IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) OUTSIDE OF THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering circular. In accessing the offering circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED THEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS OR TO ANY U.S. PERSON. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES.

Confirmation and your representation: In order to be eligible to view the offering circular or make an investment decision with respect to the securities described therein, investors must be non-U.S. persons (as defined in Regulation S under the Securities Act) outside the United States. By accepting the e-mail and accessing the offering circular, you shall be deemed to have represented to us that (1) you and any customers you represent are non-U.S. persons outside the United States and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) you consent to delivery of such offering circular by electronic transmission.

The attached offering circular is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129 (and any amendments thereto) (the "EU Prospectus Regulation"). The attached offering circular has been prepared on the basis that all offers of the Securities made to persons in the European Economic Area (the "EEA") will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to produce a prospectus in connection with offers of the Securities.

Prohibition of sales to EEA retail investors—The securities described in the attached offering circular are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU as amended ("MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 as amended (the "PRIIPs Regulation") for offering or selling the securities described in the attached offering circular or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities described in the attached offering circular or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of sales to UK retail investors—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes: a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance/Professional investors and ECPs only target market—Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the securities described in the attached offering circular has led to the conclusion that: (i) the target market for the securities described in the attached offering circular is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the securities described in the attached offering circular to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the securities described in the attached offering circular (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the securities described in the attached offering circular (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

The communication of the attached offering circular and any other document or materials relating to the issue of the securities described in the attached offering circular is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the UK's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the UK who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the UK, the securities described in the attached offering circular are only available to, and any investment or investment activity to which the attached offering circular relates will be engaged in only with, relevant persons. Any person in the UK that is not a relevant person should not act or rely on the attached offering circular or any of its contents.

You are reminded that the offering circular has been delivered to you on the basis that you are a person into whose possession the offering circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the offering circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

The offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of Deutsche Bank AG, Singapore Branch, BNP Paribas, China CITIC Bank International Limited, Fosun International Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, Natixis, Standard Chartered Bank, Crédit Agricole Corporate and Investment Bank, CMB International Capital Limited and ICBC International Securities Limited as the initial purchasers (the "Initial Purchasers"), the Trustee or the Agents (as defined in the Offering Circular) or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Offering Circular

Fortune Star (BVI) Limited

(incorporated in the British Virgin Islands with limited liability)

US$300,000,000 8.50% Senior Notes Due 2028

Issue Price: 100.00%

UNCONDITIONALLY and IRREVOCABLY GUARANTEED BY

FOSUN 复星

FOSUN INTERNATIONAL LIMITED

(a company incorporated with limited liability under the Companies Ordinance of Hong Kong)

The US$300,000,000 8.50% Senior Notes due 2028 (the "Notes") to be issued by Fortune Star (BVI) Limited (the "Issuer") will bear interest from and including November 19, 2024 (the "Issue Date") at the rate of 8.50% per annum, payable semi-annually in arrears on May 19 and November 19 of each year, commencing May 19, 2025. The Notes will mature on May 19, 2028.

The Notes are obligations of the Issuer, unconditionally and irrevocably guaranteed by Fosun International Limited (the "Company" or the "Parent Guarantor"). We refer to the guarantee by the Parent Guarantor as the Parent Guarantee.

The Issuer is a wholly owned subsidiary of the Parent Guarantor established to issue the Notes, among other things.

At any time and from time to time on or after November 19, 2026, the Issuer may at its option redeem the Notes, in whole or in part, at the redemption prices as set forth under "Description of the Notes—Optional Redemption" plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time prior to November 19, 2026, the Issuer may redeem up to 35% of the Notes, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, in each case, using the net cash proceeds from sales of certain kinds of capital stock. In addition, the Issuer may redeem the Notes at any time prior to November 19, 2026, in whole or in part, at a price equal to 100% of the principal amount of the Notes plus (i) accrued and unpaid interest (if any) to the redemption date and (ii) a premium as set forth in this Offering Circular. Upon occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Notes among the Issuer, the Parent Guarantor and The Bank of New York Mellon, London Branch, as Trustee (the "Indenture")), the Issuer or the Parent Guarantor will make an offer to purchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of purchase. The Issuer may redeem all but not some of the Notes upon the occurrence of certain changes in applicable tax laws at 100% of their principal amount plus accrued and unpaid interest.

The Notes are (1) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes, (2) unsecured obligations, ranking at least *pari passu* in right of payment against the Issuer with all other unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law) including the 5.95% Senior Notes due 2025 of the Issuer (the "October 2020 Notes"), the 5.05% Senior Notes due 2027 of the Issuer (the "January 2021 Notes"), the 5.0% Senior Notes due 2026 of the Issuer (the "May 2021 Notes") and the 3.95% Senior Notes due 2026 of the Issuer (the "July 2021 Notes" and, together with the October 2020 Notes, the January 2021 Notes and the May 2021 Notes, the "Existing Indebtedness"), (3) effectively subordinated to all secured obligations of the Parent Guarantor, to the extent of the assets serving as security therefor, and (4) effectively subordinated to all secured obligations of the Issuer, to the extent of the assets serving as security therefor. In addition, applicable law may limit the enforceability of the Parent Guarantee. See "Risk Factors—Risks Relating to the Notes and the Parent Guarantee."

For a more detailed description of the Notes, see the section entitled "Description of the Notes" beginning on page 151.

We are concurrently conducting an offer to purchase for cash of the October 2020 Notes (the "Concurrent Offer to Purchase"). We intend to finance the Concurrent Offer to Purchase with proceeds from this offering and/or our working capital.

Pursuant to the Administrative Measures for Review and Registration of Medium- and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法, the "NDRC Measures") promulgated on January 5, 2023, which came into effect on February 10, 2023, we have registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC dated April 15, 2024 evidencing such registration. Pursuant to the registration certificate we will report relevant information relating to the issuance of the Notes and our main operational indicators to the NDRC within 10 PRC working days after the issue date of the Notes, and we will also report relevant information relating to the issuance of any notes to the NDRC within 10 PRC working days after expiration of such registration certificate.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 12.

Approval-in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Parent Guarantor, our subsidiaries, associated companies or the Notes. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US$200,000.

The Notes and the Parent Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities law of any other jurisdiction. The Notes are being offered and sold only to non-U.S. persons outside the United States in offshore transactions in reliance upon Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see "Transfer Restrictions" beginning on page 192.

It is expected that the delivery of the Notes will be made on or about November 19, 2024 through the book-entry facilities of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream") against payment therefor in immediately available funds.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Deutsche Bank **BNP PARIBAS** **China CITIC Bank International**

Fosun International Securities **HSBC** **Natixis** **Standard Chartered Bank**

Joint Bookrunners and Joint Lead Managers

Crédit Agricole CIB **CMB International** **ICBC International**

The date of this Offering Circular is November 12, 2024.

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This Offering Circular does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction.

Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Offering Circular or that the information contained in this Offering Circular is correct as of any time after that date.

In making your investment decision, you should rely only on the information contained in this Offering Circular. We have not authorized any person to provide you with any information or represent anything about us or this offering that is not contained in this Offering Circular. If given or made, any such other information or representation should not be relied upon as having been authorized by us, Deutsche Bank AG, Singapore Branch, BNP Paribas, China CITIC Bank International Limited, Fosun International Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, Natixis, Standard Chartered Bank, Crédit Agricole Corporate and Investment Bank, CMB International Capital Limited and ICBC International Securities Limited as initial purchasers (collectively, the "Initial Purchasers") or the Trustee.

You should not assume that the information contained in this Offering Circular is accurate as of any date other than the date of this Offering Circular. Our business, financial condition, results of operations and prospects may have changed since that date.

We are providing this Offering Circular solely for the purpose of enabling you to consider a purchase of the Notes. You should read this Offering Circular before making a decision whether to purchase the Notes. You must not use this Offering Circular for any other purpose, or disclose any information in this Offering Circular to any other person.

We have prepared this Offering Circular, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have made acknowledgements, representations and agreements set forth under "Transfer Restrictions."

None of the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent or the Registrar makes any express or implied representation or warranty as to the accuracy or completeness of the information set forth herein, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent or the Registrar whether as to the past or the future. The Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent and the Registrar have not independently verified such information and assume no responsibility for its accuracy or completeness. To the fullest extent permitted by law, none of the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent and the Registrar, accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent or the Registrar or on its behalf in connection with the Issuer, the Parent Guarantor, or the issue and offering of the Notes. Each of the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent and the Registrar accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. Each person receiving this Offering Circular acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers, the Trustee, the Paying Agent, the Transfer Agent or the Registrar or any person affiliated with such persons in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us and our subsidiaries and affiliates, or the Notes (other than as contained herein) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Trustee, the Paying Agent, the Transfer Agent or the Registrar. Notwithstanding anything herein to the contrary, the Paying Agent, the Transfer Agent and the Registrar are solely agents for the Issuer or the Trustee, as the case may be, and at no time assume duties, obligations or a position of trust for the holders of the Notes. Each of the Issuer and the Company accepts full responsibility for the information contained in this Offering Circular. To the best knowledge of each of the Issuer and the Company, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Notes and the Parent Guarantee have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

We are not making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this Offering Circular and the offering of the Notes may in certain jurisdictions be restricted by law. Persons into whose possession this Offering Circular comes are required by us to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular, see "Transfer Restrictions." This Offering Circular summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this Offering Circular. In making an investment decision, you must rely on your own examination of us and our subsidiaries and affiliates, as well as the terms of the offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this Offering Circular to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

This Offering Circular is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129 (the "EU Prospectus Regulation"). This Offering Circular has been prepared on the basis that all offers of the Notes made to persons in the European Economic Area (the "EEA") will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to produce a prospectus in connection with offers of the Notes.

Prohibition of sales to EEA retail investors—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU as amended ("MiFID II"): or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 as amended (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes: (a) a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance/Professional investors and ECPs only target market—Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

The communication of this Offering Circular and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the UK's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the UK who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the UK, the Notes offered hereby are only available to, and any investment or investment activity to which this Offering Circular relates will be engaged in only with, relevant persons. Any person in the UK that is not a relevant person should not act or rely on this Offering Circular or any of its contents.

We and the Initial Purchasers reserve the right to reject any offer to purchase any of the Notes for any reason, or to sell less than the principal amount of the Notes for which any prospective purchaser has subscribed. The Paying Agent, the Transfer Agent, the Trustee, the Registrar and certain related entities may acquire a portion of the Notes for their own account.

You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Circular. You must also obtain any consents or approvals that you need in order to purchase the Notes. None of us, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar and the Paying Agent is responsible for your compliance with these legal requirements.

The Notes are subject to restrictions on transfer and resale that are described under "Transfer Restrictions." By purchasing any Notes, you represent and agree to all of the provisions contained in that section of this Offering Circular. You may have to bear the financial risks of investing in our Notes for an indefinite period of time.

In connection with the offering of the Notes, Deutsche Bank AG, Singapore Branch, as the stabilizing manager, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, it may over-allot the offering, creating a syndicate short position. In addition, it may bid for, and purchase, the Notes in the open market to cover syndicate shorts or to stabilize the price of the Notes. Any of these activities may stabilize or maintain the market price of the Notes above independent market levels. Deutsche Bank AG, Singapore Branch, as the stabilizing manager, is not required to engage in these activities, and may end any of these activities at any time. For a description of these activities, see "Plan of Distribution."

Each Initial Purchaser has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct—Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including certain Initial Purchasers, are "capital market intermediaries" (together, the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "SFC Code"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors.

Certain CMIs may also be acting as "overall coordinators" (together, the "OCs") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Company, a CMI or its group companies would be considered under the SFC Code as having an association (an "Association") with the Issuer, the Company, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Initial Purchaser, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Initial Purchaser or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Initial Purchaser, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Initial Purchaser when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Initial Purchasers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Company, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this Offering Circular using certain definitions and conventions which you should consider when reading the information contained herein.

REFERENCES TO OUR COMPANY

Fosun International

When we use the terms "the Company," "Parent Guarantor," "our Company," and "Fosun International," we are referring to Fosun International Limited (復星國際有限公司).

When we use the term "our Group," we are referring to Fosun International Limited (復星國際有限公司) and all of its subsidiaries.

When we use the terms "we," "us," "our" and words of similar import, we are referring to Fosun International Limited (復星國際有限公司) by itself or to Fosun International Limited (復星國際有限公司) and all of its subsidiaries and joint ventures collectively as the context requires.

Fosun High Technology

When we use the term "Fosun High Technology" and words of similar import, we are referring to Shanghai Fosun High Technology (Group) Company, Ltd. (上海復星高科技(集團)有限公司) by itself, or to Shanghai Fosun High Technology (Group) Co., Ltd. and its subsidiaries and joint ventures collectively as the context requires. Fosun High Technology is a direct wholly owned subsidiary of Fosun International.

Our Business

We aim to achieve growth by operational excellence and increase product competitiveness through innovation as an innovation-driven consumer group, focusing on:

- our health segment (the "Health segment"), which includes three major sectors: pharmaceutical ("Pharmaceutical"), devices & diagnosis ("Devices & Diagnosis") and healthcare services & consumption ("Healthcare Services & Consumption");

- our happiness segment (the "Happiness segment"), which includes two major sectors: brand consumer ("Brand Consumer") and tourism & leisure ("Tourism & Leisure");

- our wealth segment (the "Wealth segment"), which includes two major sectors: insurance ("Insurance") and asset management ("Asset Management"); and

- our intelligent manufacturing segment (the "Intelligent Manufacturing segment"), which includes two major sectors: resources & environment ("Resources & Environment") and technology & intelligent manufacturing ("Technology & Intelligent Manufacturing").

Our Portfolio Companies

We are a holding company with a diversified portfolio of companies that operate in different industries. Our portfolio companies include subsidiaries, joint ventures, associates and other investee companies. When we use the term "portfolio companies," we are referring to operating entities through which our business is conducted.

Our Parent Companies

"Fosun Holdings" means Fosun Holdings Limited, a company incorporated in Hong Kong and the owner of 73.35% of our outstanding share capital as of June 30, 2024. The remaining 26.65% of our share capital was publicly owned and traded on the Hong Kong Stock Exchange.

"Fosun International Holdings" means Fosun International Holdings Ltd., a company incorporated in the British Virgin Islands and the owner of 100% of the share capital of Fosun Holdings.

COUNTRIES AND REGIONS

"BVI" means the British Virgin Islands.

"China" and the "PRC" mean the People's Republic of China. References to "China" or the "PRC," for purposes of this Offering Circular, do not include Hong Kong, Macau or Taiwan.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Macau" means the Macau Special Administrative Region of the People's Republic of China.

"U.S." means the United States of America.

GOVERNMENT AND ADMINISTRATIVE AGENCIES

"CBIRC" means the China Banking and Insurance Regulatory Commission and its subordinate agencies, previously known as China Banking Regulatory Commission and China Insurance Regulatory Commission before their consolidation in 2018.

"CSRC" means the China Securities Regulatory Commission and its subordinate agencies.

