographer Ellen von Unwerth, Wolford has been present across the globe with a new visual language. Moreover, the new shop concept has been introduced in January 2019 in Amsterdam and in February 2019 in Paris. The new brand presence will be complemented by an entirely overhauled packaging concept which will also be introduced in 2019. One more important milestone is the adoption of the new strategy for Chinese market: Wolford will substantially expand its local market presence with the support of the Group.

As at the end of the Reporting Period, Wolford recorded around 1,400 employees (full time equivalent) and owned 16 subsidiaries, 262 off-line stores (owned and partner operated) and 16 on-line stores for sales and marketing.

Tom Tailor

The Group made a strategic investment in the German fashion group Tom Tailor in 2014. As of 31 December 2018, the Group held approximately 28.89% equity interest in Tom Tailor. In February 2019, the Group has agreed to subscribe for a total of 3,849,526 newly issued shares of Tom Tailor through a capital increase with a consideration of approximately EUR8.7 million. As at the date of this announcement, the subscription has been completed and the Group held 14,969,521 Tom Tailor shares in total, representing approximately 35.35% of the total issued share capital and voting rights of Tom Tailor. The Group will make a voluntary public takeover offer to Tom Tailor shareholders to acquire all Tom Tailor shares which are not directly held by the Company with an offer price of EUR2.31 per Tom Tailor share.

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. Tom Tailor 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 the successful growth strategy of the TOM TAILOR core brand. The exceptionally long and hot summer period in central Europe resulted in the sales decrease of Tom Tailor in the third quarter of 2018 and led to an adjustment of its earnings guidance for 2018 by its management. Although the TOM TAILOR brand was able to assert itself on the market and gained further market share, the BONITA brand suffered significantly under the adverse weather in the third quarter of 2018. In this regard, BONITA had to implement extensive measures in order to reduce overstock. While Tom Tailor reached its operating targets in its business unit TOM TAILOR, the unexpected accounts of BONITA brand had an impact on the Tom Tailor's overall results. Furthermore, the weaker than anticipated operational performance of BONITA brand lowered the EBITDA of Tom Tailor.

Consumer & Lifestyle

Yuyuan

In November 2002, the Group became the largest shareholder of Yuyuan. In July 2018, Yuyuan completed an asset reorganization and subsequently the Group made further acquisition of its shares on the secondary market. As at the end of the Reporting Period, the Group held approximately 68.58% equity interest in Yuyuan.

Yuyuan is a flagship platform in the Group's Happiness Ecosystem and it owns jewelry fashion ("Laomiao" and "Yayi"), fashion landmark, culture & commerce and other business sectors. Yuyuan Jewelry Fashion Group focuses on improving product competitiveness, launching a number of new series and products such as "Chan Yue", "Chinese Zodiac", "Zodiac" and "Gu Yun Jin". Jewelry fashion business achieved a growth in sales revenue of 14.66% in 2018, and as at the end of the Reporting Period, the number of chain stores of Laomiao and Yayi was 1,974. In February 2019, Yuyuan expanded its industrial chain resources globally in diamond and gem market, upon completion of the acquisition of 80% equity interest in International Gemological Institute which is headquartered in Belgium. The acquisition is expected to contribute further growth of its jewelry fashion business in the future.

Fashion landmark business continues to focus on the policy of deeply-rooted in cities, combine itself with the Group's premium resources and strengthen its layout, so as to consolidate its foothold to further expand its market reach. As at the end of the Reporting Period, Yuyuan has deployed in 33 fashion landmark projects. Yuyuan practices the development model of "industry + real estate" and adheres to the idea of "cohabitation of industry and real estate" to realize the integration and mutual empowerment of industry and real estate business.

Culture & commerce business continues to upgrade their own brands. During the Reporting Period, the Nanxiang Steamed Bun Restaurant in the Yuyuan business district was re-decorated and re-opened, and new series of pastry such as pear pastry boxes, peony rosewood cream and Qiaolaoye muffin were introduced. Also, it has introduced some famous brands of Shanghai, such as Xinghualou, Dahuchun, Xiandelai, Zhenlaodafang and so on, further enriching the old cluster of Yuyuan business district.

During the Reporting Period, Yuyuan recorded revenue of RMB33,777.2 million, representing an increase of 7.2% over the same period of last year; and net profit attributable to the shareholders of the listed company of RMB3,020.7 million, representing an increase of 4.67% over the same period of last year.

Cirque du Soleil

The Group and funds under its management invested in Canada's Cirque du Soleil in July 2015. As at the end of the Reporting Period, the Group and the funds under its management jointly held 24.59% equity interest in Cirque du Soleil.

Cirque du Soleil is headquartered in Montreal, Quebec, Canada, with an aim to provide high-quality live entertainment. In 2018, Cirque du Soleil staged "Toruk" shows in Sanya, Beijing, Shanghai, etc. It expects to start its resident show in Hangzhou in the second half of 2019.

In July 2018, Cirque du Soleil acquired VStar Entertainment Group ("**VStar**"), a global live entertainment provider best known for its children and family shows with a history of nearly 40 years. Acquisition of VStar will further enrich Cirque du Soleil's portfolio, so as to expand its audience base.

As part of Fosun's Happiness Ecosystem, the Group, together with TPG VII CDS Holdings and Cirque du Soleil, will cooperate to drive the future development of Cirque du Soleil in Greater China.

Studio 8

Studio 8, LLC ("**Studio 8**") is an investment made by the Group in the entertainment industry. Its founder and CEO, Jeff Robinov, previously served as President of Warner Bros. Pictures Group. Studio 8 was jointly founded by Fosun and Sony Pictures Entertainment. As at the end of the Reporting Period, the Group held 80% equity interest in the Class A shares of Studio 8.

During the Reporting Period, the first two projects developed independently by Studio 8 – *Alpha* and *White Boy Rick* (starring Matthew McConaughey), have been released and grossed more than USD120 million in global box office takings.

Tsingtao Brewery

In December 2017, the Group and the fund under its management entered into agreements 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 under its management 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 the earliest brewery in China. As at the end of the Reporting Period, it is sold in more than 100 different countries and regions, producing both middle- and high-end products in more than 60 breweries across China for Tsingtao Brewery's various brands including "Tsingtao" and "Laoshan". In June 2018, the Group and Tsingtao Brewery signed a framework agreement of strategic cooperation and agreed to create synergy and strengthen cooperation through various ways.

During the first nine months of 2018, Tsingtao Brewery recorded total operating revenue of approximately RMB23.64 billion, representing an increase of 1.09% over the same period of last year, and a net profit attributable to owners of the listed company of approximately RMB2.10 billion, representing an increase of 12.32% over the same period of last year.

AHAVA

The Group invested RMB539 million in Israeli cosmetic company AHAVA in September 2016 and the Group held 100% equity interest in AHAVA as at 31 December 2018.

AHAVA (Hebrew for "love") is a Dead Sea beauty and wellness brand with over 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 a cosmetics company with R&D and manufacturing facilities located along the shores of the Dead Sea. AHAVA manufactures cosmetic 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.

AHAVA's overall net sales in 2018 grew by 11% over the same period of last year, keeping positive growth since acquisition. As at the end of the Reporting Period, 78 Stock Keeping Units ("**SKUs**") received approvals from State Administration for Market Regulation in China.

During the Reporting Period, AHAVA recorded a total operating revenue of RMB406 million and a net profit of RMB16.3 million.

Baihe Jiayuan

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

Baihe Jiayuan is principally engaged in internet information service business, providing products and services in the matchmaking-to-wedding industry chain.

Centering around Chinese families, Fosun focuses on their core needs of happiness. As a leading service supplier of matchmaking-to-wedding industry chain in China, Baihe Jiayuan is devoted to building a happiness ecosystem of marriage and families. Dating and matchmaking, wedding planning and relationship management are indispensable for creating and maintaining enjoyable family lives. It is a shared strategic vision of Fosun and Baihe Jiayuan to create happiness ecosystem for Chinese families.

Guided with this strategic vision, Fosun and Baihe Jiayuan integrate dating and matchmaking services with the ecosystems "Health, Happiness and Wealth". With the core needs of the Chinese young families and increasing family consumption demands, excellent products and services are offered and happy lives for families worldwide are created.

Folli Follie

Folli Follie S.A., a globally renowned fashion retail group and its shares are listed on the Athens Stock Exchange with stock code FFGRP ("**Folli Follie**"), was an overseas investment made by the Group in 2011. As at the end of the Reporting Period, the Group and the fund under its management held a total 16.37% equity interest in Folli Follie.

In May 2018, the Hellenic Capital Markets Commission suspended trading on Folli Follie shares citing its inability to provide financial data following a report by a hedge fund questioning its Asian business. As at the end of the Reporting Period, Folli Follie was 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 accumulatively recognized as of the end of 2017 was EUR55 million. Taking a prudent approach, as at the end of the Reporting Period, the Group has made full impairment provision for the investment in Folli Follie, and the fair value loss recognized in the Reporting Period was EUR141 million, while the accumulative net loss was EUR79 million.

WEALTH ECOSYSTEM

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

Insurance

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

Unit: RMB million

	2018	2017 (restated)	Change over the same period of last year
Revenue	23,668.5	26,133.3	-9.4%
Profit attributable to owners of the parent	2,382.7	2,792.9	-14.7%

During the Reporting Period, the revenue of Insurance segment decreased by 9.4% compared with the same period of last year. Excluding the impact of the consolidated revenue of Ironshore Inc. before disposal in 2017, the revenue of Insurance segment would increase by 3.1% over the same period of last year. Profit attributable to owners of the parent of Insurance segment decreased by 14.7% compared with the same period of last year, mainly because the investment income of the subsidiary insurance companies did not meet the expectation due to the impact of the market fluctuations. In addition, during the Reporting Period, the Group's investment income from the secondary market of insurance stocks also significantly reduced compared with last year.

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

Fosun Insurance Portugal

In 2014, the Group acquired a controlling stake in Fosun Insurance Portugal, consisting of Fidelidade, Multicare and Fidelidade Assistência. As at 31 December 2018, the Group owns 84.9884% equity interest in Fidelidade and 80% equity interest in Multicare and Fidelidade Assistência, respectively. This platform is a leading player in the Portuguese insurance market and facilitates business development of the Group in Europe, Africa and Latin American countries.