"Hong Kong Stock Exchange" means The Stock Exchange of Hong Kong Limited.

"MLR" means the Ministry of Land and Resources of the PRC, which was reorganized in 2018 to form the Ministry of Natural Resources.

"MOFCOM" means the Ministry of Commerce of the PRC.

"MOHURD" means the Ministry of Housing and Urban and Rural Development of the PRC.

"NDRC" means the National Development and Reform Commission of the PRC.

"OCI" means Hong Kong Office of the Commissioner of Insurance.

"PBOC" means the People's Bank of China, the central bank of the PRC.

"PRC government" means the central government of the PRC and all political subdivisions and instrumentalities thereof, including provincial, municipal and other regional and local governmental entities, or, where the context requires, any of them.

"SAFE" means the State Administration of Foreign Exchange of the PRC.

"SAMR" means the State Administration for Market Regulation of the PRC and its subordinated agencies, previously known as the State Administration for Industry and Commerce of the PRC before its consolidation in 2018.

"NMPA" means the National Medical Product Administration of the PRC, the successor of the China Food and Drug Administration.

PUBLICLY TRADED SHARES

"A shares" means ordinary shares that are listed and traded on the SSE or the Shenzhen Stock Exchange.

"H shares" means ordinary shares of PRC companies, with nominal value in Renminbi, that are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars.

CURRENCY PRESENTATION

References in this Offering Circular to "U.S. dollars" and "US$" are to United States dollars; references to "H.K. dollars" and "HK$" are to Hong Kong dollars, the lawful currency of Hong Kong; references to "RMB" or "Renminbi" are to Renminbi, the lawful currency of the PRC; and references to "Euro" or "€" or "EUR" are to the euro, the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the treaty establishing the European Community, as amended from time to time.

Solely for the convenience of the reader, this Offering Circular contains translations of certain H.K. dollars, RMB and Euro amounts into U.S. dollars. All H.K. dollars translations have been made at the rate of HK$7.8083 to US$1.00, the noon buying rate for U.S. dollars in The City of New York for cable transfers in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2024. All translations from RMB to U.S. dollars have been made at a rate of RMB7.2672 to US$1.00, the noon buying rate for U.S. dollars in The City of New York for cable transfers in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2024. All translations from Euro to U.S. dollars have been made at a rate of EUR1.0711 to US$1.00, the noon buying rate for U.S. dollars in The City of New York for cable transfers in Euro as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2024. See "Exchange Rate Information" in this Offering Circular. No representation is made that the H.K. dollars, Euro and RMB amounts stated herein could have been, or could be, converted into U.S. dollars at such rates or at any other rate.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements, including those regarding our future financial condition and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and statements that include the words "believe," "expect," "aim," "intend," "plan," "will," "may," "anticipate," "seek," "should" or similar expressions. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include the following:

- disruption in the global capital markets;
- volatility in the markets for iron ore and other metal products, real properties and pharmaceutical products in China;
- general political and economic conditions, including those related to China, trade disputes between China and the United States, and developments in the PRC legal system;
- our ability to effectively manage a diversified investment portfolio consisting of companies in different industries;
- our ability to grow our new business segments as we anticipate;
- possible disruptions to commercial activities due to natural or human-induced disasters, including terrorist activities, armed conflict, epidemics, pandemics and other disasters;
- exchange rate fluctuations;
- increasing competition in, and the conditions of, the relevant global and PRC industries in which our portfolio companies operate;
- significant movements in the price for the raw materials on which we rely;
- PRC government policies affecting property development in China, such as mortgage rates, minimum down payment requirements, restrictions on resales and other restrictions, or affecting the mining industries, including industrial licensing, environmental regulations, safety regulations, import restrictions and duties, excise duties, sales taxes and other taxes;
- changes in designed, expected or estimated production capacity or utilization of our existing or new facilities in our health and resources businesses;

- our ability to develop, or otherwise obtain the right to use, technologies and intellectual properties and to develop new products so as to maintain our competitiveness in the pharmaceutical industry;

- our ability to obtain, maintain, renew and comply with the requirements of licenses, permits and other governmental authorizations required to conduct our operations; and

- other operating risks and factors identified in this Offering Circular.

Additional factors that could cause actual results, performance or achievements to differ materially include those discussed under the section headed "Risk Factors" in this Offering Circular and elsewhere in this Offering Circular. We caution you not to place undue reliance on these forward-looking statements, which reflect our view only as of the date of this Offering Circular of the opportunities and risks facing our businesses. We disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated in the BVI. Any final and conclusive monetary judgment for a definite sum obtained against the Issuer in a competent foreign court in respect of the Notes would be treated by the courts of the BVI as a cause of action in itself and sued upon as a debt at common law so that no retrial of the issues would be necessary provided that:

(i) the foreign court had jurisdiction in the matter and the Issuer either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;

(ii) the judgment given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations;

(iii) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the foreign court;

(iv) recognition or enforcement of the judgment would not be contrary to BVI public policy; and

(v) the proceedings pursuant to which judgment was obtained were not contrary to the principles of natural justice.

Fosun International is a company incorporated in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). All of Fosun International's directors and executive officers reside in the PRC or in Hong Kong. All or a substantial portion of the assets of such persons and Fosun International are located outside the United States. As a result, purchasers of the Notes might not be able to effect service of process within the United States upon such persons or Fosun International or to enforce against them United States court judgments predicated upon the civil liability provisions of the federal securities laws of the United States. In practice, judgments of U.S. courts are often difficult or impossible to enforce in Hong Kong. While U.S. court civil judgments for a monetary sum in respect of private law liabilities are, in principle, enforceable in Hong Kong if certain criteria are satisfied (relating to matters including jurisdiction, finality, due process and the absence of fraud), those criteria are often not satisfied and even where they are, arguably, satisfied, the procedure for demonstrating this often proves costly, time-consuming and uncertain. Where the U.S. court judgment is based on the civil liability provisions of the U.S. federal securities laws, the defendant will often have scope for raising a further objection to the effect that such liabilities are, in substance, public or penal in nature and, as such, unenforceable in Hong Kong.

In addition, purchasers of the Notes should be aware that there is uncertainty as to whether the courts of the PRC would (i) enforce judgments of U.S. courts obtained against Fosun International or its directors and executive officers predicated upon the civil liability provisions of the U.S. federal or state securities laws or (ii) entertain original actions brought in the PRC against Fosun International or its directors and executive officers predicated upon the U.S. federal or state securities laws.

We have appointed Fosun Management (US) Inc. as our agent to receive process with respect to any action brought against us in any New York State or United States Federal court sitting in the Borough of Manhattan, The City of New York, in relation to the indenture governing the Notes.

PRESENTATION OF FINANCIAL INFORMATION

We have prepared our consolidated financial statements in accordance with HKFRS (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The summary financial data as of and for the years ended December 31, 2022 and 2023 set forth herein have been derived from our consolidated financial statements for the year ended December 31, 2023, which have been audited by Ernst & Young, our independent auditors, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with such consolidated financial statements, including the notes thereto.

The summary unaudited consolidated financial information as of and for the six months ended June 30, 2023 and 2024 set forth herein is derived from our unaudited condensed consolidated financial statements for the six months ended June 30, 2024, which have been reviewed by Ernst & Young, our independent auditors, and are included elsewhere in this offering circular, and should be read in conjunction with such unaudited condensed consolidated financial statements, including the notes thereto. Consequently the unaudited financial information for the six months ended June 30, 2023 and 2024 should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Our financial position and results of operations as of and for the six months ended June 30, 2024 should not be taken as an indication of the expected financial position and results of operations as at and for the full year ending December 31, 2024.

To reflect the change in accounting policy and the adoption of the revised HKFRS, the opening balances as of January 1, 2022 and comparative financial information as of and for the year ended December 31, 2022 have been restated in our audited consolidated financial statements as of and for the year ended December 31, 2023. Please refer to Note 2 starting on page F-68 of this Offering Circular. Investors are advised to exercise caution when reviewing our financial statements.

SUMMARY

The overview below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this overview. Prospective investors should therefore read this Offering Circular in its entirety.

OVERVIEW

Rooted in China, we have built Fosun/family client to maker (FC2M) ecosystems in Health, Happiness, Wealth and Intelligent Manufacturing segments and we aim to provide top quality products and services for families around the world. Owing to our robust growth since our inception, coupled with the resilience in weathering economic uncertainties, we have established a solid business model that thrives on China's economic growth, urbanization and industrialization. With proven experience in managing different businesses across the globe, we have successfully nurtured our core businesses into prominent market players with reputable brands in their respective sectors. We seek sustainable growth of our investment value through continuously optimizing our portfolio and improving our portfolio companies' operations. Our rich operational and investment experience in different sectors have given us a strong competitive edge in operating a company at our scale.

Our extensive experience in brand building management and sales network has facilitated each investee company's business development. In addition, as a diversified privately owned enterprise, we have strong execution capabilities to respond quickly to opportunities and challenges that emerge. We can access to diversified financing channels and financing resources to support our sustainable growth.

Each of our Health, Happiness, Wealth and Intelligent Manufacturing segments is critical for us to maintain high quality growth. Our Health segment includes three major sectors: Pharmaceutical, Devices & Diagnosis and Healthcare Services & Consumption. Our Happiness segment includes two major sectors: Brand Consumer and Tourism & Leisure. Our Wealth segment includes two major sectors: Insurance and Asset Management. Our Intelligent Manufacturing segment includes two major sectors: Resources & Environment and Technology & Intelligent Manufacturing. We believe that our principal portfolio companies enjoy core competitiveness within their respective industries. In 2022 and 2023 and the six months ended June 30, 2023 and 2024, our revenue was RMB182,425.8 million, RMB198,200.3 million, RMB97,064.6 million and RMB97,838.4 million, respectively. Our profit for the year/period amounted to RMB2,996.6 million, RMB5,347.1 million, RMB4,573.0 million and RMB2,502.7 million in 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

RECENT DEVELOPMENTS

Sustainability-linked Syndicated Loan

On October 2, 2024, we successfully completed a sustainability-linked syndicated loan totaling US$888 million with participation of 25 domestic and foreign banks. The syndicated loan is among one of the largest of its kind for Chinese privately owned enterprises in 2024.

The syndicate of banks involved in arranging the loan includes Bank of China (Macau), Bank of China (Shanghai), Banco Comercial Portugues, Bank of East Asia, BNP Paribas, Commerzbank, Hang Seng Bank, HSBC, Natixis, Qatar National Bank, Shanghai Commercial Bank and Standard Chartered Bank, with participation from a consortium of reputable financial institutions.

These loan facilities are not only participated by our long-term banking partners, but also attract new banks to establish relationships with us. The newly completed syndicated loan has attracted new lenders from China, Italy, Luxembourg, Japan, France, Thailand, Brunei and United Arab Emirates, with Bank of Beijing, Intesa Sanpaolo, MUFG and Societe Generale among the notable new participants. This demonstrates the strong support from both Chinese and foreign banks.

COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

- Globalized operations and investments in different sectors;
- Multiplying growth from cross-sector collaboration within the ecosystem;
- Staying ahead of competitors by consistent investment in R&D and innovation;
- Strong financial management with a continuously improving credit profile;
- Globally recognized ESG performance; and
- Strong execution in divestment to optimize and deleverage the portfolio.

BUSINESS STRATEGIES

Our growth drivers will continue to be our in-depth management and operation + investment in the industry. We focus on the management and operation of our core business, providing high quality products and services to family consumers, and creating a happier life for 1 billion families around the world. To achieve this goal, we have formulated the following business strategies:

- Asset-light operations and forming strategic partnership in capital intensive projects;
- Originating from China with globalized business operation; and
- Technological innovation driven products and services.

GENERAL INFORMATION

We are a company incorporated in Hong Kong with limited liability under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). We were incorporated on December 24, 2004, and our certificate of incorporation number is 942079. Our registered office is located at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong. The telephone number of the Company's registered office is +852 2509 3228. Our shares have been listed on the Main Board of the Hong Kong Stock Exchange since July 16, 2007 under the stock code "00656". Our website is *www.fosun.com*. None of the information contained on our websites constitutes part of this Offering Circular.

The Issuer is a BVI business company with limited liability established on February 28, 2017 under the laws of the BVI (BVI Company Number: 1938036). Its registered address is at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. The telephone number of the Issuer is +852 2509 3228. The Issuer is incorporated solely for purpose of financing activities. The Issuer is a direct wholly owned subsidiary of Industrial Holdings, and is an indirect wholly owned subsidiary of the Company.

THE OFFERING

Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of the Notes."

Issuer	Fortune Star (BVI) Limited.
Parent Guarantor	Fosun International Limited (the "Company" or the "Parent Guarantor").
Notes Offered	US$300,000,000 aggregate principal amount of 8.50% Senior Notes due 2028 (the "Notes").
Offering Price	100.00% of the principal amount of the Notes.
Issue Date	November 19, 2024.
Maturity Date	May 19, 2028.
Interest	The Notes bear interest at a rate of 8.50% per annum, payable semi-annually in arrears on May 19 and November 19 of each year, commencing May 19, 2025.
Ranking of the Notes	The Notes are: • general obligations of the Issuer; • senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; • unsecured obligations, ranking at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law), including the Existing Indebtedness; • guaranteed by the Parent Guarantor on a senior basis, subject to the limitations described under "Description of the Notes—The Parent Guarantee" and "Risk Factors—Risks Relating to the Notes and the Parent Guarantee"; • effectively subordinated to all secured obligations of the Parent Guarantor, to the extent of the assets serving as security therefor; and • effectively subordinated to all secured obligations of the Issuer, to the extent of the assets serving as security therefor.

Parent Guarantee	The Parent Guarantor guarantees the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture.
Ranking of the Parent Guarantee	The Parent Guarantee is: • a general obligation of the Parent Guarantor; • senior in right of payment to all future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee; • effectively subordinated to the secured obligations (if any) of the Parent Guarantor, to the extent of the assets serving as security therefor; and • at least *pari passu* with all unsecured, unsubordinated indebtedness of the Parent Guarantor, including the Existing Indebtedness (subject to any priority rights of such unsecured unsubordinated indebtedness pursuant to applicable law). See "Risk Factors—Risks Relating to the Notes and the Parent Guarantee."
Use of Proceeds	We intend to use the net proceeds from this offering to refinance some of our existing offshore indebtedness including any payment in connection with the Concurrent Offer to Purchase, and for working capital and general corporate purposes. See "Use of Proceeds."
Optional Redemption of the Notes	At any time and from time to time on or after November 19, 2026, the Issuer may at its option redeem the Notes, in whole or in part, at the redemption prices as set forth in "Description of the Notes—Optional Redemption" plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time prior to November 19, 2026, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100%, of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time prior to November 19, 2026, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Parent Guarantor in an Equity Offering at a redemption price of 100% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Repurchase of Notes Upon a Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event, the Issuer or the Parent Guarantor will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See "Description of the Notes—Repurchase of Notes Upon a Change of Control Triggering Event."
Redemption for Taxation Reason	Subject to certain exceptions and as more fully described herein, the Issuer or Parent Guarantor may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption, if the Issuer, the Parent Guarantor would become obliged to pay certain additional amounts as a result of certain changes in specified tax laws. See "Description of the Notes—Redemption for Taxation Reasons."
Covenants	The Notes and the Indenture limit the Parent Guarantor's ability to, among other things, create liens or effect a consolidation or merger. These covenants are subject to a number of important qualifications and exceptions described in "Description of the Notes—Certain Covenants."
Transfer Restrictions	The Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to restrictions on transfer and resale. See "Transfer Restrictions."
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof and will be initially represented by a global note registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.
Book-Entry Only	The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants. For a description of certain factors relating to clearance and settlement, see "Description of the Notes—Book-Entry; Delivery and Form."
Delivery of the Notes	The Issuer expects to make delivery of the Notes, against payment therefor in same-day funds, on or about November 19, 2024.
Trustee and Paying Agent	The Bank of New York Mellon, London Branch.

Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch.
Listing	Approval-in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US$200,000.
Governing Law	The Notes and the Indenture are governed by and construed in accordance with the laws of the State of New York.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "Risk Factors."
ISIN/Common Code	**ISIN**: XS2922957746 **Common Code**: 292295774
Concurrent Offer to Purchase	We are concurrently conducting an offer to purchase for cash of the October 2020 Notes. We intend to finance the Concurrent Offer to Purchase with proceeds from this offering and/or our working capital.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The summary financial data as of and for the years ended December 31, 2022 and 2023 set forth below have been derived from our consolidated financial statements for the year ended December 31, 2023, which have been audited by Ernst & Young, independent auditors, and are included elsewhere in this Offering Circular. Our financial statements have been prepared and presented in accordance with HKFRS, which differ in certain respects from generally accepted accounting principle in other jurisdictions. The selected financial data below should be read in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this Offering Circular.

The summary unaudited consolidated financial information as of and for the six months ended June 30, 2023 and 2024 set forth below is derived from our unaudited condensed consolidated financial statements for the six months ended June 30, 2024, which have been reviewed by Ernst & Young, our independent auditors, and are included elsewhere in this offering circular, and should be read in conjunction with such unaudited condensed consolidated financial statements, including the notes thereto. Consequently the unaudited financial information for the six months ended June 30, 2023 and 2024 should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Our financial position and results of operations as of and for the six months ended June 30, 2024 should not be taken as an indication of the expected financial position and results of operations as at and for the full year ending December 31, 2024.

To reflect the change in accounting policy and the adoption of the revised HKFRS, the comparative financial information as of and for the year ended December 31, 2022 has been restated in our audited consolidated financial statements as of and for the year ended December 31, 2023. Please refer to Note 2 starting on page F-68 of this Offering Circular. Investors are advised to exercise caution when reviewing our financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS DATA

	Year ended December 31,			Six months ended June 30,		
	2022	**2023**		**2023**	**2024**	
	RMB **(restated)**[1]	*RMB* **(audited)**	*US$* **(unaudited)**	*RMB* **(unaudited)**	*RMB* **(unaudited)**	*US$* **(unaudited)**
			(in millions)			
Total Revenue	182,425.8	198,200.3	27,915.9	97,064.6	97,838.4	13,463.0
Revenue	143,373.1	161,273.9	22,715.0	78,847.4	79,626.1	10,956.9
Insurance revenue	39,052.6	36,926.5	5,201.0	18,217.3	18,212.4	2,506.1
Cost of sales	(96,397.3)	(113,729.2)	(16,018.4)	(54,776.0)	(55,249.4)	(7,602.6)
Insurance service expense	(36,189.2)	(31,070.6)	(4,376.2)	(15,185.9)	(14,734.2)	(2,027.5)
Gross profit	49,839.3	53,400.5	7,521.3	27,102.7	27,854.9	3,833.0
Net service expense from reinsurance contracts held	(2,529.2)	(2,603.6)	(366.7)	(1,198.2)	(1,338.9)	(184.2)
Financial expenses from insurance contracts issued	(23.4)	(918.9)	(129.4)	(432.4)	(459.0)	(63.2)
Financial income from reinsurance contracts held	50.2	126.1	17.8	52.4	96.0	13.2
Other income and gains	21,806.3	16,297.2	2,295.4	10,682.6	7,603.4	1,046.3
Selling and distribution expenses	(17,629.7)	(20,872.8)	(2,939.9)	(10,398.1)	(9,512.7)	(1,309.0)
Administrative expenses	(25,944.7)	(28,436.4)	(4,005.2)	(13,718.5)	(13,240.9)	(1,822.0)
Other expenses	(9,355.6)	(6,285.3)	(885.3)	(1,937.4)	(3,135.7)	(431.5)
Finance costs	(10,886.7)	(12,393.6)	(1,745.6)	(6,152.5)	(6,459.5)	(888.9)
Share of profits and losses of:						
Joint ventures	966.3	2,869.8	404.2	377.2	166.5	22.9
Associates	4,398.5	6,688.6	942.1	2,618.1	2,038.7	280.5
Profit before tax	10,691.4	7,871.7	1,108.7	6,995.8	3,612.6	497.1
Tax	(7,694.8)	(2,524.6)	(355.6)	(2,422.8)	(1,109.9)	(152.7)
Profit for the year/period	2,996.6	5,347.1	753.1	4,573.0	2,502.7	344.4
Attributable to:						
Owners of the parent	(831.8)	1,379.1	194.2	1,359.7	720.1	99.1
Non-controlling interests	3,828.4	3,968.0	558.9	3,213.2	1,782.6	245.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

	As of December 31,			As of June 30, 2024	
	2022	2023			
	RMB (restated)[(1)]	*RMB* (audited)	*US$* (unaudited)	*RMB* (unaudited)	*US$* (unaudited)
			(in millions)		
Cash and bank balances	100,564.0	92,459.6	13,022.7	109,553.9	15,075.1
Total assets	806,376.2	808,387.6	113,859.0	821,888.0	113,095.6
– No more than 12 months	354,633.4	324,608.4	45,720.1	329,854.5	45,389.5
– More than 12 months	451,742.8	483,779.2	68,138.9	492,033.5	67,706.1
Total liabilities	607,301.2	599,812.8	84,481.9	612,662.9	84,305.2
– No more than 12 months	340,576.0	323,528.5	45,568.0	344,588.1	47,416.9
– More than 12 months	266,725.2	276,284.3	38,913.8	268,074.9	36,888.3
Net assets					
– No more than 12 months	14,057.4	1,079.9	152.1	(14,733.5)	(2,027.4)
– More than 12 months	185,017.6	207,495.0	29,225.1	223,958.6	30,817.7
Equity attributable to owners of the parent	120,733.7	124,936.8	17,597.0	124,850.0	17,179.9
Non-controlling interests	78,341.3	83,638.1	11,780.2	84,375.1	11,610.4
Total equity	199,075.0	208,574.9	29,377.2	209,225.1	28,790.3

EBITDA Data:

	Year ended December 31,		Six months ended June 30,	
	2022	2023	2023	2024
	(restated)[(1)]			
EBITDA[(2)] (RMB in millions)	30,172.7	30,503.0	17,511.9	15,059.0
EBITDA to net interest expenditures ratio	2.9x	2.5x	3.0x	2.4x

Notes:

(1) To reflect the change in accounting policy and the adoption of the revised HKFRS, the comparative financial information as of and for the year ended December 31, 2022 has been restated in our audited consolidated financial statements as of and for the year ended December 31, 2023. Please refer to Note 2 starting on page F-68 of this Offering Circular.

(2) EBITDA for the year/period is defined as profit before tax for the year/period plus net interest expenditures, depreciation of items of property, plant and equipment, depreciation of items of right-of-use assets and amortization. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense, depreciation of items of property, plant and equipment and amortization. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA and the amount by which EBITDA exceeds capital expenditures and other charges. Our EBITDA is derived from the consolidated EBITDA of all sectors, including Health, Happiness, Wealth and Intelligent Manufacturing, which encompass insurance, banking and investment business. Since EBITDA is not an effective measure of cash flow performance for these businesses, our consolidated EBITDA may not accurately reflect our ability to generate cash flow from operations to service debt and taxes. EBITDA presented in this Offering Circular may not be comparable to similarly titled measures presented by other companies. You should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. Set forth below is a reconciliation of EBITDA for the year/period to the most directly comparable HKFRS measure, profit before tax for the year/period.

	Year ended December 31,		Six months ended June 30,	
	2022	2023	2023	2024
	(restated)			
	(RMB in millions)			
Profit before tax	10,691.4	7,871.7	6,995.8	3,612.6
Adjustments:				
Add:				
Net interest expenditures	10,474.3	12,074.2	5,791.1	6,248.0
Depreciation of items of property, plant and equipment	3,589.8	3,936.8	1,874.7	2,068.0
Depreciation of items of right-of-use assets	2,670.6	3,271.2	1,533.0	1,643.7
Amortization	2,746.6	3,349.1	1,317.3	1,486.6
EBITDA	30,172.7	30,503.0	17,511.9	15,059.0

RISK FACTORS

Before making an investment decision, prospective investors should carefully consider all of the information set out in this Offering Circular, including the risk factors set forth below. The risks and uncertainties described below are not the only ones we face. If any of the following risks actually materializes, our business, financial condition or results of operations could be materially adversely affected, the trading price of the Notes could decline, our ability to pay pursuant to the terms of the Notes could be adversely affected and you may lose all or part of your investment. You should also refer to the other information contained in this Offering Circular, including the financial statements and related notes.

Risks Relating to Our General Operations

We may not be able to grow at a rate comparable to our growth rate in the past.

A large portion of our historical growth has been attributable to the increase in scale of our existing operations through organic expansion and the broadening of the scope of our business through investments and acquisitions. We have experienced growth in the past and have gone through certain fluctuations and setbacks during the downturn of the local and global markets in 2021 and 2022, which were mainly caused by the COVID-19 pandemic and the geopolitical turmoil. See "—We have business operations worldwide, which may subject us to various risks related to the legal, regulatory and tax environments in which we conduct our business." Although we plan to continue to grow our business through organic expansion as well as investments and acquisitions, we may not be able to grow at a rate comparable to our growth rate in the past, or at all, either in terms of revenue or profit.

We may not be able to successfully identify, acquire, invest in or operate suitable investment projects, acquisition targets or businesses.

In addition to the operations of our portfolio companies, investments and acquisitions remain as our core competence. We continue to evaluate and enter into discussions regarding investments and acquisitions, mainly at our portfolio companies level aiming to achieve sustainable growth of our business. However, we may not be able to identify investment projects or acquisition targets that suit our development plans. Even if we do identify suitable investment projects or acquisition targets, we cannot assure you that we will be able to complete the acquisitions and/or investments within the timeframe or budget as we anticipated, or at all. Completion of proposed investments and/or acquisitions is dependent upon the completion of due diligence and the negotiation of definitive agreements, and there is no assurance that all or any of the proposed transactions will be consummated on commercially acceptable terms, if at all. The successful acquisition of businesses with good prospect requires an assessment of a number of factors, many of which are inherently inexact and may prove to be inaccurate. In connection with acquisitions, we may assume liabilities that were not disclosed to or known by us or that exceed our estimates. Our assessments of potential acquisitions may not reveal all existing or potential problems, nor may such assessments make us sufficiently familiar with the businesses to fully assess their strengths and weaknesses.

In identifying investment projects, acquisition targets or businesses with growth opportunities, we may decide to acquire only a non-controlling interest in other entities and may not necessarily embark on new business lines. Such growth opportunities involve additional risks because we may not have a good understanding of our business partners and/or have any proven track record in operating the new businesses. As a result, we may not be able to operate any such acquired businesses profitably.

We may encounter difficulties in implementing management and supervision of our portfolio companies and in integrating the operations of acquired businesses or in realizing anticipated efficiencies and cost savings.

We may not be able to effectively implement centralized management and supervision of our portfolio companies and our investees or ensure consistent application of our strategies and policies throughout the Company. In a number of portfolio companies, there are other major shareholders holding significant portions of equity interests and have great influence in their management. We may not be able to ensure that the Company's strategies and policies are implemented effectively and consistently within each portfolio company. In addition, due to the large number of our portfolio companies, their broad geographic distribution and limitations in our information systems and other factors, we may not always be able to effectively detect or prevent on a timely basis operational or management problems at these portfolio companies, and information available to and received by our management may not be accurate, timely or sufficient for our management to manage risks and plan for and respond to market and other changes in our operating environment. If we are unable to effectively implement our centralized management and supervision of our portfolio companies, or apply our strategies and policies consistently throughout the Company, our business, financial condition and results of operations could be materially and adversely affected and our reputation could suffer.

The successful integration of acquired businesses may be affected by the size and complexity of the acquired businesses and the execution of the integration plan by local management. We may face unexpected delays or encounter difficulties that may require us to allocate additional resources to deal with such problems. Any such problems may impair our competitiveness and growth prospect, and adversely affect our business, financial condition and results of operations.

We face increasing competition from existing and new market participants, which may result in reduced operating margins and loss of market share.

Our operating environment is and will continue to be highly competitive. In particular:

- Competition in the PRC and overseas insurance industry continues to increase. We face intense competition from both domestic and foreign-invested insurance companies in both domestic and foreign markets. Some of our competitors have competitive advantages based upon operating experience, capital base and product diversification. In addition, we face potential competition from commercial banks, which have been permitted to invest in, or form alliances with, insurance companies to offer insurance products and services that compete against those offered by us.

- Some of our pharmaceutical products are manufactured based on non-proprietary formulae or production techniques. If other manufacturers obtain the required approvals from the NMPA, they may produce and sell similar products using the same formulae or production techniques in China. Further, the national centralized drug procurement program may result in substantial price cuts of pharmaceutical products and may favor generic products with lower costs. We may encounter more competition from other market players as a result, including from major international pharmaceutical companies that have sought to expand their business in the PRC market.

- Since China became a member of the World Trade Organization ("WTO"), many tariffs and other competitive barriers for the domestic mining industry have been reduced or eliminated. We expect more competition from international mining groups as a result. Further, as domestic production capacities increase, the mining industry in China may become increasingly competitive, which may exert downward pressure on prices for our mining products.

- As we expand our property business to other cities and regional markets in China, we need to compete with local property developers in those cities, some of which have better knowledge of target purchasers and the local business environment and may have stronger relationships with construction contractors.

- The asset management business is intensely competitive, with competition based on a variety of factors, including investment performance, continuity of investment professionals and investor relationship, the quality of services provided to investors, corporate positioning and business reputation. A number of our competitors have greater financial, technical, marketing and other resources, better name recognition and more personnel than we do.

Some of our principal competitors in one or more of our business segments have more resources than us and have been making significant capital investments in selected areas. Our inability to compete effectively or an increase in competition with respect to our products could have an adverse effect on our financial results and return on capital expenditures, which could cause a decline in our growth rates, reduce our revenue, or reduce our ability to increase our target market shares. As we expand into new geographical markets or introduce new products and services, we may be subject to competition from other market players. We cannot predict the extent to which this competition will affect our future operating results.