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

Additionally, Fosun Insurance Portugal completed, at the beginning of 2019, the acquisition of 51% equity interest in La Positiva Seguros y Reaseguros S.A., a leading player in the Peruvian insurance market and also with a presence, through its subsidiaries, in Bolivia and Paraguay. The acquisition is the first move into Latin America and an important step in the international expansion strategy of Fosun Insurance Portugal.

In 2018, Fosun Insurance Portugal achieved a total market share in Portugal of 34.7%, an increase of 4.1 percentage points compared with 2017 mainly benefiting from life business (an increase of 6.2 percentage points to 39.1%), reflecting CGD commercial performance in an environment of extremely low interest rates and limited alternative bank products, difficult to repeat in future. In the non-life business segment, there was a market share increase of 0.3 percentage points over 2017 to 27.5%.

During the Reporting Period, Fosun Insurance Portugal recorded total premium income of EUR4,769.5 million, non-life business combined ratio of 97.2%, net profit of EUR293.8 million, net assets of EUR2,915.3 million, investable assets of EUR15,713.3 million and total investment return of 3.3%. Fosun Insurance Portugal's international business recorded overall premiums of EUR271.0 million, an increase of 14% when compared with 2017, mainly benefiting from favorable performance from life business. In terms of non-life business, the international business contributed to 9.3% of total non-life premiums.

In 2018, Fosun Insurance Portugal won several distinguished awards, such as the *Marca de Confiança 2018* (Most Trusted Brand in 2018) and *Escolha do Consumidor 2018* (Consumer's Choice in 2018) in the categories of "Excellence", "Insurance Companies" and "Health Systems". In 2019, Fosun Insurance Portugal will continue innovating its product offerings, improving service quality and promoting its global strategy.

AmeriTrust (Previously 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 insurance company in North America, MIG established an important stand point in the North American property insurance market. In October 2017, it 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 USD609.6 million, net profit of USD39.9 million, combined ratio of 100.5%, investable assets of USD1,577.0 million, total investment return of 4.2%, and solvency adequacy ratio of 476.0% (a risk-based capital ratio and local statutory solvency adequacy ratio). It recorded net assets of USD570.2 million as of 31 December 2018.

Peak Reinsurance

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**"), signed definitive agreements to purchase a minority stake in Peak Reinsurance Holdings Limited ("**Peak Reinsurance Holdings**"), the sole and direct shareholder of Peak Reinsurance through the subscription 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 April 2018, the Group and PFI respectively held 86.9% and 13.1% of Peak Reinsurance through Peak Reinsurance Holdings.

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 regions of Asia Pacific, Europe, Middle East, Africa and the Americas. It tailors risk transfer and capital management solutions to best fit clients' needs.

In 2018, Peak Reinsurance further developed its business by establishing a Japan representative office in July and launched the first Asian reinsurance sidecar transaction via Lion Rock Re Ltd. in December. The transaction represents an important milestone in the Hong Kong and Asian (re)insurance market and raised an additional USD75 million in capital.

Peak Reinsurance was awarded "Asian Reinsurer of the Year" for the third consecutive year by *Asian Banking and Finance* in 2018 and leaped to the top 34th and 36th Global Reinsurance Group by S&P and A.M. Best respectively in terms of gross written premium.

Since launched, Peak Reinsurance has a track record of year-on-year premium growth. During the Reporting Period, it generated premium income of USD1,381.9 million, reflecting a stable growth despite a difficult period for the reinsurance industry. Peak Reinsurance continues to make consistent profit since the commencement of its operations. During the Reporting Period, net profit of Peak Reinsurance reached USD18.5 million (with technical combined ratio of 98.3%).

As at 31 December 2018, Peak Reinsurance's total investment return was 2.7%, with investable assets and net assets growing to USD1,699.2 million and USD956.4 million respectively. Solvency remains very strong with solvency adequacy ratio of 438.0%. Peak Reinsurance continues to deliver stable and sustainable returns since its establishment.

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

Pramerica Fosun Life Insurance

In September 2012, the Group worked with The Prudential Insurance Company of America to set up Pramerica Fosun Life Insurance, which marked the Group's first step into China's domestic life insurance market. As of 31 December 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.

During the Reporting Period, Pramerica Fosun Life Insurance recorded premium income of RMB1,260.0 million with a growth of 90.3% compared with the same period of last year. Net asset was RMB1,876.5 million, a decrease of 6.8% compared with the start of 2018. Pramerica Fosun Life Insurance recorded net loss of RMB111.0 million, indicating a reduction of 9.3% compared with same period of last year, solvency adequacy ratio of 386.1%, investable assets of RMB5,056.4 million, total investment return of 6.3%.

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, 1 central sub-branch, 12 sales offices and 2 sub-branches, as of 31 December 2018. 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 76.2% compared with the same period of last year.

Yong'an P&C Insurance

Yong'an P&C Insurance is a national insurance company headquartered in Xi'an, with 28 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 RMB10,510.7 million, net profit of RMB221.7 million, investable assets of RMB11,242.8 million and net asset of RMB4,789.3 million as at the end of the Reporting Period. Yong'an P&C Insurance recorded a combined ratio of 103.5%, total investment return of 5.7% and solvency adequacy ratio of 252.4% as at the end of the Reporting Period.

Finance

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

Unit: RMB million

	2018	2017 (restated)	Change over the same period of last year
Revenue	2,482.7	1,836.2	35.2%
Profit attributable to owners of the parent	1,245.2	1,100.6	13.1%

During the Reporting Period, the revenue of Finance segment increased mainly due to the business expansion of the German private bank H&A. The increase in profit attributable to owners of the parent was mainly caused by the performance improvement of BCP.

Fosun Hani Securities

Fosun Hani Securities is a Hong Kong-based integrated financial service platform and investment entity wholly-owned by the Group, providing global institutional and retail customers with services such as securities brokerage and sales, investment banking, research, asset management, margin loans and wealth management.

In 2018, driven by the two-pronged strategy of "boutique investment banking + technology-powered finance", Fosun Hani Securities achieved significant growth of various businesses. In 2018, Fosun Hani Securities obtained the sponsor license issued by Hong Kong Securities and Futures Commission, and assisted in initial public offerings (IPOs) in Hong Kong of several star enterprises sought-after by the capital market, such as Babytree (1761.HK), FTG (1992.HK), and Junshi Bio-B (1877.HK), blazing a trail for "boutique investment banking". In respect of transformation to technology-powered finance company, Fosun Hani Securities successfully launched an internet-based platform for securities online account opening and trading, Xiaolu Health App and other projects in 2018, and continued to provide products and services of overseas asset allocation for family customers. In addition, Fosun Hani Securities completed its strategic investment in The Floor, an Israel technology-powered finance company, in August 2018, further expanding its global footprint covering verticals such as finance technology, blockchain and computer.

As at 31 December 2018, the paid-in capital of Fosun Hani Securities was HKD2,419 million, the total asset amounted to HKD2,500 million, net asset amounted to HKD2,390 million, operating revenue amounted to HKD84.16 million and net profit amounted to HKD15.38 million.

Hauck & Aufhäuser Privatbankiers AG (H&A)

Fosun acquired 99.91% equity interest in the German private bank 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 gave 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[4] in Germany. In addition, H&A has also gained recognition of the public. The growth of new capital of H&A was above the market average, which showed synergies with the Group gradually. It was also named among the top three most dynamic asset managers in the category of EUR10 million to 100 million assets under management.

As at the end of the third quarter of 2018, H&A's assets under management reached EUR123 billion, representing an increase of 66.2% over the same period in 2017, whilst the total assets grew to EUR5,243 million. H&A also recorded a gross income of EUR141.8 million for the third quarter, representing an increase of 43.2% over the same period in 2017, and profit before tax of EUR16.5 million, representing an increase of 71.9% over the same period in 2017.

BCP

In November 2016, the Group invested in BCP, the largest Portuguese listed bank. As at 31 December 2018, the Group's shareholding in BCP reached 27.25%.

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 internet bank called "ActivoBank". BCP also holds a prominent position in Poland, Switzerland, Mozambique and Angola, and has entered in the Chinese mainland market

[4] Market Capitalization ≤ EUR750 million.

through its Guangzhou representative office and operated in Macau Special Administration Region through a fully-licensed branch since 2010.

The net profit of BCP during the Reporting Period was EUR301 million, increased 61.5% compared with EUR186 million of the same period in 2017. The business volume has increased by EUR3.8 billion over the same period in 2017. The number of active customers reached 4.9 million with an increase of 351,000 compared to 2017, among which the number of active customers locally in Portugal has increased by 131,000.

In June 2018, BCP and Ant Financial Services Group signed a cooperation agreement. The two companies will work together, combining Alipay's expertise and experience in online and mobile payment systems with BCP's local and international banking business and transactional capabilities, to launch "Alipay in-store" payment services to link Portuguese merchants and service providers with Chinese visitors to provide innovative and cutting-edge services for their respective customers.

In June 2018, BCP signed "Clearing and Settlement of Renminbi Business Agreement" with the Bank of China Macau Branch (the 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 the signing of this agreement, BCP became the first Portuguese bank considered as a participating bank with access to Macau Special Administration Region's payment system.

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

The new executive committee and new board of directors of BCP have been elected in the general meeting in May 2018 and approved by European Central Bank in July 2018, the term of which is from 2018 to 2021.

In December 2018, witnessed by the state leaders of China and Portugal, BCP and UnionPay International Co., Ltd. entered into a cooperation agreement. Pursuant to which, BCP will issue UnionPay cards in Portugal and actively participate in UnionPay's QuickPass and online payment services. Through this agreement, BCP also became an acquirer for all the UnionPay Cards, irrespective of the country of issuance.

Mybank

In May 2015, the Group, as one of the founders, injected a 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 and through a cloud-based financial platform. Mybank's mission is to provide inclusive finance and it is committed to using internet technology, data and internet innovations to help small and micro enterprises, individual entrepreneurs, and customers concerning agriculture, rural areas and farmers to solve issues linked to financing difficulties and a lack of rural financial services so as to promote the development of the real economy.