We may fail to obtain sufficient capital resources for continued growth and other operational needs.

We require additional capital resources to pursue our business strategy of growing our business through organic expansion as well as investments and acquisitions and to remain competitive by responding timely to technological changes or market demand. For example, we require significant capital to build, maintain and operate our industrial production facilities, and to conduct research and development of new pharmaceutical products, which requires a considerable period of time before we can generate any revenue or investment returns, if at all. In addition, as part of our Asset Management sector we invest in the securities of privately held and publicly traded companies, which often requires large amounts of investments. Also, many of such investments are not liquid assets. Our liquidity, financial condition and our ability to finance our other operations and to service our debt obligations may be materially and adversely affected if we cannot quickly liquidate such investments for cash when needed. See "—Risks Relating to Our Wealth Segment—We may fail to realize any profits from our investment activities or may be unable to sell our investments for a considerable period of time or to recover our investment costs." Further, the growth of our asset management business largely depends on our ability to retain investors and increase the size of the investment funds we operate, which, however, may be substantially affected by the performance of the global capital and credit markets. The volatility in and disruption of the global capital and credit market will materially and adversely affect the size of our AUM and thereby our financial condition and business performance.

We expect to meet the funding needs for our operations through cash flows from operations, securities offerings, bank borrowings and other external financing sources. Our ability to obtain additional financing or to obtain investors for our Asset Management sector depends on a number of factors, including regional and global economic condition, prevailing conditions in capital markets, regulatory requirements, our financial condition, results of operations and cash flows, and costs of financing including changes in interest rates. If we cannot obtain sufficient funding on acceptable terms or receive necessary approvals from the regulatory authorities, we may not be able to successfully implement our business strategy, and our prospects could be materially and adversely affected.

Our borrowing levels and interest payment obligations could limit the funds we have available for various business purposes.

We have relied on both short-term and long-term borrowings to fund a portion of our capital requirements and expect to continue to do so in the future. As of June 30, 2024, we had total interest-bearing bank and other borrowings of RMB222,309.5 million, of which RMB116,522.9 million were expected to be settled in no more than 12 months and RMB105,786.6 million were expected to be settled in more than 12 months. Our ratio of total interest-bearing bank and other borrowings to total assets was 27.0% as of June 30, 2024.

Our results of operations may be adversely affected by an increase in the effective interest rate of our borrowings, including as a result of increases in HIBOR, SOFR, EURIBOR or other benchmarks to which our floating rate borrowings are linked. See "Description of Other Material Indebtedness." The PBOC has adjusted the bank deposit and lending rates a number of times and may make further adjustments in the future depending on macroeconomic factors. On December 29, 2019, the PBOC issued the People's Bank of China No. 30 [2019] Announcement, stating that the benchmark of the existing floating rate loans granted by PRC banks should be converted from PBOC benchmark lending rates into loan prime rate ("LPR"). Prior to this, PBOC was the only authority that would set the interest rate that commercial banks can charge their customers for their loans. This reform aims to ensure more market-based lending rates, so changes in borrowing costs actually serve the real economy.

We require significant funding for our capital expenditure and investment programs as a result of our sustainable growth and other operational needs. We had capital commitments of RMB12,970.2 million as of June 30, 2024. We also have a significant amount of interest expenses. Interest payments reduce funds available for our working capital, capital expenditures and other business purposes. Any funding shortage could limit our ability to respond to changing market conditions or to grow our business, make us more vulnerable to adverse economic and industry conditions, and place us at a competitive disadvantage compared to our competitors with less indebtedness.

As of June 30, 2024, RMB79,210.0 million of our borrowings was secured by properties or other assets. We may continue to incur secured borrowings from time to time.

Any negative revision, downgrade or withdrawal of our credit rating or outlook may affect our ability to raise additional financing and may adversely affect the market price of the Notes.

Our Company received a rating affirmation of long-term ratings of "BB-" with a stable outlook from S&P Global Ratings in May 2024. This rating reflects the rating agency's forward-looking opinion about our Company's overall creditworthiness and focuses on our Company's capacity and willingness to meet our financial commitments as they come due. There is no assurance that this rating or outlook will remain in effect for any given period or that the rating or outlook will not be revised by the rating agency at any time in the future if, in its judgment, circumstances so warrant.

Any negative revision, downgrade or withdrawal of our credit rating by the agency could have an adverse effect on the market price of the Notes as well as adversely impact on our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available and could have a material adverse effect on our financial condition and results of operations.

Our historical consolidated financial information may not be indicative of our future results of operations.

Our historical consolidated financial information must be evaluated in light of the impact of the significant changes in our portfolio that have occurred in the periods covered in the financial statements included in this Offering Circular. We cannot assure you that the historical financial information will be indicative of what our results of operations, financial condition or cash flow will be in the future. In particular:

- Our scale of operations has grown significantly in the past, a large part of which has been attributable to investments and acquisitions.

- We may fail to consolidate some of our existing subsidiaries if our voting interests in them are diluted further. See "—Our voting interests in our portfolio companies may be diluted."

- We have recognized substantial other income from interest income, revenues generated by our subsidiaries outside their core business activities such as, dividends from available-for-sale investments, dividends and interest from financial assets at fair value through profit and loss, dividends from debt investments at fair value through other comprehensive income, government grants and exchange gains, gains from our disposal of interests in subsidiaries, gain on bargain purchase of subsidiaries, gain on deemed disposal of investments in associates, gain on disposal of available-for-sale investments, and gain on disposal of debt instruments at fair value through other comprehensive income. We may not be able to realize similar gains from our portfolio companies in the future.

We establish, as well as acquire and dispose of equity interests in, portfolio companies from time to time in accordance with our business objectives. Period-to-period comparisons of our historical operating results must be evaluated in light of the impact of such transactions.

Our corporate structure, which consists of a large number of companies in multiple business lines, exposes us to challenges not found in companies with a single business line, such as conflicts of interest among business segments.

We have portfolio companies operating in multiple industries, including several publicly traded companies with unrelated businesses. Due to the diverse characteristics of our portfolio companies, we face challenges not found in companies with a single business line. In particular:

- We are exposed to business, market and regulatory risks relating to different industries. We need to devote substantial resources to monitor changes in different operating environments so that we can react with appropriate strategies that fit the needs of the portfolio companies affected.

- Due to the large number of portfolio companies involved, a successful operation of the Company requires an effective management system that emphasizes accountability, imposes financial discipline on portfolio companies, and creates value-focused incentives for management. As we continue to grow through acquisitions of businesses in an increasing number of different industries, our operations will become more complex, which may increase the difficulty of implementing our management system.

- As many of our principal portfolio companies are publicly traded, transfers of funds into or out of these companies are subject to various regulatory restrictions. Intra-group transactions may also be subject to applicable listing requirements, such as the issuance of press notices, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and accounts. Portfolio companies with funding needs may not be able to obtain financial support from us in a timely manner.

A portion of the borrowings of our portfolio companies are guaranteed by companies at the holding company level. If a portfolio company defaults on any such borrowings, the relevant lender may exercise its right under the guarantee to demand payment from companies at the holding company level. This may result in a funding shortage at the holding company level and adversely affect the financial support that companies at the holding company level may offer to its portfolio companies in other segments.

Further, our portfolio companies in different business segments may determine that it is in their shareholders' interests to pursue business ventures together. We cannot assure you that such business ventures will be successful or generate the synergies expected, if any. The successful completion of this type of transaction will depend on several factors, including satisfactory due diligence findings and the receipt of necessary regulatory approval, among others. If we fail to complete such business ventures or they prove to be unsuccessful, our relevant business segments may be adversely affected.

The composition of our business segments has been changing from time to time and may further change in the future, and the historical financial information of each segment may not be comparable from period to period or be indicative of its future financial results.

We continued to achieve operational excellence and increase product competitiveness through innovation, focusing on our Health, Happiness, Wealth and Intelligent Manufacturing segments to maintain a sustainable and healthy growth. Our Health segment includes three major sectors Pharmaceutical, Devices & Diagnosis and Healthcare Services & Consumption. Our Happiness segment includes two major sectors: Brand Consumer and Tourism & Leisure. Our Wealth segment includes two major sectors: Insurance and Asset Management. Our Intelligent Manufacturing segment includes two major sectors: Resources & Environment and Technology & Intelligent Manufacturing. There are a number of portfolio companies under each of the sectors. The classification of segmentation is primarily made based upon our ownership structure, business operations and development strategies. These composition and the portfolio companies under each business segment may change from time to time, based on the development of our operations. As such, the financial information of each segment may change from time to time. Historically, we changed our reportable segments on multiple occasions. Therefore, if there is any further change to our reportable segments, the financial information of our business segments may not be comparable from period to period or be indicative of the future financial results of such segment. Period-to-period comparisons of our historical operating results must be evaluated in light of the impact of such transactions and reclassifications.

Disputes with our joint venture partners may materially and adversely affect our business, results of operations and financial condition.

We have developed certain projects and made certain investments through joint ventures or cooperation arrangements with our PRC or foreign partners. Our joint partners or cooperation partners may have economic or business interests or goals that are inconsistent with ours, take actions contrary to our instructions or requests or contrary to our policies or objectives, may be unable or unwilling to fulfill their obligations under the relevant joint venture or cooperation agreements or have financial difficulties. Disagreement with any of our joint venture partners or other cooperation partners with respect to business objective or the scope or performance of our respective obligations under joint venture or cooperation arrangements or the early termination of our joint venture or cooperation arrangement could adversely affect our business operations, financial condition and results of operations.

We depend on the experience and industry expertise of our senior management.

To ensure the successful operation of the Company, the senior management of our Company assigns directors, officers and senior staff members with the relevant experience and expertise to our portfolio companies. To a large extent, our continued ability to successfully integrate new operations and to identify other market opportunities will depend on the experience and expertise of our senior management and the management assigned to our portfolio companies. At the holding company level, we rely principally on our Executive Directors, some of whom are our controlling shareholders, in formulating business strategy and supervising the operations of the Company as a whole. For details concerning our Directors, see "Directors and Senior Management" in this Offering Circular. At the business segment level, in addition to our Company's Executive Directors, we rely also on certain management personnel in our portfolio companies. The continued success of the Company depends in large part on the leadership of our existing management personnel, our ability to retain such management personnel, and our ability to attract and recruit adequate management personnel with specialized expertise in the industries in which our portfolio companies operate. Our business may be adversely affected if we lose the service of any key management personnel in our Group or in any of our portfolio companies.

Our voting interests in our portfolio companies may be diluted.

Our voting interests in our portfolio companies that are not currently publicly traded may be diluted if these entities become publicly traded.

In addition, our portfolio companies may from time to time need additional capital to achieve their expansion plans or other business objectives and may issue additional shares or other equity securities to meet their capital needs. We may choose not to, or be unable to, subscribe for the securities offered in any such additional issuances by our portfolio companies. If we fail to subscribe for additional securities of a portfolio company on a pro-rata basis consistent with our existing shareholding in such company, our equity interest in the company will be diluted.

Our voting interests in our portfolio companies could also be diluted as a result of the exercise, redemption or conversion of stock options or equity-linked instruments. A dilution of our equity interest in a portfolio company would reduce our share of the profits earned by such portfolio company, which may have an adverse effect on our results of operations. Further, if our ownership was reduced significantly, it may reduce our representation on such company's board, or otherwise reduce our ability to direct or influence the operations of that company.

We depend on our investment returns and our receipt of cash dividends from our portfolio companies for our cash flow and ability to satisfy our obligations.

We depend on cash from disposal of investments held by our Company and our receipt of cash dividends from our portfolio companies for our cash flow and ability to satisfy our debt obligations. See "Risks Relating to Our Wealth Segment—We may fail to realize any profits from our investment activities or may be unable to sell our investments for a considerable period of time or recover our investment costs" below for risks associated with our investments.

While many of our portfolio companies have, in the past, paid cash dividends from time to time, the pattern may not be indicative of the amount of dividends we may receive in the future, or at all. In particular:

- Dividend policies of our portfolio companies may vary significantly and change from time to time. Some portfolio companies may conclude that it is in the best interest of their shareholders to retain earnings, if any, for use in the operation and expansion of their businesses. The shareholders or the board of a portfolio company (as the case may be) have the power to determine whether to pay dividends based on conditions at the point of decision, including the company's earnings, financial condition and capital requirements, as well as economic and other conditions the shareholders or the board may deem relevant.

- Some of our principal portfolio companies are incorporated in the PRC and as such their ability to declare and pay dividends is subject to various PRC legal, regulatory and contractual constraints. According to PRC laws and regulations, a PRC company is required to allocate a portion of its profit to statutory reserve funds before it may pay any dividends. Furthermore, if a PRC company has incurred cumulative losses, it may not issue any dividends until such losses have been offset by profits and the above mentioned statutory reserve funds have been allocated (but in any event shall not be offset by reducing the registered capital).

Our controlling shareholders may withdraw their financial support or take actions that are not in the best interests of our Company.

As of June 30, 2024, Messrs. Guo Guangchang and Wang Qunbin were Fosun International's controlling shareholders, who together beneficially owned 73.35% of its share capital through Fosun International Holdings and Fosun Holdings. See "Principal Shareholders." Our controlling shareholders may provide financial support to us from time to time. As a result of their ownership of our share capital and provision of financial support, they have the ability to exert significant influence over the management of our Company, including the ability to implement administrative policies, elect our directors and appoint members of our senior management. They may withdraw their financial support or take actions or direct us to take corporate actions that are not in the best interests of our Company or its non-controlling shareholders.

We may not be able to satisfy the applicable regulatory requirements for the conduct of our businesses.

Our operations are subject to PRC government regulations. Many of the industries in which our portfolio companies operate are subject to heavy government regulations, such as the health, property, resources and mining, financial and insurance industries. To maintain our current operations or to commence a new operation, we need to obtain, maintain and renew government authorizations, including permits, licenses and other qualifications. For instance, the terms and premium rates of certain insurance products are subject to regulation, and the Chinese insurance regulations require insurance companies to maintain minimum solvency margin rations; all pharmaceutical production facilities in China need manufacturing permits to produce pharmaceutical products; property development companies need qualification certificates and permits to develop and sell properties; and mining companies are also required to obtain certain government approvals, permits and licenses, among which exploration permits, mining permits, production safety permits are crucial to mining operations.

We believe the Company has all material permits, licenses, qualifications and other government authorizations necessary to conduct its business as specified in its business license and to use its properties in the manner described in this Offering Circular. We, however, cannot assure you that these permits, licenses, qualifications and other authorizations will be renewed upon their expiration, or that we will continue to meet the standards imposed by the government. Further, government authorizations may be revoked if the operation fails to comply with the stipulated standards. Failure to obtain, maintain or renew relevant qualifications may have a material adverse impact on our business.

Our right to occupy and use some of our land and buildings is subject to legal uncertainties.

We face several legal uncertainties in our continued occupation of some of the land and properties we occupy. We do not have valid and enforceable title certificates, such as LURCs, BOCs, RECs or required government approvals, for certain properties we occupy. Our rights in relation to such properties and land, including the rights of occupation, utilization, profit and disposal, may not be recognized and protected under PRC law until we obtain the relevant title certificates and government approvals, and we cannot guarantee that we will be able to obtain them. We may be subject to penalties for occupying land in the absence of the required government approvals and may be required to return the land to its previous owner, demolish and remove buildings constructed on the land, restore the land to its original condition, or turn over the buildings to the government. We may be fined if we fail to obtain construction permits or if our commencement report is not approved under the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) in relation to properties we use or have under construction.

Similarly, there are also some properties occupied and leased by us for which the lessors may not have provided us with the relevant BOCs or documentary evidence of the property owners' consent to sublease, as a result of which the leases have not been registered with the relevant government authority. If any of our leases were to be terminated as a result of challenges by third parties or any failure of our lessors to renew the leases or obtain their legal title or the requisite government approval or consent to lease the relevant properties, we may be forced to relocate some of our manufacturing operations or offices and incur losses or additional costs associated therewith.

Regulatory actions and legal proceedings against us could cause us reputational harm and have a material adverse effect on our business, financial condition and results of operations.

We are subject to extensive regulation by PRC and overseas regulatory authorities in each of the markets where we conduct our business, and, from time to time, we may be subject to regulatory or legal proceedings. Responding to these regulatory or legal proceedings, regardless of their ultimate outcome, is time-consuming and expensive and can divert the time and effort of our senior management from our business. Moreover, our provisions for regulatory or legal proceedings may be inadequate. Given the uncertainties and complexity of many of these regulatory or legal proceedings, their outcome generally cannot be predicted with any reasonable degree of certainty. We are subject to periodic examinations by the National Financial Regulatory Administration ("NFRA"), the PBOC and other PRC governmental authorities, relating to our compliance with PRC laws and regulations.

Any fraud, sales misrepresentation, money laundering and other misconduct committed by our employees and agents and other external parties could result in violations of laws and regulations by us and subject us to regulatory sanctions. Even if such instances of misconduct do not result in any legal liabilities on our part, they could cause serious reputational or financial harm to us. In particular, the State Council and various PRC regulatory authorities, including the NFRA, have intensified their efforts to combat commercial bribery in the PRC. While we are implementing measures aimed at detecting and preventing employees' and external parties' fraud, sales misrepresentation, money laundering and other misconduct, we may not be able to detect or prevent such fraud, sales misrepresentation, money laundering or other misconduct in a timely manner, which could harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

Accidents in our business operations may expose us to liability and harm our corporate image.

Our significant portfolio companies operate in industries that may be exposed to accidents in business operations from time to time. A significant portion of our business or investment relates to mining operations and real estate development. Mining operations involve the operation of heavy machinery and hence, are generally subject to certain operating risks, including industrial accidents, environmental hazards, the encountering of unusual or unexpected geological formations, cave-ins, flooding and earthquakes. These occurrences could result in damage to, or destruction of, our mining operations, personal injury or death, environmental damage, asset write-downs, monetary losses and legal liability. In addition, working at mining facilities presents risks to our employees. We may be held liable for on-the-job injuries or deaths. Further, real estate development may be exposed to construction-related personal injuries from time to time. We may also experience interruptions to our operations and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could adversely affect our business, financial condition and results of operations.

We may be exposed to claims by third parties which, if successful, could cause us to pay significant damage awards and incur other costs.

We are exposed to product liability, consumer, commercial, environmental and tax litigations, government investigations and other legal proceedings that may arise from time to time in the ordinary course of our business. Litigation is inherently unpredictable, and excessive verdicts may occur. We could in the future incur judgments or fines, enter into settlements of claims, or be subject to administrative proceedings that could have a material adverse effect on our results of operations in any particular period.

Our insurance coverage may not adequately protect us against all operating risks.

We face various operational risks in connection with our business, including:

- production interruptions caused by operational errors, electricity outages, raw material shortages, the failure of equipment and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- economic loss due to product reclaim;
- on-site production accidents;
- social, political and labor unrest;
- disruption in global capital markets and global economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods, mine collapses or other natural disasters.

To manage operating risks, we maintain in our portfolio companies insurance coverage of various kinds. Although we believe that each company's insurance coverage is consistent with the relevant industry practice in China, we cannot assure you that all claims under their insurance policies will be honored fully or on time. In addition, we cannot assure you that the safety measures we have in place for our operations will be sufficient to mitigate or reduce industrial accidents. We also cannot assure you that casualties or accidents will not occur or that our insurance coverage would be sufficient to cover costs associated with accidents. Furthermore, we are generally unable to insure against certain types of losses, including losses caused by earthquakes, typhoons, floods, wars and riots, and we do not have business interruption insurance. To the extent that any of our portfolio companies suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, our results of operations and cash flow may be adversely affected.

Our risk management and internal control systems may not be adequate or effective in identifying or mitigating the risks to which we are exposed.

We have been devoted to establishing risk management and internal control systems consisting of an organization framework, policies, procedures and risk management methods that we consider to be tailored to the operations of each of the relevant business segment. However, there is no assurance that our systems may be adequate or effective in identifying and mitigating our risk exposure in the market environments related to the relevant business segment or against all types of risks that the relevant business segment may be exposed to.

Stricter environmental and safety protection in China may increase our operating costs.

We are subject to extensive and increasingly stringent safety and environmental protection laws and regulations in the PRC. Among other things, these laws and regulations:

- impose fees for the discharge of waste substances exceeding the discharge standards promulgated by relevant government authorities;

- require the establishment of reserves for reclamation and rehabilitation;

- impose fines for serious environmental offenses; and

- allow the PRC government, at its discretion, to close any facilities failing to comply with orders to correct or stop operations that have caused environmental damage.

The PRC government is currently moving toward more rigorous enforcement of applicable laws and regulations, as well as the adoption and enforcement of more stringent environmental standards. As a result, our budgeted capital expenditure for environmental regulatory compliance may be insufficient and we may need to allocate additional funds. Moreover, we cannot assure you that we can comply with all environmental laws and regulations that may be adopted or amended in the future. If we fail to comply with current or future environmental laws and regulations, we may be required to stop production, pay penalties or fines or take corrective actions, any or all of which may have a material adverse effect on our business, financial condition and results of operations.

A deterioration in our brand image could adversely affect our business.

We regard the "復星," "复星" and "Fosun" brand names and the related trademarks and devices we use as important assets to our business. Any negative incident or negative publicity concerning us could adversely affect our reputation and business. Brand value is based largely on subjective consumer perceptions and can be damaged even by isolated incidents that degrade consumer trust. Consumer demand for our products and our brand value could diminish significantly if we fail to preserve the quality of our products, or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. In addition, any unauthorized use or infringement of our brand name may impair the value we have built in our brand name, damage our reputation and materially and adversely affect our business and results of operations.

Also, as the "復星," "复星" and "Fosun" brand names are used by ourselves and other members of Fosun Holdings, if we or these entities or the respective directors, management personnel or other employees take any action that damages the "復星," "复星" and "Fosun" brand names or our corporate image, or if any material negative publicity is associated with any of them, for example, as a result of regulatory investigations into, or other proceedings involving, wrongdoing or malpractices engaged by any directors, management personnel or employees, our brand image and reputation as well as our market value may be adversely affected.

We are subject to international business risks that could harm our investments in foreign markets and materially and adversely affect our business, results of operations and financial condition.

Our business consists of significant investments and asset in markets outside the PRC. Our investment and business experience in certain overseas markets is limited and we could face considerable business and regulatory risks in our expansion into international markets, including:

- a lack of local presence and familiarity with cultural, regulatory and business practices;
- shortage of personnel with necessary language skills and technical capabilities;
- burden or cost of complying with foreign laws and regulations, including unexpected changes in laws that may have an adverse effect on foreign businesses;
- inherent difficulties and delays in contract enforcement through the use of foreign legal systems;
- slow down in global economic growth, including in the PRC;
- changes in political, regulatory or economic conditions, including from international trade disputes;
- political and social instability, including wars and terrorism;
- volatility in currency exchange rates;
- potentially adverse tax consequences;
- labor unrest;
- import and export duties, quotas and controls, as well as general transportation costs;
- changes in domestic and international customs and tariffs;
- sanctions that could adversely impact the regional or global supply chain;
- foreign exchange control or regulatory restrictions that could prevent us from repatriating income earned in such countries;
- difficulties in obtaining necessary permits, approvals, licenses or authorizations for our business and operations; and
- longer payment cycles and problems in collecting account receivables.

We cannot assure you that our efforts to enter into any international markets will be successful. Any of the foregoing risks could result in failure to realize economic return on our investments in those markets, which in turn could materially and adversely affect our business, results of operations and financial condition.

Acts of God, acts of war and terrorism, riots, epidemics and other disasters could affect our business. In particular, the occurrence of an epidemic or any other public health crisis around the world, and particularly in Asia-Pacific region, could materially and adversely affect our business, financial condition, results of operations, performance and prospects.

Our business is subject to general and social conditions. Natural disasters, epidemics, acts of God and other disasters that are beyond our control may materially and adversely affect the economy, infrastructure and livelihoods of the people of the PRC and the other jurisdictions we operate in. For instance, some cities in the PRC could be under the threat of flood, earthquake, sandstorm, drought or epidemics. Our business, financial condition and operating results may be materially and adversely affected if natural disasters occur.

Epidemics and pandemics threaten people's lives and may materially and adversely affect their livelihood as well as their living and consumption patterns. Some cities where we or our portfolio companies operate have previously been affected by, or may be under the threat of, contagious diseases such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, H1N1 human swine flu, Middle East respiratory syndrome, Zika fever and COVID-19. An epidemic, a pandemic or an outbreak of contagious disease may result in a public health crisis and restrict the level of business activity in affected areas, which in turn could adversely affect our business, financial condition and results of operations. The SARS outbreaks in Hong Kong, the PRC and other Asian countries in 2003 had a material adverse impact on the economies of many of the affected regions. From 2006 to 2008, there have also been outbreaks of the H5N1 virus or "Avian Influenza A" among birds, in particular poultry, as well as some isolated cases of transmission of the virus to humans. In 2009 and 2010, there have also been outbreaks among humans of the H1N1 human swine flu, also known globally as influenza A (H1N1). Since December 2019 and up to the first quarter of 2023, there was a global outbreak of COVID-19 pandemic, which has caused significant adverse impact on the local and global markets and our business operations.

Apart from the outbreak of the COVID-19 pandemic, there can be no assurance that there will not be another significant outbreak of a highly contagious disease in the future in the regions where we or our portfolio companies operate or that may affect us. Nor can there be any assurance that any precautionary measures taken against such outbreak will be effective. If there were another outbreak, together with any possible travel restriction and/or quarantine, the regional or national economy of affected regions or countries may be adversely and materially affected and business activities may be suspended, which could result in material disruptions to our operations and the operations of our portfolio companies, significant decreases in consumer purchases of our products and services, including but not limited to our healthcare products, entertainment, tourism- and culture-related services and our financial products and services, and significant increase in claims on our insurance policies, which in turn may adversely affect our financial condition and results of operations.

Acts of war and terrorism may cause damage or disruption to us or our employees, facilities, markets, suppliers or customers, any of which may materially and adversely impact our revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict.

We have business operations worldwide, which may subject us to various risks related to the legal, regulatory and tax environments in which we conduct our business.

We have a global business presence. Therefore, we are subject to various risks related to compliance with laws, rules and regulations enacted by legislative bodies and/or regulatory agencies in the countries in which we operate and with which we must comply, including environmental, safety, antitrust, anti-corruption/anti-bribery, unclaimed property, economic sanctions and export control regulations. We have policies and procedures designed to promote compliance with applicable law, but there can be no assurance our policies and procedures will prove completely effective in ensuring compliance by all our personnel, business partners and representatives, for whose misconduct we may under some circumstances be legally responsible. Our failure or inability to comply with existing or future laws, rules or regulations in the countries in which we operate could result in government investigations and/or enforcement actions, which could result in significant financial cost (including investigation expenses, defense costs, assessments and criminal or civil penalties), reputational harm and other consequences that may adversely affect our operating results, financial condition and ability to conduct our business. For instance, in response to the conflict in Ukraine, the U.S., European Union and other countries have imposed sanctions against Russia, Belarus and certain other regions, entities and individuals, and may impose additional sanctions, export controls or other measures; in addition, in response to the Gaza-Israel conflict, certain sanctions were imposed against certain individuals and there may be additional sanctions, export controls or other measures. Such adverse and uncertain situations have caused, and may continue to cause, supply chain disruptions and increased costs for transportation, energy, and raw materials globally. The imposition of sanctions, export controls and other measures could adversely impact our business including preventing us from performing existing contracts, recognizing revenue, pursuing new business opportunities or receiving payment for products already supplied or services already performed with customers.

A downturn in China's economy may adversely affect our results of operations and financial condition.

A notable portion of our assets are located in the PRC and a notable portion of our revenue is sourced from the PRC. We therefore depend heavily on general economic conditions in China for our continued growth. Although the Chinese economy has grown significantly in the past few decades, we cannot assure you that the economy will continue to grow, or that its growth will be steady or occur in geographic regions or economic sectors from which we benefit. Meanwhile, a notable portion of our assets are located outside of the PRC, which may serve as a hedge against the downturn in China's economy. However, there is no guarantee that such hedging will be effective.

The global crisis in financial services and credit markets that began in 2008 caused a slowdown in the growth of the global economy. If the crisis in global financial services and credit markets were to recur, there is no certainty as to its impact on the global economy, especially the Chinese economy. A downturn in China's economic growth or a decline in its economic condition may have material adverse effects on our results of operations and financial condition. China's economic growth may also slow down due to weakened exports as a result of tariffs and trade tensions caused by the U.S.-China trade war. In 2018 and 2019, the U.S. government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on cumulatively US$550 billion worth of Chinese products. In retaliation, the Chinese government responded with tariffs on cumulatively US$185 billion worth of U.S. products. In addition, since 2019 and continuing into 2024, the U.S. government restricted certain Chinese technology firms from exporting certain sensitive U.S. goods. The Chinese government lodged a complaint in the World Trade Organization against the United States over the import tariffs in the same year. The trade war created substantial uncertainties and volatilities to global markets. On January 15, 2020, the United States and Chinese governments signed the U.S.-China Economic and Trade Agreement (the "Phase I Agreement"). Under the Phase I Agreement, the United States agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. If either government violates the Phase I Agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Furthermore, additional concessions are needed to reach a comprehensive resolution of the trade war. The roadmap to the comprehensive resolution remains unclear, and the lasting impact the trade war may have on China's economy and the industries in which we or our portfolio companies operate remains uncertain.

Meanwhile, the United States has imposed various sanctions on Chinese entities, including adding Chinese technology companies to the U.S. Department of Commerce's trade restriction list and limiting other countries from exporting high technology products and materials to China. We cannot assure you that China's economy and the industries in which we or our portfolio companies operate will not be adversely and materially impacted by such sanctions.