In June 2018, Mybank celebrated its third anniversary. Over the three years since its inception, Mybank has worked with other financial institutions and provided loan service for over 10 million small and micro operators. According to the latest disclosure of Mybank, throughout 2017, Mybank issued an aggregate of RMB446.8 billion loans to small and micro enterprises and operators. Apart from operating online loan business, Mybank actively explores the development of other financial products. Since June 2017, Mybank has collaborated with Alipay QR Code Payment to introduce the service of "More Collection More Lending" in a quest to bring the innovative "310" loan mode of Mybank into the services provided for online to offline individual operators. In addition, Mybank also provides credit service for offline small and micro customers. It also sells monetary fund products and has served 6.75 million customers in total by the end of 2017.

Guide

In November 2018, the Group completed the acquisition of 69.14% equity interest in Guide Investimentos S.A. Corretora de Valores ("**Guide**"), a fast-growing Brazilian brokerage and wealth management firm based in Sao Paulo. Guide was originally a wholly-owned subsidiary of a Brazilian bank, Banco Indusval S.A., which still maintains a 20% minority equity interest in Guide after the acquisition. As at December 2018, Guide has more than BRL18 billion of assets under custody, serving over 80,000 customers. Guide experienced a growth in total revenue of more than 70% compared with 2017.

This deal follows the Group's strategy of investing and developing operations in emerging markets, especially in Latin America. It is the second investment of the Group targeting financial services assets in Brazil after the acquisition of the local asset management company Rio Bravo in 2016 and also the second milestone in the creation of a Brazilian financial group platform. Rio Bravo will act as a product manufacturer and Guide as the distribution platform for the Group in the C2M structure. By combining Guide's technology and innovation capabilities with the Group's global resources, this C2M structure aims to offer the most high-quality services for Brazilian families.

Investment

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

Unit: RMB million

	2018	2017 (restated)	Change over the same period of last year
Revenue	10,727.3	12,776.7	-16.0%
Profit attributable to owners of the parent	5,726.3	5,853.7	-2.2%

During the Reporting Period, the revenue of the Investment segment decreased compared to last year mainly due to the revenue reduction of Hainan Mining. The decrease in profit attributable to owners of the parent compared to last year was mainly attributable to the significant decrease in gain on fair value adjustment caused by the stock price volatility in the secondary market, such decrease was partially offset by the operation performance improvement of the steel and oil exploration businesses in the Investment segment.

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 is committed to building an international logistics network and utilizing the capacity and capability of logistics partners to provide one-stop logistics services and supply chain management solutions domestically and internationally, as well as fulfilling various logistics needs of merchants and consumers on an extensive scale. Cainiao consistently optimizes its services for merchants, empowers logistics partners to improve their operating efficiency, which in turn enables Cainiao to provide consumers with the best logistics experience. Cainiao processed over 1 billion logistics orders during “Double 11” in 2018.

Meanwhile, Cainiao plans to deploy 6 digital intelligent logistics hubs 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 high-quality logistics services.

Cainiao will further strengthen its global logistics network with the aim to realize the mission of fulfilling orders of delivery within 24 hours in China and within 72 hours anywhere in the world, and enable greater efficiencies and lower costs in China's logistics industry.

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 of the Group amounted to RMB564.6 million. As at the end of the Reporting Period, the scale of the asset management business of the Group reached RMB136,975.6 million and net assets attributable to the Group of RMB7,413.9 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 RMB31,395.9 million, the number of invested projects increased to 99 projects with some new projects in 2018 such as Tsingtao Brewery.

Fosun Capital

Fosun Capital is an equity investment and management company, established in April 2007 and wholly owned by the Group. For over 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 other 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, Fosun Capital's assets under management were RMB14,232.8 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 RMB105,579.7 million, including the Japanese real estate capital management company IDERA, the French listed real estate fund management company Paris Realty 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, a 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 independent real estate capital management and fund platform in Japan. As at the end of the Reporting Period, it managed over JPY321,640 million (representing approximately RMB20,037.3 million) assets in total. During the Reporting Period, IDERA recorded unaudited operating revenue of JPY3,627 million (representing approximately RMB214.9 million) according to the Japanese Accounting Standards.

Others

ROC

ROC is the strategic platform in the oil and gas sector of the Group. Leveraging ROC's leading capabilities in operation and management and business development, 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. An agreement has been entered into to sell 51% equity interest in ROC to Hainan Mining, and the transaction was approved at the general meeting of Hainan Mining in December 2018.

In May 2018, ROC successfully entered into two transactions with Buru Energy Limited for a 50% non-operated interest in the Ungani production licences (Block L20 and L21), onshore Western Australia; and a 50% non-operated exploring interest in each of Block EP391, EP428 and EP436, onshore Western Australia. Completion of these two transactions is subject to government approval.

In July 2018, ROC, through its subsidiary, together with its partner, Smart Oil Investment Ltd., 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 USD170.1 million (2017: USD130.7 million), net profit of USD50.0 million (2017: USD38.9 million) and net cash inflow from operating activities of USD118.4 million (2017: USD66.6 million).

Hainan Mining

The Group invested in Hainan Mining in 2007. As at the end of the Reporting Period, 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 large 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 revenue was RMB1,386.60 million, down by 49.69% over the same period of last year, and the loss attributable to shareholders of the listed company was RMB766.1 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 gains and losses from changes in fair value caused by stock market investments in the secondary market.

In order to expand the business scope and reform the business structure, Hainan Mining has entered into an agreement to acquire 51% equity interest in ROC with the consideration of USD229.5 million.

Nanjing Nangang

As at 31 December 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 2018, Nanjing Nangang realized a revenue of RMB45,176.17 million, representing an increase of 15.6% over the same period of last year, and the total profit was RMB5,637.24 million, representing an increase of 31.26% 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 comprehensive 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 year-on-year gross profit margin of products increased significantly, and the competitiveness of products increased steadily. The operational performance of Nanjing Iron & Steel of 2018 was by far the best since its establishment.

In the process of transformation, Nanjing Nangang acquired the equity interest in Besino Environment held by the Group, and increased the capital of Besino Environment through its subsidiaries. As at 31 December 2018, Nanjing Nangang and its subsidiaries jointly held 98.81% equity interest in Besino Environment. In terms of new materials, Nanjing Nangang, through Nanjing Iron & Steel, participated in the private placement of Jiangsu Tiangong Technology Co., Ltd. (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 a demonstration intelligent workshop in Jiangsu Province and 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 Corp, Ltd., a subsidiary of Nanjing Iron & Steel which specializes in intelligent manufacturing solutions for the metallurgical industry, has been listed on the NEEQ (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 diagonal area of 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 coordinated 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 national railway infrastructure construction.

Forte

In 2018, after the completion of the asset reorganization with Yuyuan, Shanghai Forte Land Co., Ltd. ("**Forte**") continued to focus on the city's deep-rooted policy and to consolidate its foothold in key cities to expand its market reach. At the same time, according to respective strategic policies of different cities and following market demands, Forte localized its strategies to further strengthen the supply of new products, and accelerated its destocking drive to cash in on new sales with a sound sales performance and cash flow over the year.

In terms of investment and operation, Forte continued its "Hive Cities" strategy, and combined it with the Group's first-tier industrial resources, to highly connect family life with industries like finance, culture, business, health, elderly care and trade in the city. At the same time, Forte focused on global market development, continued to capture opportunities and expanded into new regions and markets.

For financial management, Forte actively tapped into capital markets, continuously optimized the debt structure and improved credit rating to provide adequate multiple sources of funding for business development and help further development of the business.

During the Reporting Period, Forte realized operating revenue of RMB29,280 million, representing an increase of 53% over the same period of last year, and the profit attributable to owners of the parent stood at RMB5,047 million, representing an increase of 154% over the same period of last year.[5]

28 Liberty

In December 2013, the Group acquired 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.. The occupancy rate has risen from 44% in

[5] In July 2018, Yuyuan completed the asset reorganization and became a subsidiary of Forte. Therefore only the operating results in the second half of 2018 of Yuyuan were consolidated into Forte. Financial data presented are based on HKFRSs.

2015 to 89% in 2018, with contractual leasing area of 1,320,000 sq.ft.. 28 Liberty has actively focused on reposition and renovation and has maximized value by converting office only to mixed use, including renovating building infrastructures, creating retail spaces at plaza and underground, teaming up with Union Square Hospitality Group, introducing 60th floor restaurant Manhatta and event space Bay Room. As of the end of the Reporting Period, material cost, labor cost and other cost have decreased to 25%, 54% and 18% respectively. In the future, 28 Liberty will consider to provide breakfast services, upgrade building design and function and schedule to adjust the rental price. During the Reporting Period, the rental revenue of the 28 Liberty project amounted to USD66.4 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 and a boutique hotel. Therefore all the functions ranging from finance to commerce, tourism, culture and arts are included.

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

Name of project	**Floor**	**Area (sq.m.)**
GFA		425,591
Grade A offices	S1	107,079
	S2	103,138
	N1	21,425
	N2	25,462
	N4	10,410
Shopping center		117,520
Boutique hotel		36,346
Fosun arts center		4,211

Name of project	Usage	Land area (sq.m.)	Total GFA (sq.m.)	Ownership ratio	Land cost (RMB million)	Development progress	Construction and installation costs (RMB million)
The Bund Finance Center	Office, commercial, hotel	45,472	425,591	50%	9,865.8	Completed	4,540

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 three ecosystems, namely smart consumption, smart retail and smart healthcare, which focus on business-to-business (B2B) and business-to-business-to-customer (B2B2C) businesses to thoroughly explore application scenarios in the market and further promote industrial applications and monetization capability of technology and science.

Shanghai Ziku Information Technology Co., Ltd. ("**Ziku**"), incubated by Cloudjet, taps into one-stop Social Customer Relationship Management (SCRM) and user operation management business, including empowering offline merchants with the capabilities of online customer acquisition and services, and enhancing efficiency of monetizing online traffic. Products provided include software (SCRM/PMS/BI) + service, membership operation service and digital marketing service, etc. Currently, Ziku focuses primarily on catering industry. In 2018, it provided services to over 7,000 stores of more than 70 branded customers, generating approximately RMB20 million in contractual revenue.

As a total solution service provider driven by big data, Fonova empowers offline commercial and cultural consumption scenarios with enhanced experience through smart digital operations. Covering various business segments such as commercial entities, cultural venues, tourist attractions, brand management and government administration, Fonova has set up a complete commercial mode to provide various products, such as middle-end data platform, public opinion hearing, commercial graph, cultural graph and all-region marketing. It generated approximately RMB18 million in contractual revenue by providing its services to 31 customers in 2018.