Compliance with the PRC Labor Contract Law may incur substantial labor costs.

The PRC Labor Contract Law became effective on January 1, 2008 (while certain provisions thereof were amended on December 28, 2012 and became effective on July 1, 2013). Compliance with the requirements under the PRC Labor Contract Law, in particular the requirements to make severance payments and enter into non-fixed term employment contracts, may incur substantial labor costs.

Pursuant to the PRC Labor Contract Law, since January 1, 2008, we have been required to enter into non-fixed term employment contracts with employees who request or agree to renew the employment contract without specifying to a fixed term or non-fixed term employment contract in below circumstances: such employees have worked for us for more than ten years or, unless otherwise provided in the PRC Labor Contract Law, such employee has been concluded of fixed term employment contract for two consecutive terms. We may not be able to terminate non-fixed term employment contracts under the PRC Labor Contract Law without cause. We are also required to make severance payments to fixed term contract employees when the term of their employment contracts expire, unless such employee voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. The amount of severance payment is equal to the average monthly wage during the last twelve months prior to the termination or expiration of the contract of the employee multiplied by the number of full years (six months or over six months are deemed as a full year) that the employee has worked for the employer, except in circumstances where the employee's monthly wage is three or more times greater than the annual average monthly wage in the relevant district or locality of the past year, in which case the calculation of the severance payment will be based on a monthly wage equal to three times the average monthly wage multiplied by the number of full years (but not exceed twelve years). A minimum wage requirement has also been incorporated into the PRC Labor Contract Law. Liability for damages or fines may be imposed for any material breach of the PRC Labor Contract Law.

In addition to the cost of compliance with current PRC labor laws and regulations, any significant changes in PRC labor laws in the future may substantially increase our operating costs and have a material adverse effect on our business, financial condition and results of operations.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies may cause delay in or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC operating subsidiaries.

We are an offshore holding company of our PRC operating subsidiaries. In utilizing the proceeds of this offering in the manner described in "Use of Proceeds," we may make loans or additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations. For example, loans by us to our PRC subsidiaries that are foreign-invested enterprises to finance their activities cannot exceed the difference between the total investment amount and the registered capital of such foreign-invested enterprises or the applicable quota permitted by the SAFE, and must be registered with the SAFE.

We may also decide to finance our PRC subsidiaries by means of capital contributions. These capital contributions must be approved by or registered with the PRC Ministry of Commerce or its local counterpart if the PRC government adopts special market entry measures relating to the business of such PRC subsidiaries. We cannot assure you that we will be able to obtain these government approvals on a timely basis, if at all, with respect to future capital contributions by us to our subsidiaries. If we fail to receive such approvals, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may adversely affect our business operations.

Under the Circular of SAFE on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Investment, Financing and Round-trip Investment via Overseas Special Purpose Companies (國家外匯管理局關於境內居民通過特殊目的公司投融資及返程投資外匯管理有關問題的通知), PRC domestic residents who plan to establish an overseas special purpose vehicle ("SPV") must conduct foreign exchange registration with the local foreign exchange authority prior to contributing their legitimate overseas or domestic assets or equity interest as capital contribution of an overseas SPV. In addition, pursuant to the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) ("Circular 13") which was promulgated by SAFE, PRC domestic residents who have contributed their domestic assets or equity interests must conduct foreign exchange registration with local bank which locates at the registration place of the domestic enterprise or the place of the assets or equity interests. PRC domestic residents who have contributed their overseas assets or equity interests must conduct foreign exchange registration with local bank which locates at the registration place of the domestic enterprise or at the place of domicile of PRC residents.

Changes in tax and other preferential policies may adversely affect our business and results of operations.

Our business benefits from certain PRC government incentives. Expiration of, or changes to, these incentives could have a material adverse effect on our operating results. In particular:

- Some of our portfolio companies receive tax incentives from local governments. These incentives may not be consistent with relevant national rules governing tax incentives. If any of the incentives granted by the local governments are repealed by the central government or terminated by the local governments, the relevant companies might lose the tax incentives they enjoy currently and could be required to pay back the tax subsidies or rebates that they received in the past.

- Some of our portfolio companies are eligible for preferential tax treatments. Under the Enterprise Income Tax Law which was amended and became effective on December 29, 2018 (the "EIT Law") (企業所得税法), a unified enterprise income tax rate of 25% and unified tax deduction standards is applied equally to both domestic-invested enterprises and foreign-invested enterprises. Enterprises established prior to December 29, 2018 that are eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations will be eligible under the regulations of the State Council to gradually become subject to the new tax rate over a five-year transition period starting from the date of effectiveness of the new law. As a result, the effective tax rates for some of our portfolio companies increased.

When our currently available tax benefits expire or become unavailable as a result of the enactment of the new measures as mentioned above or for any other reasons, the effective income tax rate of our PRC subsidiaries will increase significantly, and any increase of the income tax rate applicable to such subsidiaries in the future could have a material adverse effect on our financial condition and results of operations. Moreover, our historical operating results may not be indicative of our operating results for future periods as a result of the expiration of the tax benefits currently available to us.

We may be treated as a PRC resident enterprise for PRC tax purposes, which may subject us to PRC income taxes on our worldwide income and may result in PRC withholding taxes on payments on the Notes and PRC tax on a sale of the Notes.

Under the EIT Law amended in 2018 and the implementation rules which took effect on April 23, 2019, enterprises established outside the PRC whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax purposes. The implementation rules define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. The State Administration of Taxation had issued a notice to specify certain criteria for the determination of the "de facto management bodies" for foreign enterprises that are controlled by PRC enterprises. In January 2014, the State Administration of Taxation issued an announcement to address issues concerning the accreditation of resident enterprises based on the places of effective management criteria.

We hold our shareholders' meetings and most of the board meetings in Hong Kong and keep our shareholders' list and board resolutions in Hong Kong. Although it is unclear under PRC tax law whether we have a "de facto management body" located in China for PRC tax purposes, we take the position that we are not a PRC resident enterprise for tax purposes. We cannot assure you that the tax authorities will agree with our position. If we are deemed to be a PRC resident enterprise for EIT purposes, we would be subject to the PRC enterprise income tax at the rate of 25% on our worldwide taxable income (although in that event we may be able to receive dividends from our PRC subsidiaries free of PRC withholding tax). Furthermore, we may be obligated to withhold PRC income tax of 10% on payments of interest and other amounts on the Notes to non-PRC enterprise investors that are not Hong Kong resident enterprises, or 20% on payments of interest and redemption amounts on the Notes to investors who are non-PRC individuals, because the interest and other amounts may be regarded as being derived from sources within the PRC. If we fail to do so, we may be subject to fines and other penalties. In addition, if we were treated as a PRC resident enterprise for PRC tax purposes, any gain realized by such non-resident investors from the transfer of the Notes may be regarded as being derived from sources within the PRC and may accordingly be subject to a PRC tax at the rate of 10% in the case of non-resident enterprises, or 20% in the case of non-resident individuals. These tax rates may be reduced by an applicable tax treaty (for example, to 7% in the case of payments of interest and redemption amounts on the Notes to certain qualifying Hong Kong residents). However, it is unclear whether, if we are considered a PRC "resident enterprise," holders of our Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

On March 23, 2016, the MOF and SAT jointly issued the Circular of Full Implementation of Business Tax to VAT Reform (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知 (財稅[2016]36號)), which confirms that business tax has been completely replaced by VAT in PRC from May 1, 2016. VAT is applicable where entities or individuals provide services within the PRC. Services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. The issuance of the Notes may be regarded as financial services by Noteholders and interests payments on the Notes may be subject to withholding of VAT if the Issuer is a PRC resident enterprise for PRC tax purposes, in which case interest paid by the Issuer to a non-PRC Noteholder may be subject to withholding of VAT at a rate of 6%. If the Parent Guarantor is regarded as a PRC resident enterprise, payments in respect of interest under the Guarantee may also be subject to withholding of VAT. VAT is not applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore not applicable to gains realized upon such transfers of Notes. In the event that either the seller or buyer of Notes is located inside the PRC, pursuant to the Notice on Clarification of VAT Policies for Finance, Real Estate Development, Education Support Services etc. (關於明確金融、房地產開發、教育輔助服務等增值稅政策的通知) (the "Circular 140") promulgated on December 21, 2016 and effective retroactively as of May 1, 2016, VAT is applicable to investment returns on contracts which undertake for fully recoverable principal, but is not applicable to non-principal-protected gains (非保本收益) from investments in financial products. As the circulars pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties; therefore, there is uncertainty as to the applicability of VAT to payments on the Notes, or to gains realized upon transfers of the Notes if either the transferor or transferee of the Notes is located inside the PRC.

If we are required under the EIT Law to withhold PRC income tax from interest payments made to our non-PRC holders of Notes, we will be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Notes, as well as our profitability and cash flow. In addition, if you are required to pay PRC income tax on the transfer of our Notes, the value of your investment in the Notes may be materially and adversely affected.

Changes in PRC government policy regarding foreign investment in China may adversely affect our business and results of operations.

On March 15, 2019, the National People's Congress of the PRC adopted the Foreign Investment Law of the PRC (中華人民共和國外商投資法), which came into effect on January 1, 2020. The Foreign Investment Law will replace the PRC Law on Sino-foreign Equity Joint Ventures, the PRC Law on Wholly Foreign-owned Enterprise and the PRC Law on Sino-foreign Cooperative Joint Ventures. On December 26, 2019, the State Council of the PRC adopted the Implementing Regulations of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例), which came into effect on January 1, 2020. The Implementing Regulations of Foreign Investment Law will replace the Implementing Regulations of the Law of the PRC on Sino-foreign Equity Joint Ventures, the Interim Provisions on the Joint Operation Period of Sino-foreign Equity Joint Ventures, the Detailed Rules of Implementation of the Law of the PRC on Foreign-invested Enterprises and the Detailed Rules of Implementation of the Law of the PRC on Sino-foreign Cooperative Joint Ventures. The Foreign Investment Law and its Implementing Regulations establish a nationwide "pre-establishment national treatment and negative list" management system. The system is intended to create an environment where all foreign investments will be treated same as domestic investments, other than foreign investments into industries that are listed in the "Special Measures for Access of Foreign Investment (Negative List)." According to the Foreign Investment Law and its Implementing Regulations, all foreign invested enterprises will be required to follow the corporate governance rules under the PRC Company Law once the Foreign Investment Law comes into effect. However, for foreign invested enterprises formed prior to the adoption of the Foreign Investment Law, the Foreign Investment Law and its Implementing Regulations allow for a five-year transition period to bring the corporate governance of such foreign invested enterprises in line with the PRC Company Law. On December 27, 2021, the MOFCOM and the NDRC jointly promulgated the Special Measures for Access of Foreign Investment (Negative List) (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》, or the Negative List which came into effect on January 1, 2022. The Negative List divides industries into two categories, namely, "prohibited" and "restricted." The Special Measures for Access of Foreign Investment (Negative List) (2020 Edition) (《外商投資准入特別管理措施(負面清單)(2020年版)》) jointly promulgated by the MOFCOM and the NDRC on June 23, 2020 was repealed simultaneously. Although currently, none of our portfolio companies are within the prohibited category and most of their businesses are not in the restricted category, as this Negative List is updated every few years, there is no assurance that the PRC government will not change its policies in a manner that would cause part or all of our businesses to fall within the restricted or prohibited categories as listed in the Negative List. If we cannot obtain approval from relevant approval authorities to engage in businesses that become restricted for foreign investors, we may be forced to sell or restructure the businesses that have become restricted or prohibited for foreign investment. If we are forced to adjust our business portfolio as a result of changes in government policy on foreign investment, our business, financial condition and results of operations would likely be materially and adversely affected.

Holders of the Notes may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

Although we are a company incorporated under the laws of Hong Kong, our operating subsidiaries are incorporated under PRC laws, Portuguese laws and Japanese laws, among others, and substantially all of our assets are not located in Hong Kong. In addition, most of our directors and officers reside within China, and substantially all of their assets are located within China. As a result, it may not be possible to effect service of process outside of China upon most of our directors or officers. Moreover, our PRC legal counsel, Jingtian & Gongcheng, has advised us that China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in civil and commercial cases with the United States, the United Kingdom, Portugal, Japan or most other members of the Organization for Economic Cooperation and Development (or OECD). Therefore, recognition and enforcement in China of judgments of a court in any of the jurisdictions mentioned above in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

Risks Relating to Our Health Segment

Our Health segment is strictly regulated, which limits our flexibility managing our operations.

As the health industry is monitored closely by the PRC government, our operations are constrained in many ways. To introduce a new product to the market, we must obtain all the necessary permits and product certifications. We cannot assure you that regulatory authorities will approve all of our new products. Changes in regulations may also make the application process more difficult. We also need to comply with the relevant laws and regulations, maintain all required permits and product certifications and are subject to various standards for our daily production and operations.

In addition, regulatory authorities conduct periodic assessments of our operations to ensure that we comply with applicable laws. On September, 19, 2019, the NMPA issued the Notice of Learning, Publicizing and Implementing the Drug Administration Law of the People's Republic of China (國家藥監局關於學習宣傳貫徹《中華人民共和國藥品管理法》的通知), which states that the GMP certification and GSP certification are cancelled, and the drug supervision and administration department can conduct an inspection on the implementation of GMP and GSP at any time. Pursuant to the Drug Administration Law of the People's Republic of China (《中華人民共和國藥品管理法》) which became effective on December, 1, 2019, the State implements a drug marketing permit holder system for drug administration. Drug marketing permit holders (藥品上市許可持有人), which shall mean enterprises or drug research and development institutes that have obtained a drug registration certificate shall be responsible for drug safety, effectiveness and quality controllability throughout the drug research and development, production, management and use process pursuant to the aforesaid law. Drug marketing permit holders engaging in drug manufacturing on their own shall obtain a drug manufacturing permit and drug marketing permit holders engaging in drug retail activities shall obtain a drug business permit. We cannot assure you that we are able to comply with all these requirements, and as a result, we may be subject to fines, suspension of operations, revocation of business licenses.

Further, during a public health crisis, we cannot assure you that we are able to maintain normal business operations of our Health segment, as our hospitals, research and production facilities may be expropriated by the PRC government. We also cannot assure you that our staff will not be quarantined by the PRC government and their productivities will not be adversely affected by the public health crisis. In addition, we cannot assure that our suppliers, our distributors and our customers will not be adversely affected by the public health crisis. We may also donate our products and services during the public health crisis. If any aforementioned risks materialize, our business, results of operations and financial condition may be materially and adversely affected.

Our Health segment is subject to strict price control.