Aitrox marks a major milestone in the Group's diversification into the medical artificial intelligence market. It has launched four products, namely Proxai, Pannotation, Placks and Pyxis, of which, Proxai has been applied in more than a hundred hospitals. Sticking to standard disease diagnosis processes, Aitrox is committed to developing end-to-end all-range solutions to cover various fields such as radiology, clinic treatment and pathology examination, aimed at integrating premium resources from the whole industry chain of global healthcare and establishing a complete closed loop of healthcare business.

Starcleric was a new project of primary healthcare services incubated by Cloudjet in 2018. Driven by technology, it is committed to establishing platforms of primary healthcare services, primary healthcare data and IOTs of primary healthcare. With local village clinics of primary healthcare serving as access points, the project provided hardware facilities, equipment and corresponding operating systems to cover various healthcare services such as third party examination and health check, thus empowering the primary medical system as a whole. The project has been piloted in Fuzhou.

As of the end of the Reporting Period, Ziku, Fonova and Aitrox incubated by Cloudjet had initiated market financing. In the future, Cloudjet will continue to focus on smart consumption, smart retail and smart healthcare ecosystems by incubating/introducing more innovative and smart technologies, and seize new business opportunities.

FINANCIAL REVIEW

NET INTEREST EXPENDITURES

Net interest expenditures, net of capitalized amounts of the Group, increased to RMB6,887.6 million in 2018 from RMB5,133.4 million in 2017. The increase in net interest expenditures was mainly attributable to the growth both in scale of borrowings and in the interest rates of borrowings. The interest rates of borrowings in 2018 were approximately between 0% and 9.8%, as compared with approximately between 0.45% and 8.33% for the same period of last year.

TAX

Tax of the Group decreased to RMB4,985.1 million in 2018 from RMB6,175.0 million in 2017. The decrease in tax was mainly resulted from the decrease in taxable profit from the Group.

CAPITAL EXPENDITURE

The capital expenditure of the Group mainly consists of additions to property, plant and equipment, prepaid land lease payments, exploration and evaluation assets, mining rights, intangible assets, investment properties and oil and gas assets. We have been increasing our investment in the R&D of pharmaceutical products in order to produce more proprietary products with higher gross profit margin. We continued our commitment in property development, but will adjust our strategy according to market conditions. With an aim to further strengthen our leading role in the happiness ecosystem, we have made extra efforts in the Happiness Ecosystem.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

As at 31 December 2018, the total debt of the Group was RMB186,140.4 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 31 December 2018, mid-to-long-term debt of the Group accounted for 63.6% of total debt, as opposed to 61.4% as at 31 December 2017. As at 31 December 2018, cash and bank and term deposits increased significantly by 28.7% to RMB106,316.5 million as compared with RMB82,616.1 million as at 31 December 2017.

INTEREST COVERAGE

In 2018, interest coverage was 4.7 times as compared with 6.0 times in 2017, the decrease was mainly due to the increase in EBITDA has lower portion than that in net interest expenditure of the Group during the Reporting Period. EBITDA of the Group increased to RMB32,710.4 in 2018 from RMB30,789.2 in 2017.

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
REVENUE	3	109,351,641	88,025,169
Cost of sales	5	(67,728,602)	(55,874,895)
Gross profit		41,623,039	32,150,274
Other income and gains	3	19,728,897	24,529,078
Selling and distribution expenses		(17,955,596)	(13,167,869)
Administrative expenses		(18,054,175)	(13,472,924)
Other expenses		(4,817,639)	(5,997,454)
Finance costs	4	(7,230,418)	(5,583,752)
Amount reported in profit or loss applying the overlay approach		2,742,521	-
Share of profits of:			
Joint ventures		1,779,707	1,492,552
Associates		4,178,234	3,021,090
PROFIT BEFORE TAX	5	21,994,570	22,970,995
Tax	6	(4,985,054)	(6,174,962)
PROFIT FOR THE YEAR		17,009,516	16,796,033
Attributable to:			
Owners of the parent		13,406,403	13,161,275
Non-controlling interests		3,603,113	3,634,758
		17,009,516	16,796,033
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
- For profit for the year (RMB)	8	1.57	1.53
Diluted			
- For profit for the year (RMB)	8	1.56	1.53

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	2018 RMB'000	2017 RMB'000
PROFIT FOR THE YEAR	17,009,516	16,796,033
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	-	10,156,055
Reclassification adjustments for gains/(losses) included in the consolidated statement of profit or loss		
- gain on disposal	-	(11,759,548)
- impairment loss	-	369,522
- gain on disposal of a subsidiary	-	(173,092)
Income tax effect	-	(1,090,261)
	-	(2,497,324)
Financial assets designated under the overlay approach:		
Amount reported in other comprehensive loss applying overlay approach	(2,742,521)	-
Income tax effect	696,174	-
	(2,046,347)	-
Debt investments at fair value through other comprehensive income:		-
Changes in fair value	(2,210,134)	-
Changes in allowance for expected credit losses	88,863	-
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	(721,212)	-
Income tax effect	640,981	-
	(2,201,502)	-
Change in other life insurance contract liabilities due to potential losses/(gains) on financial assets	228,727	(453,588)
- Income tax effect	21,147	133,809
	249,874	(319,779)
Fair value adjustments of hedging instruments in cash flow hedges	117,717	(29,724)
- Income tax effect	132	(1,769)
	117,849	(31,493)
Fair value adjustments of hedging of a net investment in a foreign operation	(782,588)	(1,126,495)
- Income tax effect	26,503	5,095
	(756,085)	(1,121,400)
Share of other comprehensive (loss) / income of joint ventures	(13,232)	27,826
Share of other comprehensive loss of associates	(117,201)	(93,794)

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
Year ended 31 December 2018

OTHER COMPREHENSIVE INCOME (continued)

	2018 RMB'000	**2017 RMB'000**
Exchange differences:		
Reclassification adjustments for a foreign operation disposed of during the year	-	(20,812)
Exchange differences on translation of foreign operations	171,172	612,609
	171,172	591,797
Net other comprehensive loss that may be reclassified to loss or profit in subsequent periods	(4,595,472)	(3,444,167)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Revaluation (loss)/gain upon transfer from owner-occupied property to investment property	(3,616)	359
- Income tax effect	(747)	-
	(4,363)	359
Actuarial reserve relating to employee benefit	(3,155)	23,619
- Income tax effect	3,536	(1,316)
	381	22,303
Equity investments designated at fair value through other comprehensive income		
Change in fair value	(3,507,342)	-
Income tax effect	749,404	-
	(2,757,938)	-
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(2,761,920)	22,662
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(7,357,392)	(3,421,505)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**9,652,124**	**13,374,528**
Attributable to:		
Owners of the parent	6,990,090	10,113,610
Non-controlling interests	2,662,034	3,260,918
	9,652,124	**13,374,528**

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2018

	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	36,310,360	25,413,153
Investment properties	46,567,826	32,438,435
Prepaid land lease payments	3,427,895	2,359,772
Exploration and evaluation assets	403,267	174,935
Mining rights	548,186	542,180
Oil and gas assets	1,498,223	957,612
Intangible assets	19,084,808	10,880,302
Goodwill	19,092,279	15,203,443
Investments in joint ventures	24,891,895	20,418,447
Investments in associates	84,084,130	61,721,901
Available-for-sale investments	-	111,575,761
Financial assets at fair value through profit or loss	15,171,503	-
Equity investments designated at fair value through other comprehensive income	1,579,915	-
Debt investments at fair value through other comprehensive income	63,516,255	-
Debt investments at amortized cost	15,765,478	-
Properties under development	11,660,816	22,850,114
Loans receivable	-	2,393,352
Due from related companies	809,991	-
Prepayments, other receivables and other assets	4,221,889	3,072,337
Deferred tax assets	6,311,021	3,852,666
Inventories	86,070	188,918
Policyholder account assets in respect of unit-linked contracts	139,328	858,734
Insurance and reinsurance debtors	123,697	152,094
Reinsurers' share of insurance contract provisions	4,794,300	4,630,070
Term deposits	410,812	964,496
Placements with and loans to banks and other financial institutions	78,473	117,035
Loans and advances to customers	653,693	2,543,362
Derivative financial instruments	290,585	363,961
Finance lease receivables	515,373	599,046
Total non-current assets	362,038,068	324,272,126

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2018

	Note	2018 RMB'000	2017 RMB'000
CURRENT ASSETS			
Cash and bank		105,905,697	81,651,571
Investments at fair value through profit or loss		-	17,158,173
Financial assets at fair value through profit or loss		33,844,295	-
Equity investments designated at fair value through other comprehensive income		65,203	-
Debt investments at fair value through other comprehensive income		20,632,910	-
Debt investments at amortized cost		4,357,878	-
Derivative financial instruments		861,043	1,122,387
Trade and notes receivables	9	7,755,027	6,349,958
Contract assets and other assets		99,030	-
Prepayments, other receivables and other assets		16,842,348	14,081,682
Inventories		6,650,594	4,182,799
Completed properties for sale		14,313,790	8,343,896
Properties under development		27,860,035	18,517,485
Loans receivable		-	982,891
Due from related companies		14,557,412	12,309,468
Available-for-sale investments		-	25,116,703
Policyholder account assets in respect of unit-linked contracts		176,822	511,285
Insurance and reinsurance debtors		13,041,130	8,932,147
Reinsurers' share of insurance contract provisions		3,298,322	2,170,922
Placements with and loans to banks and other financial institutions		39,327	345
Loans and advances to customers		4,629,621	3,803,068
Finance lease receivables		1,880,575	1,749,081
		276,811,059	206,983,861
Assets of a disposal group classified as held for sale		34,711	2,532,067
Total current assets		276,845,770	209,515,928

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2018

	Note	2018 RMB'000	2017 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		67,740,818	58,027,951
Convertible bonds		-	81,428
Contract liabilities		22,112,767	-
Trade and notes payables	10	14,105,942	12,368,277
Accrued liabilities and other payables		27,466,126	41,911,579
Tax payable		7,315,529	6,419,801
Finance lease payables		88,827	68,323
Deposits from customers		41,714,245	34,971,708
Due to the holding company		2,289,988	769,062
Due to related companies		5,508,089	3,922,928
Derivative financial instruments		1,102,562	1,065,674
Accounts payable to brokerage clients		85,051	40,967
Unearned premium provisions		6,684,319	5,845,267
Provision for outstanding claims		15,740,723	13,325,966
Provision for unexpired risks		286,538	384,049
Financial liabilities for unit-linked contracts		144,102	351,138
Investment contract liabilities		7,593,473	5,856,188
Other life insurance contract liabilities		1,674,062	1,475,431
Insurance and reinsurance creditors		8,380,093	4,896,620
Financial liabilities at fair value through profit or loss		1,825,082	-
Due to banks and other financial institutions		1,557,878	1,101,553
Placements from banks and other financial institutions		140,119	268,165
		233,556,333	193,152,075
Liabilities directly associated with the assets classified as held for sale		4,156	204,047
Total current liabilities		233,560,489	193,356,122
NET CURRENT ASSETS		43,285,281	16,159,806
TOTAL ASSETS LESS CURRENT LIABILITIES		405,323,349	340,431,932

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2018

	2018 RMB'000	2017 RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	118,399,533	92,347,113
Finance lease payables	477,578	268,911
Deposits from customers	70,625	105,859
Derivative financial instruments	528,816	689,354
Deferred income	966,959	894,450
Other long term payables	10,585,968	5,968,071
Deferred tax liabilities	15,067,449	10,326,318
Provision for outstanding claims	18,152,768	18,291,386
Financial liabilities for unit-linked contracts	172,040	1,018,881
Investment contract liabilities	64,796,552	59,649,260
Other life insurance contract liabilities	14,813,332	13,862,939
Insurance and reinsurance creditors	141,169	142,034
Contract liabilities	252,710	-
Due to banks and other financial institutions	456,827	455,075
Total non-current liabilities	244,882,326	204,019,651
Net assets	160,441,023	136,412,281

FOSUN INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2018

	2018 RMB'000	2017 RMB'000
EQUITY		
Equity attributable to owners of the parent		
Share capital	36,660,729	36,485,351
Treasury shares	(139,226)	(108,757)
Equity component of convertible bonds	-	18,054
Other reserves	72,007,335	64,566,106
	108,528,838	100,960,754
Non-controlling interests	51,912,185	35,451,527
Total equity	160,441,023	136,412,281

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

1.1 BASIS OF PRESENTATION

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

The unaudited financial information relating to the year ended 31 December 2018 and the financial information relating to the year ended 31 December 2017 included in this preliminary announcement of annual results for the year ended 31 December 2018 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2017, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The financial statements for the year ended 31 December 2018 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 31 December 2017. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Except for the Amendments to HKFRS 4 and *Annual Improvements 2014-2016 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) Amendments to HKFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no significant impact on the financial position or performance of the Group.

(b) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES(continued)

(b) (continued)

The Group has recognized the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECL").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

In RMB'000	HKAS 39 measurement			Re-	Remeasurement		HKFRS 9
	Notes	Category	Amount	classification	ECL	Other	Amount
Investments at fair value through profit or loss		**FVPL[4]**	**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[6]**	**136,692,464**	**(136,692,464)**	**-**	**-**	**N/A**
To: Financial assets at FVPL			N/A	28,395,609	-	998	28,396,607[a]
To: Debt investment at FVOCI[5]	(iv)		N/A	83,678,242	-	-	83,678,242[b]
To: Equity investments at FVOCI	(i)		N/A	11,774,481	-	(7,679)	11,766,802[c]
To: Debt investment at amortized cost	(ii)		N/A	12,844,132	(1,994)	(117,912)	12,724,226[d]
Loans and advances to customers		**L&R[1]**	**6,346,430**	**-**	**(43,097)**	**-**	**6,303,333[e]**
Trade and notes receivables	**(iii)**	**L&R**	**6,314,231**	**-**	**(16,157)**	**-**	**6,298,074[f]**
Cash and bank		**L&R**	**81,651,571**	**-**	**-**	**-**	**81,651,571[g]**
Term deposits		**L&R**	**964,496**	**-**	**-**	**-**	**964,496[h]**
Financial assets included in prepayments, other receivables and other assets		**L&R**	**10,993,132**	**-**	**-**	**-**	**10,993,132[i]**
Due from related companies		**L&R**	**12,309,468**	**-**	**-**	**-**	**12,309,468[j]**
Placements with and loans to banks and other financial institutions		**L&R**	**117,380**	**-**	**-**	**-**	**117,380[k]**
Finance lease receivables		**L&R**	**2,348,127**	**-**	**-**	**-**	**2,348,127[l]**
Policyholder account assets in respect of unit-linked contracts		**L&R**	**396,817**	**-**	**-**	**-**	**396,817[m]**
Policyholder account assets in respect of unit-linked contracts		**FVPL**	**973,202**	**-**	**-**	**-**	**973,202[n]**
Insurance and reinsurance debtors		**L&R**	**9,084,241**	**-**	**-**	**-**	**9,084,241[o]**

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) (continued)

Classification and measurement (continued)

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows (continued):

In RMB'000	HKAS 39 measurement			Re-	Remeasurement		HKFRS 9
	Notes	Category	Amount	classification	ECL	Other	Amount
Loans receivable		**L&R**	**3,376,243**	**(3,376,243)**	**-**	**-**	**N/A**
To: Debt investments at amortized 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 investments at FVOCI			N/A	143,250	-	-	143,250[b]

		HKFRS 9	
		Category	Subtotal amount
Financial assets at FVPL	a	FVPL	46,537,896
Debt investments at FVOCI	b	FVOCI	83,821,492
Equity investments at FVOCI	c	FVOCI	11,766,802
Debt investments at amortized cost	d	AC[2]	14,965,651
Loans and advances to customers	e	AC	6,303,333
Trade and notes receivables	f	AC	6,298,074
Cash and bank	g	AC	81,651,571
Term deposits	h	AC	964,496
Financial assets included in prepayments, other receivables and other assets	i	AC	10,993,132
Due from related companies	j	AC	12,309,468
Placements with and loans to banks and other financial institutions	k	AC	117,380
Finance lease receivables	l	AC	2,348,127
Policyholder account assets in respect of unit-linked contracts	m	AC	396,817
Policyholder account assets in respect of unit-linked contracts	n	FVPL	973,202
Insurance and reinsurance debtors	o	AC	9,084,241

[1]L&R: Loans and receivables
[2]AC: Amortized cost
[3]N/A: Not applicable
[4]FVPL: Financial assets at fair value through profit or loss
[5]FVOCI: Financial assets at fair value through other comprehensive income
[6]AFS: Available-for-sale investments

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) (continued)

Notes:

(i) The Group has elected the option to irrevocably designate certain of its previous available-for-sale equity investments as equity investments at fair value through other comprehensive income.

(ii) As of 1 January 2018, the Group classified debt investments previously classified as available-for-sale investments as debt investments at amortised cost. These instruments passed the contractual cash flow characteristics test in HKFRS 9, were not actively traded and were held with the intention to collect cash flows and without the intention to sell. The fair value of these instruments that the Group still held as at 31 December 2018 was RMB 9,503,468,000. The change in fair value of these instruments in 2018, that would have been recorded in other comprehensive loss had these instruments continued to be revalued through other comprehensive loss, would have been RMB 78,817,000.

(iii) The gross carrying amounts of the trade receivables under the column "HKAS 39 measurement – Amount" represent the amounts after adjustments for the adoption of HKFRS 15 but before the measurement of ECL. Further details of the adjustments for the adoption of HKFRS 15 are included in note 1.2 (c) to the financial statements.

(iv) As of 1 January 2018, the Group has assessed its liquidity portfolio of debt investments which had previously been classified as AFS debt investments. The objective of the Group in holding this liquidity portfolio is to earn interest income and, at the same time, manage everyday liquidity needs. The Group concluded that these debt investments are managed within a business model to collect contractual cash flows and to sell the financial assets. Accordingly, the Group has classified these investments as debt investments measured at fair value through other comprehensive income.

Impairment

The following table reconciles the aggregate opening impairment 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 amortized cost under HKFRS 9	724,108	68,369	792,477
Available-for-sale debt investment per HKAS 39/debt investment at amortized cost under HKFRS 9	-	1,994	1,994
Available-for-sale debt investment per HKAS 39/debt investment at FVOCI under HKFRS 9	1,131,889	425,129	1,557,018

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 to apply hedge accounting in accordance with HKAS 39.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) (continued)

Impact on reserves and retained earnings

The impact of transition to HKFRS 9 on reserves and retained earnings is as follows:

	Reserves and retained earnings RMB'000
Fair value reserve attributable to owners of the parent under HKFRS 9 (available-for-sale investment revaluation reserve under HKAS 39)	
Balance under HKAS 39 (31 December 2017)	5,718,058
Reversal of impairment losses under HKAS 39 for equity investments designated at fair value through other comprehensive income previously classified as available-for-sale investments	(213,522)
Reclassification of debt investment from available-for-sale to amortized cost	(117,912)
Reclassification of investment (debt and equity) from available-for-sale to FVPL	(3,277,096)
Recognition of expected credit losses under HKFRS 9 for debt investment 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 the overlay approach	1,675,371
Deferred tax in relation to the above	380,001
Balance under HKFRS 9 (1 January 2018)	4,523,835
Retained earnings attributable to owners of the parent under HKAS 39	
Balance under HKAS 39 (31 December 2017)	51,622,339
Reversal of impairment losses under HKAS 39 for equity investments designated at fair value through other comprehensive income previously classified as available-for-sale investments	213,522
Re-measurement impact of reclassifying financial assets held at amortized cost and available-for-sale at cost to FVPL	62,652
Reclassification of investment (debt and equity) from available-for-sale to FVPL	3,277,096
Recognition of expected credit losses under HKFRS 9	(422,290)
Reclassification between retained earnings and fair value reserve under the overlay approach	(1,675,371)
Deferred tax in relation to the above	(339,596)
Balance under HKFRS 9 (1 January 2018)	52,738,352
Total change in equity attributable to owners of the parent due to adopting HKFRS 9	**(78,210)**
Total change in non-controlling interests	**(10,999)**

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) HKFRS 15 and its amendments replace HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of HKFRS 15 was recognized as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of HKFRS 15:

	Notes	Increase/(decrease) RMB'000
Assets		
Non-current assets		
Property, plant and equipment	(ii)	17,100
Trade and notes receivables		(35,727)
Properties under development	(ii)	434,454
Contract assets and other assets		103,201
Total assets		519,028
Liabilities		
Contract liabilities	(i),(ii)	20,701,201
Accrued liabilities and other payables	(i)	(20,214,267)
Total liabilities		486,934
Equity		
Reserves		32,094

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) (continued)

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated statement of profit or loss for the year ended 31 December 2018:

	Notes	Amounts prepared under HKFRS 15 RMB'000	Previous HKFRS RMB'000	Increase/ (decrease) RMB'000
Revenue	(ii)	109,351,641	108,937,712	413,929
Cost of sales	(ii)	(67,728,602)	(67,412,048)	316,554
Gross profit		41,623,039	41,525,664	97,375
Selling and distribution expenses		(17,955,596)	(17,969,546)	(13,950)
Finance costs	(ii)	(7,230,418)	(7,153,262)	77,156
Profit before tax		21,994,570	21,960,400	34,170
Income tax expense		(4,985,054)	(4,976,065)	8,989
Profit for the year		17,009,516	16,984,335	25,181

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) (continued)

Consolidated statement of financial position as at 31 December 2018:

	Notes	HKFRS 15	Previous HKFRS	Increase/ (decrease)
		Amounts prepared under		
		RMB'000	RMB'000	RMB'000
Property, plant and equipment	(ii)	36,310,360	36,285,563	24,797
Trade and notes receivables		7,755,027	7,772,633	(17,606)
Completed properties for sale	(ii)	14,313,790	14,201,068	112,722
Properties under development	(ii)	27,860,035	27,478,504	381,531
Contract assets and other assets		99,030	-	99,030
Total assets		638,883,838	638,283,364	600,474
Contract liabilities	(i),(ii)	22,365,477	-	22,365,477
Accrued liabilities and other payables	(i)	27,466,126	49,044,681	(21,578,555)
Deferred tax liabilities		15,067,449	15,058,460	8,989
Other long term payables	(i)	10,585,968	10,838,678	(252,710)
Total liabilities		478,442,815	477,899,614	543,201
Net assets and total equity		160,441,023	160,383,750	57,273

The nature of the adjustments as at 1 January 2018 and the reasons for the significant changes in the statement of financial position as at 31 December 2018 and the statement of profit or loss for the year ended 31 December 2018 are described below:

(i) Consideration received from customers in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as accrued liabilities and other payables and other long term payables. Under HKFRS 15, the amount is classified as contract liabilities.

Therefore, upon adoption of HKFRS 15, accrued liabilities and other payables were decreased by RMB20,214,267,000 and contract liabilities were increased by RMB20,214,267,000, respectively, as at 1 January 2018 in relation to the consideration received from customers in advance.

As at 31 December 2018, the adoption of HKFRS 15 resulted in a decrease in accrued liabilities and other payables of RMB21,578,555,000, a decrease in other long term payables of RMB252,710,000 and increase in contract liabilities of RMB21,831,265,000 respectively.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) (continued)

(ii) Significant financing components within contracts

Before the adoption of HKFRS 15, revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Group. Upon adoption of HKFRS 15, in determining the transaction price, the Group adjusted the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer with a significant benefit of financing the transfer of goods or services to the customer.

Therefore, upon adoption of HKFRS 15, property, plant and equipment were increased by RMB17,100,000, properties under development were increased by RMB434,454,000 and contract liabilities were increased by RMB486,934,000, respectively, as at 1 January 2018.

As at 31 December 2018, the adoption of HKFRS 15 resulted in an increase in property, plant and equipment of RMB24,797,000, an increase in properties under development of RMB381,531,000, an increase in contract liabilities of RMB534,212,000, an increase in completed properties for sale of RMB112,722,000, an increase in finance cost of RMB77,156,000, an increase in revenue and cost of sales of RMB413,929,000 and RMB316,554,000, respectively.

(d) Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no significant impact on the financial position or performance of the Group.

(e) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015-2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] No mandatory effective date yet determined but available for adoption

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

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

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

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

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

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

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees - leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group will adopt HKFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognize the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statement of financial position immediately before the date of initial application.

The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. The group estimated that the right of use assets and lease liabilities will be recognized at 1 January 2019 and the impact on the opening balance of total equity as at 1 January 2019 will not be significant.

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

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020.

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

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

2. OPERATING SEGMENT INFORMATION

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

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

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

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

(iv) Finance segment mainly engages in the operation of and investment in the banking and other financial businesses; and

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

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

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

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

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

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2018

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem				
			Insurance	Finance	Investment	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	28,567,952	44,143,845	23,668,480	2,334,476	10,636,888	-	109,351,641
Inter-segment sales	525,328	11,467	-	148,197	90,423	(775,415)	-
Total revenue	29,093,280	44,155,312	23,668,480	2,482,673	10,727,311	(775,415)	109,351,641
Segment results	5,392,910	6,667,622	4,106,312	1,431,945	6,607,585	(40,141)	24,166,233
Unallocated expenses							(2,171,663)
Profit before tax	5,392,910	6,667,622	4,106,312	1,431,945	6,607,585	(40,141)	21,994,570
Tax	(494,371)	(3,284,283)	(831,867)	32,209	(389,487)	(17,255)	(4,985,054)
Profit for the year	4,898,539	3,383,339	3,274,445	1,464,154	6,218,098	(57,396)	17,009,516
Segment and total assets	86,877,645	143,824,338	185,550,344	76,530,808	162,000,251	(15,899,548)	638,883,838
Segment and total liabilities	41,250,149	78,009,200	146,403,234	56,911,226	172,709,826	(16,840,820)	478,442,815

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2018 (continued)

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem			Eliminations	Total
			Insurance	Finance	Investment		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information:							
Interest and dividend income	158,752	187,028	3,565,174	77,518	1,115,215	(553,907)	4,549,780
Other income and gains (excluding interest and dividend income)	3,009,759	4,466,781	5,803,774	386,125	1,023,573	489,105	15,179,117
Amount reported in profit or loss applying the overlay approach	-	-	2,742,521	-	-	-	2,742,521
Impairment losses recognized recognized in the statement of profit or loss, net	(170,725)	(13,031)	(93,553)	(88,407)	(226,628)	50,737	(541,607)
Finance costs	(1,018,923)	(875,549)	(194,197)	-	(5,420,168)	278,419	(7,230,418)
Share of profits and losses of							
- Joint ventures	(50,441)	(32,139)	-	-	1,862,287	-	1,779,707
- Associates	1,539,385	(589,425)	190,096	1,213,700	1,868,374	(43,896)	4,178,234
Depreciation and amortization	(1,356,132)	(1,175,755)	(399,400)	(52,161)	(844,789)	-	(3,828,237)
Research and development costs	(1,402,292)	(34,375)	(322)	(4,273)	(22,240)	1,113	(1,462,389)
Fair value gains on fair value adjustments of investment properties	-	46,522	290,391	-	96,016	-	432,929
Fair value (loss)/gain on financial assets at fair value through profit or loss	(193,283)	2,424,854	(4,589,284)	(229,361)	2,001,881	-	(585,193)
Investments in joint ventures	462,867	991,389	938,257	-	22,499,382	-	24,891,895
Investments in associates	26,552,936	17,662,942	8,004,198	11,489,224	21,149,867	(775,037)	84,084,130
Capital expenditure*	3,671,615	3,340,944	1,901,731	81,891	3,934,525	-	12,930,706

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2017(restated)

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem				
			Insurance	Finance	Investment	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	22,078,850	25,455,592	26,133,292	1,700,914	12,656,521	-	88,025,169
Inter-segment sales	407,412	-	-	135,304	120,157	(662,873)	-
Total revenue	22,486,262	25,455,592	26,133,292	1,836,218	12,776,678	(662,873)	88,025,169
Segment results	4,496,160	4,642,384	4,356,438	1,413,628	10,188,017	(35,124)	25,061,503
Unallocated expenses							(2,090,508)
Profit before tax	4,496,160	4,642,384	4,356,438	1,413,628	10,188,017	(35,124)	22,970,995
Tax	(517,281)	(1,694,171)	(866,153)	(100,188)	(2,995,426)	(1,743)	(6,174,962)
Profit for the year	3,978,879	2,948,213	3,490,285	1,313,440	7,192,591	(36,867)	16,796,033
Segment and total assets	74,436,631	79,346,675	176,130,430	65,623,827	152,464,193	(14,213,702)	533,788,054
Segment and total liabilities	35,882,453	54,238,985	136,152,715	48,927,028	144,240,980	(22,066,388)	397,375,773

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2017 (restated) (continued)

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem				
			Insurance	Finance	Investment	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information:							
Interest and dividend income	113,386	80,500	3,135,364	289,895	761,677	(156,197)	4,224,625
Other income and gains (excluding interest and dividend income)	1,458,534	1,583,265	5,964,122	211,706	11,214,879	(128,053)	20,304,453
Impairment losses recognized in the statement of profit or loss, net	(65,478)	(90,297)	(726,167)	(38,129)	(1,084,523)	-	(2,004,594)
Finance costs	(635,647)	(915,452)	(206,826)	(400)	(4,209,818)	384,391	(5,583,752)
Share of profits and losses of							
- Joint ventures	(10,134)	(19,290)	(60,078)	-	1,582,054	-	1,492,552
- Associates	1,379,233	258,445	207,594	889,687	324,896	(38,765)	3,021,090
Depreciation and amortization	(1,224,575)	(617,283)	(137,740)	(37,085)	(668,115)	-	(2,684,798)
Research and development costs	(940,533)	-	-	-	-	-	(940,533)
Fair value gains on fair value adjustments of investment properties	-	193,854	61,070	-	659,722	-	914,646
Fair value gains on financial assets at fair value through profit or loss	44,072	195,666	84,440	-	1,165,614	-	1,489,792
Investments in joint ventures	1,506,168	3,435	746,914	-	18,161,930	-	20,418,447
Investments in associates	20,993,174	6,717,075	8,199,953	10,014,101	16,389,323	(591,725)	61,721,901
Capital expenditure*	2,393,191	3,191,372	1,224,890	41,844	3,486,012	-	10,337,309

2. OPERATING SEGMENT INFORMATION (continued)

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

Geographical information

(a) Revenue from external customers

	2018 RMB'000	2017 RMB'000
Chinese Mainland	58,628,408	40,949,068
Portugal	16,197,962	14,753,495
Other countries and regions	34,525,271	32,322,606
	109,351,641	88,025,169