Most of our pharmaceutical products are subject to price control in China, which typically involves the imposition of retail price ceilings. Pursuant to the Circular on Promoting the Reform of Drug Prices (關於印發《推進藥品價格改革意見》的通知), since June 1, 2015, the pharmaceutical products listed in the National Medical Insurance Drugs Catalogue and paid by the social medical insurance fund shall follow the price guidelines promulgated by relevant government agencies, and psychological drugs are subject to strict price controls, which involve the imposition of retail price ceilings. As of the date of this Offering Circular, some but not all provinces have issued guidelines on the pricing mechanism of drugs paid by the social medical insurance fund. The nature and scope of price controls may be varied by the PRC government from time to time. Our ability to set and raise prices of our products which are included in the National Medical Insurance Drugs Catalogue is subject to price control. We derived a substantial portion of our revenue from sales of pharmaceutical products that were subject to price controls. Retail price controls imposed by the PRC government significantly impact the selling prices of many of our pharmaceutical products. We cannot assure you that the PRC government will not further expand the list of pharmaceutical products subject to price control, further lower the price ceilings or strengthen the existing price control measures. If such changes take place, our Health segment may be adversely affected.

On December 26, 2016, eight central government agencies jointly promulgated the Notice on the Distribution of the Opinions on the Implementation of the "Two-Invoice System" in Drug Procurement by Public Medical Institutions (for trial implementation) (關於在公立醫療機構藥品採購中推行"兩票制"的實施意見(試行)). The "Two-Invoice System" generally requires that at most two invoices may be issued through the drug distribution chain, with one from the manufacturer to a distributor and another from the distributor to the end-user hospital. Such system significantly limits the options for companies to use multiple distributors to reach a larger geographic area in China. Compliance with the Two-Invoice System is a prerequisite for pharmaceutical companies to participate in procurement processes with public hospitals, which provide most of China's healthcare. Manufacturers and distributors that fail to implement the Two-Invoice System may lose their qualifications to participate in the bidding process. Non-compliant manufacturers may also be blacklisted from engaging in drug sales to public hospitals in a locality.

In China, regulations and policies relating to the health industry change from time to time. If the standards become more lenient, we may face increased competition. If the standards become stricter, our compliance costs may increase. Although our pharmaceutical production facilities in China and our pharmaceuticals retail and distribution companies have generally been able to meet the required standards, we cannot ensure that this will continue to be the case. If we fail to comply with the latest standards, our Health segment may be adversely affected.

Our pharmaceutical products may be removed or excluded from the National Medical Insurance Drugs Catalogue or the Provincial Medical Insurance Drugs Catalogues.

In the PRC, eligible participants in the governmental basic medical insurance program who purchase drugs listed in the National Medical Insurance Drugs Catalogue and/or the Provincial Medical Insurance Drugs Catalogues are entitled to reimbursement from the social medical insurance fund, work-related injury insurance fund and maternity insurance fund. As a result, a pharmaceutical producer in China may want to have its products included in the National Medical Insurance Drugs Catalogue and/or the Provincial Medical Insurance Drugs Catalogues. This reimbursement is up to the entire cost of drugs that are included in such catalogues, and for this reason, hospitals in China frequently prescribe drugs included in the catalogues for their patients. The PRC central and provincial governmental authorities select drugs for the catalogues based on a variety of factors including treatment requirements, frequency of use, effectiveness and price, and they may also from time to time review the catalogues and adjust drugs included in them. Many of the pharmaceutical products that we manufacture are included in the National Medical Insurance Drugs Catalogue. We also have a large number of products included in the Provincial Medical Insurance Drug Catalogues. If any of our existing major pharmaceutical products are removed from any of the catalogues or new major products we launch in the future are not included in the catalogues, our business, financial condition and results of operations may be adversely affected.

We are subject to risks associated with quality issues that may arise on our pharmaceutical products during post-production processes.

The quality of our pharmaceutical products may be affected during certain post-production processes including transportation, storage, warehousing and usage. For example, vaccine products are sensitive biological products, prone to temperature and light changes. To maintain quality and potency, vaccines must be stored in good conditions through cold-chain logistics providers at a certain temperature. To ensure a reliable vaccine cold chain at the manufacture level, we are required to, among others, establish a complete and effective network of cold-chain logistics providers to store vaccines and diluents within the approved temperature range at all sites, pack and transport vaccines to and from outreach sites per recommended procedures, and perform regular oversight and monitor on the delivery process to our customers. Delivery disruptions for various reasons beyond our control, including weather conditions, political turmoil, social unrest and strikes could lead to delayed deliveries. The nature of pharmaceutical products may also mean that poor handling by pharmacies, hospitals or transport operators could result in damage to our products, including contamination or degeneration. Some of these processes are managed by third parties, over which we have limited control. If we fail to maintain an effective cold-chain network for our vaccine products, we may face risks such as disruptions in vaccine storage, supply, price increases or late deliveries. Our existing vaccine products may be exposed to inappropriate temperature or other improper storage conditions and subject to potency diminishment or even potency loss. In the worst case scenario, our existing vaccine products with damaged quality might need to be destructed, which could bring tremendous damage to our reputation and business. Had any interruption of our cold-chain network occurred, our product quality, customers relationship and brand image might be adversely affected. Product liability claims may arise if any of our pharmaceutical products are deemed or proven to be unsafe, ineffective, defective or contaminated. Under certain circumstances, we may be required to recall products. Even if a situation does not necessitate a product recall, we cannot assure you that product liability claims will not be asserted against us as a result. Any claims relating to the quality of our pharmaceutical products, regardless of their merit, could adversely affect our reputation, divert our time, resources and attention of our management, and result in material and adverse impact on our business, financial condition and results of operations of our Health segment. Also see "—Product liability claims or product recalls could result in substantial damage" below.

Our employees, distributors or third-party sales representatives could engage in corrupt practices or other improper conduct that could harm our reputation and business.

We are subject to PRC laws and regulations relating to healthcare fraud and abuse. We are subject to risks in relation to actions taken by us, our employees, distributors or third-party sales representatives that constitute violations of the PRC anti-corruption and other related laws. Our failure to comply with these laws, or effectively manage our employees and affiliates in this regard, could have a material adverse effect on our reputation, results of operations and business prospects. In the pharmaceutical industry, corrupt practices include, among others, acceptance of kickbacks, bribes or other illegal gains or benefits by pharmacies, hospitals and medical practitioners from pharmaceutical manufacturers and distributors in connection with the prescription of certain pharmaceutical products. If we, our employees, distributors or third-party sales representatives violate these laws, rules or regulations, it could harm our reputation and expose us to regulatory investigations, costs and liabilities. In the case of our pharmaceutical manufacturing business, our pharmaceutical distribution and retail business, and our diagnostic products and medical devices business, the government authorities may seize the products involved in the illegal or improper conduct, and suspend our operations or, in the case of our retail pharmacy operations, outstanding claims to local government social security bureaus for reimbursements of purchases paid with medical insurance cards could be rejected. Any of the consequences resulting from corrupt practices by us, our employees or affiliates could materially and adversely affect our business, financial condition and results of operations. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our own or to adopt additional anti-corruption laws and regulations could also require us to make changes to our operations. Our reputation and results of operations could be adversely affected if we become the target of any negative publicity as a result of actions taken by us, our employees or affiliates.

We sell our pharmaceutical, diagnostic products and medical devices primarily through third parties and have limited control over their practices.

In our pharmaceutical, diagnostic products and medical device businesses, we rely on various channels to sell our products in China. In particular, our non-prescription pharmaceutical products are distributed to consumers mainly through retail pharmacies. Our prescription pharmaceutical products are sold through distributors to hospitals, which then sell the products to patients. Our diagnostic products and medical devices are mainly sold to hospitals through third-party distributors. We cannot assure you that we will be able to maintain a sufficiently diversified sales network for our products in our pharmaceutical, diagnostic products and medical devices businesses. Nor can we assure you that we will be able to renew the contracts with our distributors on the same terms and conditions. Furthermore, we have limited ability to control and manage the activities of these third-party sales channels. If any third party in our sales channels treats our competitors' products more favorably than ours, or stops selling our products, and we are unable to find appropriate substitutes, our business, financial condition and results of operations may be adversely affected.

If we fail to win the statutory tender process or have to share orders from hospitals or other medical institutions, our Health segment may be adversely affected.

A substantial portion of revenue from our Health segment was derived from sales to hospitals and other medical institutions in the PRC. The purchase of pharmaceutical products by government-owned or government-controlled hospitals is generally subject to an annual statutory tender process run by the relevant local governments. With the introduction of a more centralized statutory tender system for essential drugs, which may lead to increasing competition among suppliers of essential drugs, the PRC government is expected to apply further downward pricing pressure on pharmaceutical product manufacturers. We may fail to win the statutory tender process if our prices are not competitive, our pharmaceutical products fail to meet certain quality requirements or are less effective clinically than competing products, our reputation is adversely affected by unforeseen events, our service quality or any other aspect of our operation fails to meet the relevant requirements, or for other reasons. If we fail to win orders from hospitals or other medical institutions through the statutory tender process, we will not be able to sell our products to them and our pharmaceutical manufacturing business will be adversely impacted. On the other hand, even if we win the statutory tender process, we may have to share the orders with other co-winners, resulting in a decrease in our share in the relevant market.

Our research and development efforts may not result in the production of commercially successful pharmaceutical products or otherwise generate desirable results.

An important element of our business strategy is to focus on the research and development of innovative drugs, biopharmaceutical generic drugs and first-to-market chemical generic drugs. We incur a significant amount of research and development expenses. However, the development process is complex, uncertain, time-consuming and costly. We cannot assure you that our research and development efforts will result in the development of commercially successful products, or that any such research projects will generate expected benefits. In particular, relatively few medical research and development programs successfully developed commercially viable products. In addition, a product candidate that appears promising at the early phases of development may fail to reach the market for a number of reasons, such as:

- failure to demonstrate safety and efficacy in preclinical and clinical trials;
- lack of proprietary rights, such as patent rights for product candidates;
- inability to acquire or license such rights on commercially reasonable terms, or at all; and
- failure to obtain approvals for the intended use from relevant regulatory bodies, such as the NMPA.

Delays in any part of the development process or inability to obtain regulatory approval of our products could have a material adverse effect on our business, financial condition and results of operations.

Even if we successfully develop and launch a new product, we cannot assure you that it will be commercially accepted in the market. The primary factors which may affect the commercial viability of our products include, among other things:

- the safety and effectiveness profile of the product;
- our reputation and brand image;
- the product's perceived advantages and disadvantages compared to competitors' products;
- the product's cost-effectiveness; and
- the effectiveness of our marketing efforts.

If any of our new products is not well accepted by the market, we may not be able to recoup our investment in the research and development process. Moreover, even if we successfully commercialize new products, these products may serve markets that are currently being served by our existing products and may result in cannibalization of our existing products. If our research and development efforts fail to attain our projected sales levels, our business, financial condition and results of operations may be materially and adversely affected.

Failure to manage the production capacity may materially and adversely affect our revenue and profitability.

Our ability to properly manage our production capability directly affects how well we may be able to react to changes in market demand for our existing pharmaceutical products, including vaccine, and, in turn, how successfully we can manage our cost of sales and realize profits from the sales of our existing products.

The normal production capacity is calculated based on the designed capacity of our manufacturing facilities, after taking into account of any reduction in capacity caused by, among other factors, suspension of manufacturing for maintenance or expansion. The normal production capacity for a product directly determines the maximum amount of pharmaceutical products, including vaccine, that could be produced in a given period and the volume of finished goods that will be available for sale in subsequent periods. It is critical to properly manage the normal production capacity, in particular, to minimize the time for suspension of production caused by planned or unexpected events, so that we can secure a steady supply of products and a stable growth in our revenue, or reduce any adverse impacts on our financial condition due to suspension of production. Although we have been actively taking measures to improve the management of the normal production capacity, including designating dedicated personnel to optimize production planning, coordination among different parts of manufacturing facilities, and monitoring and preventing contaminations in bioreactors or other manufacturing interruptions, we cannot assure that such measures will be successful. The failure to manage the normal production capacity may significantly reduce products available for sale in subsequent periods and/or increase the costs, thus materially and adversely affecting our revenue and profitability.

We may from time to time become a party to litigation, legal disputes, claims or administrative proceedings that may materially and adversely affect us.

As a large publicly listed company, we may from time to time become a party to various litigation, legal disputes, claims or administrative proceedings arising in the ordinary course of our Health segment. Such negative publicity may damage our reputation and adversely affect the image of our brands and products. In addition, ongoing litigation, legal disputes, claims or administrative proceedings may distract our management's attention and consume our time and other resources. Furthermore, any litigation, legal disputes, claims or administrative proceedings which are not of material importance may escalate due to the various factors involved, such as the facts and circumstances of the cases, the likelihood of winning or losing, the monetary amount at stake, and the parties concerned continue to evolve in the future, and such factors may result in these cases becoming of material importance to us. Finally, if any verdict or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities, and suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Negative publicity may damage our reputation and have a potential adverse impact on our business.

We value and rely on our reputation to maintain and grow our business operations. Our brand and reputation could be harmed by negative publicity or media reports. Negative publicity or media reports associated with our operations or corporate governance, regardless of the facts, may damage our reputation, adversely affect the image of our brands and services, divert our management's attention and consume our time and other resources. Any negative publicity and the resulting decrease in our brand value may have a material adverse effect on our business, results of operation and financial position.

We rely on third parties for the development and clinical testing of certain pharmaceutical products outside China.

In order to leverage on the network and brand name of research institutions in developed countries, we have entered into research agreements with certain such institutions with respect to the development of specific products or production processes. We also contract with research organizations and other third parties in developed countries to manage the clinical trials of some of our pharmaceutical products and invest in joint ventures to develop and commercialize new products.

We cannot assure you that we will be able to enter into similar collaborative relationships with third parties for additional research and development, preclinical and clinical testing and marketing. Our inability to maintain or develop such relationships could limit the growth of our pharmaceutical products' sales.

Collaborative relationships may create obligations on our part, such as confidentiality, non-competition and exclusivity in the procurement of raw materials or distribution of end products. These obligations may place restrictions on our operations and our ability to procure or use certain external resources. If the parties collaborating with us fail to perform under their relevant agreements with us or fail to meet regulatory standards, clinical testing of the relevant products may be delayed or prematurely terminated. Moreover, these parties may gain access to our patents, trademarks, know-how, trade secrets and/or other intellectual properties through collaboration with us. Even though the collaboration agreements generally have confidentiality provisions, we cannot assure you that the parties collaborating with us will not knowingly or unknowingly misuse, infringe or violate our intellectual properties to their advantage and that the relevant agreements can offer us meaningful protection against such misuse, infringement or violation. These parties could also pursue alternative technologies as a means of developing or marketing products for the diseases targeted by our collaborative programs.

The pharmaceutical and healthcare industries are highly competitive, and our business, financial condition and results of operations may be adversely affected if we are not able to compete effectively.