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

(b) Non-current assets

	2018 RMB'000	2017 RMB'000
Chinese Mainland	187,121,427	139,091,483
Hong Kong	3,686,002	3,585,888
Portugal	20,562,181	19,009,006
Other countries and regions	40,508,034	34,535,172
	251,877,644	196,221,549

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

Information about a major customer

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2018 and 2017.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

		2018 RMB'000	2017 RMB'000
Revenue from contracts with customers			
- Sale of goods	(1)	56,878,181	40,832,917
- Rendering of services	(2)	28,043,977	20,509,636
		84,922,158	61,342,553
Revenue from other sources			
- Insurance revenue	(3)	23,594,764	26,130,566
- Rental income		1,070,766	799,475
- Interest income		316,471	315,538
		24,982,001	27,245,579
Others			
- Less: Government surcharges		(552,518)	(562,963)
		109,351,641	88,025,169

(1) Sale of goods:

Pharmaceuticals and medical products	21,094,954	15,916,001
Properties	22,740,120	20,541,619
Gold and jewelleries	8,048,203	-
Ore products	1,298,815	2,641,111
Oil and gas	1,128,388	881,027
Others	2,567,701	853,159
	56,878,181	40,832,917

(2) Rendering of services:

Tourism	14,557,519	11,269,713
Healthcare	6,421,588	5,684,040
Property agency	438,558	453,560
Property management	1,273,977	737,440
Asset management	389,403	262,703
Fee and commission income	1,588,395	1,120,904
Others	3,374,537	981,276
	28,043,977	20,509,636

3. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of revenue is as follows: (continued)

	2018 RMB'000	2017 RMB'000
(3) Insurance revenue:		
Gross premiums written	28,377,536	31,088,732
Less: Premiums ceded to reinsurers and retrocessionaires	(4,041,918)	(4,528,772)
Net premiums written	24,335,618	26,559,960
Change in unearned premium provisions, net of reinsurance	(740,854)	(429,394)
Net earned premiums	23,594,764	26,130,566

3. REVENUE, OTHER INCOME AND GAINS (continued)

Disaggregated revenue information

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

For the year ended 31 December 2018

Segments:

	Health Ecosystem	Happiness Ecosystem	Wealth Ecosystem			
			Insurance	Finance	Investment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Type of goods or services						
Sale of goods	22,087,511	27,836,256	-	-	6,954,414	56,878,181
Rendering of services	6,682,248	16,460,240	73,790	2,020,366	2,807,333	28,043,977
	28,769,759	44,296,496	73,790	2,020,366	9,761,747	84,922,158
Timing of revenue recognition						
Goods transferred at a point in time	22,087,511	27,836,256	-	-	6,954,414	56,878,181
Services transferred over time	6,682,248	16,460,240	73,790	2,020,366	2,807,333	28,043,977
	28,769,759	44,296,496	73,790	2,020,366	9,761,747	84,922,158

3. REVENUE, OTHER INCOME AND GAINS (continued)

	2018 RMB'000	2017 RMB'000
Other income		
Interest income	757,874	703,938
Dividends and interests from available-for-sale investments	-	3,092,800
Dividends and interests from financial assets at fair value through profit or loss	1,368,533	427,887
Dividends from equity investments at fair value through other comprehensive income	49,189	-
Interests from debt investments at fair value through other comprehensive income	2,374,184	-
Rental income	537,157	937,371
Government grants	570,005	317,817
Consultancy and other service income	287,553	223,098
Fee income relating to investment contracts	493,955	641,972
Others	1,159,202	493,584
	7,597,652	6,838,467

3. REVENUE, OTHER INCOME AND GAINS (continued)

	2018 RMB'000	2017 RMB'000
Gains		
Gain on disposal of subsidiaries	45,059	2,323,121
Gain on bargain purchase of subsidiaries	3,706,384	234,355
Gain on bargain purchase of associates	-	1,239,698
Gain on disposal of associates	1,439,879	419,091
Gain on deemed disposal of investments in associates	2,069,071	56,307
Gain on disposal of joint ventures	-	280,594
Gain on disposal of available-for-sale investments	-	8,370,800
Gain on disposal of debt investments at fair value through other comprehensive income	2,136,148	-
Gain on disposal of items of property, plant and equipment	53,936	85,671
Gain on disposal of investment properties	5,201	330,922
Gain on disposal of non-current assets of a disposal group classified as held for sale	895,911	-
Reclassification of available-for-sale investment revaluation reserve from other comprehensive income to the statement of consolidated profit or loss upon disposal of a subsidiary	-	173,092
Reclassification of exchange fluctuation reserve from other comprehensive income to the statement of consolidated profit or loss upon disposal of a subsidiary	-	20,812
Gain on fair value adjustment on investments at fair value through profit or loss	-	1,489,792
Gain on derivative financial instruments	-	1,597,695
Gain on fair value adjustment of investment properties	432,929	914,646
Gain on reversal of impairment of completed properties for sale	14,864	1,674
Gain on reversal of impairment of insurance and reinsurance debtors	15,747	81,451
Gain on reversal of debt instruments at amortized cost	710	-
Exchange gain, net	1,315,406	70,890
	12,131,245	17,690,611
Other income and gains	19,728,897	24,529,078
Total revenue, other income and gains	129,080,538	112,554,247

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2018 RMB'000	2017 RMB'000
Interest on bank and other borrowings (including convertible bonds)	8,072,008	6,049,011
Incremental interest on other long term payables	9,203	32,790
	8,081,211	6,081,801
Less: Interest capitalized, in respect of bank and other borrowings	(1,230,761)	(963,703)
Interest expenses, net	6,850,450	5,118,098
Interest on discounted bills	9,490	7,211
Interest on finance leases	27,632	8,101
Bank charges and other financial costs	342,846	450,342
Total finance costs	7,230,418	5,583,752

5. PROFIT BEFORE TAX

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

	2018 RMB'000	2017 RMB'000
Cost of sales:		
Cost of inventories sold	32,327,010	22,333,226
Cost of services provided	35,401,592	33,541,669
	67,728,602	55,874,895
Staff costs:		
Wages and salaries	13,486,951	11,494,444
Accommodation benefits:		
Defined contribution fund	573,920	180,722
Retirement costs:		
Defined contribution fund	484,503	872,910
Defined benefit fund	159,359	163,429
Equity-settled share-based payments	372,432	114,438
Total staff costs	15,077,165	12,825,943

5. PROFIT BEFORE TAX (continued)

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

	2018 RMB'000	2017 RMB'000
Research and development costs	1,462,389	940,533
Auditor's remuneration	9,950	10,200
Depreciation of items of property, plant and equipment	2,546,476	1,794,203
Amortization of prepaid land lease payments	55,774	51,227
Amortization of mining rights	9,407	3,719
Amortization of oil and gas assets	241,084	309,292
Amortization of intangible assets	975,496	526,357
Impairment of financial and contract assets, net:		
- Impairment of receivables	66,793	340,134
- Impairment of debt investments measured at fair value through other comprehensive income	88,863	-
- Impairment of loans and advances to customers	89,801	35,042
- Reversal of impairment of insurance and reinsurance debtors	(15,747)	(81,451)
- Reversal of impairment of debt investments at amortized cost	(710)	-
Provision for inventories	64,713	29,336
Provision for impairment of items of property, plant and equipment	73,031	68,477
Provision for impairment of investments in associates	90,050	123,935
Provision for impairment of available-for-sale investments	-	1,275,571
Provision for impairment of intangible assets	12,252	10,814
Reversal of impairment of completed properties for sale	(14,864)	(1,674)
Provision for impairment of goodwill	87,425	122,959
Operating lease rentals	1,923,868	1,662,530
Exchange gain, net	(1,315,406)	(70,890)
Loss/(gain) on derivative financial instruments	1,790,822	(1,597,695)
Loss on disposal on investments at fair value through profit or loss	-	162,030
Loss on fair value adjustment of financial assets at fair value through profit or loss	585,193	-
Ineffectiveness of hedges	193,160	218,647

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Fosun Pharma incorporated in Israel, is based on a preferential effective rate of 8.44% (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% (2017: 29.5%).

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% (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% (2017: 34.43%).

The provision for income tax of Hauck & Aufhäuser Privatbankiers AG ("H&A") and its subsidiaries incorporated in Germany acquired by the Group in 2016, is based on a rate of 32.14% (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%.

6. TAX (continued)

The provision for income tax of entities incorporated in Chinese Mainland was based on a statutory rate of 25% (2017: 25%) as determined in accordance with the Enterprise Income Tax Law of the People's Republic of China which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Chinese Mainland, which were taxed at preferential rates of 0% to 20%.

The major components of tax expenses for the years ended 31 December 2018 and 2017 are as follows:

	2018 RMB'000	2017 RMB'000
Current - Portugal, Hong Kong and others	794,324	1,715,290
Current - Chinese Mainland		
- Income tax in Chinese Mainland for the year	2,302,745	2,001,495
- LAT in Chinese Mainland for the year	2,479,167	2,165,747
Deferred	(591,182)	292,430
Tax expenses for the year	4,985,054	6,174,962

6. TAX (continued)

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

During the year, the prepaid LAT of the Group amounted to RMB1,705,243,000 (2017: RMB1,680,098,000).

In addition, based on the latest understanding of the LAT regulations from the State Administration of Taxation, the Group made an additional LAT provision in the amount of RMB803,924,000 (2017: RMB1,033,920,000) in respect of the sales of properties in the year in accordance with the requirements set forth in the relevant PRC tax laws and regulations. During the year, an unpaid LAT provision in the amount of RMB30,000,000 (2017:RMB548,271,000) was reversed to the consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group. The net accrual of LAT provision for the year was RMB773,924,000 (2017: RMB485,649,000).

7. DIVIDENDS

	2018 RMB'000	2017 RMB'000
Proposed final – HKD0.37 (2017: HKD0.35) per ordinary share	2,770,863	2,512,496

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

On 26 March 2019, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2018 of HKD0.37 per ordinary share, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 8,560,362,611 (2017: 8,573,396,516) in issue during the year.

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

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

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

	Year ended 31 December 2018 RMB'000	2017 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	13,406,403	13,161,275
Less: Cash dividends distributed to the share award scheme	(3,195)	(1,877)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	13,403,208	13,159,398
Interest on convertible bonds	682	20,647
Cash dividends distributed to the share award scheme	3,195	1,877
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	13,407,085	13,181,922

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

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	8,560,362,611	8,573,396,516
Effect of dilution – weighted average number of ordinary shares:		
- Share award scheme	5,770,730	7,306,609
- Share option scheme	8,040,030	22,224,298
- Convertible bonds	2,089,041	28,216,712
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	8,576,262,412	8,631,144,135
Basic earnings per share (RMB)	1.57	1.53
Diluted earnings per share (RMB)	1.56	1.53

9. TRADE AND NOTES RECEIVABLES

	2018 RMB'000	2017 RMB'000
Trade receivables	6,715,368	5,324,958
Notes receivable	1,039,659	1,025,000
	7,755,027	6,349,958

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

	2018 RMB'000	2017 RMB'000
Outstanding balances with ages:		
Within 90 days	4,224,990	4,373,772
91 to 180 days	1,333,338	395,662
181 to 365 days	858,939	289,561
1 to 2 years	337,721	450,863
2 to 3 years	128,952	49,340
Over 3 years	113,760	67,354
	6,997,700	5,626,552
Less: Provision for impairment of trade receivables	(282,332)	(301,594)
	6,715,368	5,324,958

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

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

10. TRADE AND NOTES PAYABLES

	2018 RMB'000	2017 RMB'000
Trade payables	13,808,784	12,230,295
Notes payable	297,158	137,982
	14,105,942	12,368,277

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

	2018 RMB'000	2017 RMB'000
Outstanding balances with ages:		
Within 90 days	5,152,391	6,020,166
91 to 180 days	2,180,065	764,742
181 to 365 days	1,938,098	1,402,636
1 to 2 years	1,315,522	1,898,174
2 to 3 years	1,786,838	760,955
Over 3 years	1,435,870	1,383,622
	13,808,784	12,230,295

Trade and notes payables of the Group mainly arose from the Health Ecosystem segment and Happiness Ecosystem segment. The trade and notes payables are non-interest-bearing and the credit terms granted by the Group's suppliers are as follows:

	Credit terms
Health Ecosystem segment	0 to 360 days
Happiness Ecosystem segment	30 to 360 days

11. EVENTS AFTER THE REPORTING PERIOD

There was no significant event that took place after the reporting period and up to the date of approval of the financial statements.

CORPORATE GOVERNANCE

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

MODEL CODE

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

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

AUDIT COMMITTEE

During the Reporting Period, the audit committee of the Company (the "**Audit Committee**") comprises five independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Zhang Huaqiao, Mr. David T. Zhang, Mr. Yang Chao and Dr. Lee Kai-Fu. The main duties of the Audit Committee are to review the financial statements and reports; to review the relationship with the external auditors and to review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control system. The Company's annual results for the year ended 31 December 2018 have been reviewed by the Audit Committee.

ESTABLISHMENT OF ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE

The Group has established an Environment, Social and Governance Committee (the "**ESG Committee**") on 26 March 2019, comprising seven Directors, namely Mr. Yang Chao (Chairman), Mr. Qin Xuetang, Mr. Wang Can, Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang and Dr. Lee Kai-Fu. The ESG Committee is established to assist the Board in providing direction on and overseeing the development and implementation of the environmental, social and governance initiatives of the Group, including (i) corporate sustainability initiatives; (ii) environmental protection initiatives; and (iii) philanthropic and community investment initiatives.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Wednesday, 5 June 2019. The notice of AGM will be published on the websites of the Company (www.fosun.com) and the Hong Kong Stock Exchange (www.hkexnews.hk) and dispatched to the shareholders of the Company.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of HKD0.37 per Share for the year ended 31 December 2018 to the shareholders of the Company whose names appear on the register of members of the Company on 17 June 2019. Subject to approval by the shareholders of the Company at the AGM, the proposed final dividend is expected to be paid on or around 16 July 2019 to the shareholders of the Company.

The register of members of the Company will be closed from Friday, 31 May 2019 to Wednesday, 5 June 2019, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with Computershare Hong Kong Investor Services Limited, the share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "**Share Registrar**"), for registration no later than 4:30 p.m. on Thursday, 30 May 2019.

The register of members of the Company will also be closed from Thursday, 13 June 2019 to Monday, 17 June 2019, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be proposed at the AGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Wednesday, 12 June 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 55,858,500 Shares on the Hong Kong Stock Exchange at an aggregate consideration of HKD824,961,449.28. All the repurchased Shares were cancelled.

Details of the repurchase are summarized as follows:

Month of repurchase	Total number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Total purchase price paid HKD
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
July 2018	4,260,000	14.24	13.82	59,774,449.85
August 2018	4,514,500	14.56	14.14	64,807,029.95
September 2018	19,876,500	14.24	12.96	272,349,000.38
October 2018	1,908,000	12.84	12.78	24,432,060.01
Total	**55,858,500**	**-**	**-**	**824,961,449.28**

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on 25 March 2015, unless otherwise defined, the capitalized terms set out herein shall have the same meanings as set out in the circular of the Company dated 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 the 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 Shares (the "**New Award Shares**") pursuant to a specific mandate obtained in the annual general meeting; 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 Trustee Limited (the

"**Trustee**") to the selected participants upon expiry of the respective vesting period. As at the end of the Reporting Period, the New Award Shares have been fully issued to the Trustee.

SHARE OPTION SCHEME

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

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.

FORWARD-LOOKING STATEMENTS

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

ANNUAL REPORT

This results announcement is published on the websites of the Company (www.fosun.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The annual report will be dispatched to the shareholders of the Company and published on both websites on or before 30 April 2019.

GLOSSARY

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

Formula

Adjusted NAV per share	=	[market value of listed investments held at the group level + the fair value of unlisted investments estimated by the management utilizing precedent transactions analysis or comparable company analysis - the net debt at the group level]/total issued number of shares of the Company
EBITDA	=	profit for the year + tax + net interest expenditures + depreciation and amortisation
Interest coverage	=	EBITDA/net interest expenditures
Net debt	=	total debt – cash and bank and term deposits
Net gearing ratio	=	net debt/shareholder's equity
Net interest expenditures	=	Interest expenses, net + interest on discounted bills + interest on finance leases
ROE	=	profit attributable to owners of the parent for the year/[(opening balance of equity attributable to owners of the parent + ending balance of equity attributable to owners of the parent)/2]
Total debt	=	current and non-current interest-bearing borrowings + convertible bonds
Total debt to total capital ratio	=	total debts/(shareholder's equity + total debt)

Abbreviations

AHAVA	AHAVA Dead Sea Laboratories Ltd.
Aitrox	Shanghai Aitrox Information Technology Co., Ltd (上海杏脈信息科技有限公司)
AmeriTrust	AmeriTrust Group, Inc. (formerly known as Meadowbrook Insurance Group, Inc.)

Babytree	Babytree Group, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01761
Baihe Jiayuan	Baihe Jiayuan Network Group Co., Ltd (百合佳緣網絡集團股份有限公司), a company listed on the NEEQ with stock code 834214
BCP	Banco Comercial Português, S.A., a company whose shares are listed on the Euronext Lisbon with stock code BCP
Besino Environment	Besino Environment Ltd. (柏中環境科技（上海）有限公司)
the Board	the board of Directors
BRL	Brazil Real, the official currency of Brazil
Cainiao	Cainiao Network Technology Co., Ltd. (菜鳥網絡科技有限公司)
Caruso	Raffaele Caruso S.p.A.
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
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.
Fonova	Shanghai Fonova Information Technology Co., Ltd. (上海星際信息科技有限公司)
Fosun Capital	Shanghai Fosun Capital Investment Management Co., Ltd. (上海復星創富投資管理股份有限公司)
Fosun Hani Securities	Fosun Hani Securities Limited
Fosun Insurance Portugal	Fidelidade, Multicare and Fidelidade Assistência
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥（集團）股份有限公司), a company whose A shares are listed on the

	SSE with stock code 600196, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 02196
Fosun United Health Insurance	Fosun United Health Insurance Co., Ltd (復星聯合健康保險股份有限公司)
FTG	Fosun Tourism Group, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01992
GBP	Pound Sterling, the official currency of United Kingdom
GFA	gross floor area
the Group or Fosun	the Company and its subsidiaries
H&A	Hauck & Aufhäuser Privatbankiers AG (formerly known as Hauck & Aufhäuser Privatbankiers KGaA)
Hainan Mining	Hainan Mining Co., Ltd. (海南礦業股份有限公司), 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), who has been delisted from the Euronext Lisbon in November 2018
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. (浙江網商銀行股份有限公司)

Nanjing Iron & Steel	Nanjing Iron and Steel Co., Ltd. (南京鋼鐵股份有限公司), a company whose A share are listed on the SSE with stock code 600282
Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd. (南京南鋼鋼鐵聯合有限公司)
NEEQ	National Equities Exchange and Quotations
Peak Reinsurance	Peak Reinsurance Company Limited
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd. (復星保德信人壽保險有限公司)
PRC or China	the People's Republic of China
Reporting Period	the year ended 31 December 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. (北京三元食品股份有限公司), a company whose A shares are listed on the SSE with stock code 600429
Shanghai Henlius	Shanghai Henlius Biotech Co., Ltd. (上海復宏漢霖生物技術股份有限公司)
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
SSE	the Shanghai Stock Exchange
Starcastle Senior Living	Shanghai Starcastle Senior Living Co., Ltd. (上海星堡老年服務有限公司)
St Hubert	St Hubert SAS
Thomas Cook	Thomas Cook Group plc, a company whose shares are listed on the London Stock Exchange with stock code TCG
Tom Tailor	TOM TAILOR Holding SE, a company whose shares are listed on the Frankfurt Stock Exchange with stock code TTI

Tsingtao Brewery	Tsingtao Brewery Company Limited (青島啤酒股份有限公司), a company whose A shares are listed on the SSE with stock code 600600, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 00168
USD	United States dollars, the official currency of the United States
Wolford	Wolford AG, a company whose shares are listed on the Vienna Stock Exchange with stock code WOL
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited (永安財產保險股份有限公司)
Yuyuan	Shanghai Yuyuan Tourist Mart Co., Ltd. (上海豫園旅遊商城股份有限公司), 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

26 March 2019

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 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.