Each of the pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices industries is highly competitive, and we face intense competition in each of these sectors. Our pharmaceutical products may lose their market appeal as lower-priced products become available, as similar or new products are introduced or as other technological advances and developments render our products obsolete or less effective. Since we do not have intellectual property rights in these products or enjoy any administrative protection in respect of their production, we cannot preclude any third party from offering the same products at more competitive prices. Partly as a result of their non-proprietary nature, competition in the market segment for many of these products is intense. Our key competitors are multinational pharmaceutical companies as well as large domestic pharmaceutical companies, whose products have similar curative effects and can be used as substitutes for our products.

In our pharmaceutical distribution and retail business, our key competitors are regional pharmaceutical distributors, large retail pharmacy chains, independent pharmacies, supermarkets and convenience chains in our target markets. As we further expand our healthcare service operations, we expect to face strong competition from other premium or specialized healthcare service providers in our target markets in China. In our diagnostic products and medical devices business, we compete with both large multinational companies and domestic diagnostic products and medical devices manufacturers. We cannot assure you that we will be able to remain competitive by distinguishing our products or services from our competitors, or by expanding our production capacity, sales forces, retail pharmacy network or healthcare service operations, nor can we assure you that we will be able to maintain or increase our existing market share in any of our business segments. Our competitors in each of our business segments may have more financial resources, better research and development resources, manufacturing techniques, marketing capability and experience than we do and may choose to invest more in the product and technology development, service offering, facilities and equipment, or sales and marketing, as the case may be. As a result, our competitors in the pharmaceutical manufacturing, diagnostic products and medical devices industries may succeed in developing products that are more effective, less costly or with a shorter time-to-market than ours, our competitors in the pharmaceutical distribution and retail business may be able to offer products that are more popular in the pharmaceutical retail market than ours, and our competitors in the healthcare service business may be able to deliver healthcare services that are more effective and less costly than ours. We must continuously keep abreast of the latest developments in our industries in order to remain competitive. Furthermore, new competitors may enter the markets in which we currently operate. If we are unable to compete effectively against our existing or new competitors, our business, financial condition and results of operations may be materially and adversely affected.

Product liability claims or product recalls could result in substantial damage.

We are subject to product liability claims with respect to the pharmaceutical products, diagnostic products and medical devices we manufacture, distribute and/or sell. Such claims may arise if any of our products are deemed or proved to be unsafe, ineffective, defective or contaminated or when we are alleged to have engaged in practices such as improper filling of prescriptions, insufficient or improper labeling of products, provided inadequate warnings or insufficient or misleading disclosures of side effects, or unintentionally distributed counterfeit drugs. In the event that the use or misuse of any product manufactured and/or distributed by us results in personal injury or death, product liability and/or indemnity claims may be brought against us. We may be subject to product recalls, and the relevant regulatory authorities in the PRC may close down some of our related operations and take other administrative actions against us. In addition, as pharmaceutical manufacturers are responsible for all consequences arising from clinical trials of their new products in China, we could be subject to claims and expenses arising from any professional malpractice of medical practitioners or researchers with whom we contract for clinical trials. We may also be held responsible for professional malpractice by medical practitioners or researchers with whom we contract for clinical trials in other countries, such as the United States. Moreover, we may be subject to malpractice or other claims for injuries or wrongful death claims in our healthcare service business.

We cannot guarantee that such claims will not be filed against us in the future. A substantial claim or a substantial number of claims against us, if successful, would have a material adverse effect on the reputation, business, financial condition and results of operations of our Health segment. We do not have product liability insurance for all of the products manufactured or sold by us. We maintain product liability insurance for most of the products manufactured or sold by our subsidiaries, including Guilin Pharma, Jiangsu Wanbang Biopharmaceutical Company Limited, Sichuan Hexin Pharmaceutical Company Limited, Huaiyin Medical Instruments Company Limited and Chongqing Carelife Pharmaceutical Company Limited. The product liability insurance covers personal injuries, diseases, death and loss of property resulting from the use, consumption or operation of the products of these subsidiaries globally. Our product liability insurance policy is now more product-oriented, and it now covers a significant portion of our major products. For the products for which we have insurance, our coverage, however, may not be sufficient to cover the amount of damages. If any of our products are alleged to be harmful, we may experience reduced sales of the products manufactured or distributed by us and may have to recall these products from the market. Any claims against us or any product recalls, regardless of merit, can strain our financial resources and consume the time and attention of our management. If any claims against us are successful, we may incur monetary liabilities, and our reputation may be severely damaged.

Moreover, applicable laws, rules and regulations require our in-store retail pharmacists to offer advice, without additional charge, to our customers regarding medication, dosage, common side effects and other information deemed significant by these pharmacists. Our in-store pharmacists may be legally required to warn customers regarding any potential negative effects of a prescription drug. We may be liable for claims arising from such advice or the failure to adhere to such advice given by our in-store pharmacists, and our business, financial condition and results of operations, as well as reputation, could be materially and adversely affected.

Additionally, quality of pharmaceutical products may also be affected by various other factors after production. Also see "—We are subject to risks associated with quality issues that may arise on our pharmaceutical products during post-production processes" above.

Substantially all of our pharmaceutical products must undergo a clinical trial process before they can be introduced into the market for commercial sale. The process is expensive, lengthy and uncertain.

Generally, we must provide regulatory authorities with clinical data that demonstrates the safety and efficacy of our pharmaceutical products in order to obtain approval for their commercial sale. The clinical trial process, which involves preclinical testing and clinical development, can take several years to complete and the outcome of such process is uncertain.

Product testing can fail at any stage of the clinical trial. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and interim results of trials do not necessarily predict final results. It is not unusual for companies to suffer significant setbacks in advanced clinical trials, even after promising results in earlier trials. Further, the duration of a clinical trial generally varies substantially with the type, complexity, novelty and intended use of the product. Clinical trials may be delayed or need to be repeated for many reasons, such as negative or inconclusive results, adverse medical events, ineffectiveness of the study compound, inability to manufacture sufficient quantities of the compound for use in clinical trials and failure of the regulatory authority to approve our clinical trial protocols. Our clinical trials may be suspended at any time if we or the regulatory authorities believe the patients participating in our studies are exposed to unacceptable health risks.

We do not know whether planned clinical trials will begin on time or whether any of our clinical trials will be completed on schedule, or at all. Our product development costs would likely increase if we encounter delays in testing or obtaining approvals or if we need to perform more or larger clinical trials than planned. If the delays are significant, the commercial prospects for some of our pharmaceutical products will be harmed, which will adversely affect the results of operations in our Health segment. Our Health segment may also be adversely affected if after we devote significant time and expense on the clinical trial process, a product under development fails to achieve approval for commercial sale.

Sales of counterfeit versions of the pharmaceutical products we manufacture or distribute may harm our reputation and adversely impact our health revenues.

The manufacture and distribution of counterfeit products has affected many manufacturers of Chinese consumer products, including pharmaceutical products, for several years, and has been widely reported in various international media. In the past, counterfeit versions of one of our principal pharmaceutical products, Artesunate, was reported to have been sold in various countries in

Southeast Asia and elsewhere. We have made significant efforts to prevent the counterfeiting of our pharmaceutical products, including increasing the sophistication of the packaging of our pharmaceutical products to make them more difficult and expensive to counterfeit. Despite these efforts, it is possible that sales of counterfeit products manufactured to appear similar to our genuine products will happen or continue. Sales of counterfeit products we manufacture could damage the market reputation of these products despite our best efforts to prevent it. Further, sales of counterfeit products may reduce revenues that we would otherwise receive from the sale of the genuine versions of the products we produce and adversely impact our revenues.

Our pharmaceutical products may not gain international accreditation.

We seek to increase our export of certain pharmaceutical products. Before we may develop, market and sell our pharmaceutical products in a particular country, governmental approvals are required. These requirements vary from country to country. In most countries, obtaining government approval to develop, market and sell new drugs is time-consuming and expensive, and clinical studies conducted outside of any particular country may not be accepted by that country and the approval of a pharmaceutical product in one country does not assure that the product will be approved in another country. In addition, governmental approvals might not be obtained in a timely manner, if at all, and we and our collaborative partners might not be able to meet other regulatory requirements for our pharmaceutical products. Even if we are successful in obtaining all required approvals to market and sell a new drug, post-marketing requirements and the failure to comply with other regulations could result in suspensions or limitations of government approvals.

In the case of exports to a developed country, our growth and success will depend upon acceptance by local physicians, laboratories and health insurance providers of our pharmaceutical products. This requires acceptance of our pharmaceutical products as clinically useful and cost-effective alternatives to other competing products. Further, our growth and success will depend, in part, on the extent to which companies, other organizations and governmental bodies provide insurance or comparable coverage for using our pharmaceutical products. We cannot predict the effect of any current or future policies relating to bulk purchases of pharmaceutical products by companies and other organizations.

We rely on a stable supply of raw materials to manufacture our pharmaceutical products.

Many of our pharmaceutical products require raw materials that are not readily available or are only manufactured by a limited number of suppliers. We have long-term supply agreements with some of these suppliers. Although we have been able to procure our required materials from our suppliers in the past, we cannot assure you that our suppliers will continue to supply materials at prices and on terms and conditions acceptable to us in the future, in particular during epidemics. The availability and market prices of these materials may be adversely affected by factors beyond our control, such as weather conditions, natural disasters, epidemics, changes in pricing principles or a sudden surge in demand. If the supply of raw materials is disrupted or the prices of the raw materials increase, our Health segment may be adversely affected.

Disputes over intellectual property rights may adversely affect our Health segment.

Although some of our pharmaceutical products enjoy patent and other forms of intellectual property rights protection, our competitors may independently develop proprietary technologies similar to ours, introduce counterfeits of our products, misappropriate our proprietary information or infringe on our brand names or trademarks. Any misappropriation of our intellectual property rights may impair the market value of our pharmaceutical products or production technologies and adversely affect our Health segment and our reputation. Protection of intellectual property rights in China is different from other jurisdictions, and our efforts to protect our intellectual property may not be adequate. We may be unable to identify unauthorized use of our intellectual property or to take appropriate steps to enforce our rights on a timely basis.

Third parties, including our competitors, may make claims or initiate litigation seeking to establish their patent, copyright, trademark and other intellectual property rights in products, technologies and trade names that are relevant to our Health segment. Although we have not encountered any material intellectual property infringement claims, the risk of us being subject to such claims may increase as we continue to expand and diversify our product lines. Because patent applications are confidential, and many new patent applications are currently under review in China, we may be unable to determine whether any of our products, their production technologies or means of use, or their design and appearance infringe or will infringe upon the patent rights of others.

Litigation may divert our management resources and result in substantial legal costs. If any claim made against us is successful, we may have to obtain licenses from the claimants in order to continue selling the affected products, and such licenses may be unavailable on commercially reasonable terms or at all. Further, we may be forced to discontinue production of the relevant products and may be required to pay compensation for the alleged infringement.

Risks Relating to Our Happiness Segment

The business and results of operations of FTG depend on the number of customers that FTG is able to attract, which are subject to global economic conditions and certain risks common to the tourism & leisure industry.

FTG is one of the world's leading leisure-focused integrated tourism groups that provides customers with one-stop tourism & leisure lifestyle experiences by building a global ecosystem that covers the entire spectrum of tourism- and leisure-related services. It mainly operates resorts and tourism destinations and provide services and solutions in various tourism and leisure settings such as (i) entertainment, other tourism- and culture-related services; and (ii) a platform for family-focused tourism- and leisure-related offerings. As a result, the business of FTG is particularly sensitive to the general social and economic environment, which has affected and could affect levels of discretionary business and leisure tourism and discretionary business and consumer spending. In particular, the number of tourists traveling and the amount that customers spend when they travel could decrease if disposable income decreases, sales taxes or value-added taxes increase, unemployment rate increases, transport and fuel costs increase, the spending habits of customers change in response to increased uncertainty regarding economic conditions or consumer demands reduces in response to public health crisis.

Yuyuan may suffer adverse impact to its business and competitive position due to failure to promote and maintain its brand.

The growth in the business and operations of Yuyuan continue to rely on, among others, its brand name as one of the key factors for a customer to make his or her purchase decision. While Yuyuan continues to maintain and promote its brand by marketing and ensuring effective quality control over its merchandises, it could not guarantee the presentation of its brand and merchandises would be competitive and popular. In the event that Yuyuan could not promote its brand or maintain its goodwill, it may not be able to attract existing and new customers to purchase its goods.

Our property development and sales business may be adversely affected during downturn in China's property market.

Our property development and sales business targets middle to high-end consumers from urban areas in China and will therefore continue to be affected by the property markets in major cities in China, especially changes in supply and demand in the cities where we operate. If our targeted residential property markets experience downturns, our property development and sales business may be adversely affected.

The Forte Entities have property development and sales operations in major cities and provinces across China, including Beijing, Shanghai, Tianjin, Nanjing, Chongqing, Chengdu, Xi'an, Wuhan, Datong, Wuxi, Hangzhou, Taiyuan, Changsha, Changchun, Ningbo and Hainan. In addition, our investments in the property industry conducted through our Asset Management sector may cover these and other regions in China. We cannot assure you that demand for new properties in the areas we operate or intend to expand will continue to grow. Increased competition may lead to increased acquisition costs for land use rights, and a longer waiting period for obtaining regulatory approval, and may depress property prices. In addition, because such growth has often been coupled with volatility in market conditions and fluctuations in property prices, we cannot assure you that property development and sales activities in the cities where we operate will maintain their current pace.

Generally, the property market in China is significantly affected by social, political, economic and legal developments, as well as changing demand for residential properties. The transaction volumes and selling prices of real property in our target market have fluctuated in the past. In the past few years, the PRC government has promulgated various control measures aimed at cooling the property sector. See "—Our Asset Management sector and Happiness segment may be adversely affected by policy changes by the PRC government and local governments."

In addition, since September 2021 and continuing into 2024, there has been widespread negative news relating to Chinese property sector including defaults on a number of companies' indebtedness. This has had a negative impact on, and resulted in increased volatility in, the property sector in China. Such recent defaults make it difficult for Chinese property developers, management companies and potential property purchasers to obtain onshore and offshore financing, and result in very low market confidence in and very low demand for China real estate and increased market volatility. Although there have been loosening in the restrictive policies and supporting policies of the real estate sector have been gradually implemented since late 2022, there is no guarantee that such situation will improve, and the property market may not continue to grow and may even further experience significant contraction. Any adverse development in the condition of the property market in the PRC could have a material adverse effect on our property development and sales business and its related financial condition and results of operations.

Our property development and sales business may be adversely affected by policy changes by the PRC government and local governments.

The PRC government and local governments have announced various measures to slow down growth in the real estate industry in the past few years. Although such restrictive measures have been loosened and supporting policies have been gradually implemented, if similar restrictive measures are introduced in the future, we expect that such measures will discourage property development given that these measures would comprehensively restrict all aspects of the property market to a certain extent, including the supply of land, the flexibility in property development and the down payment requirements or tax levy in purchasing and selling properties.

Since early 2010s, local and state governments have also imposed restrictive policies to cool off the housing market.

On May 19, 2018, the MOHURD issued the Notice on Further Strengthening Regulation and Control of Real Property Markets (關於進一步做好房地產市場調控工作有關問題的通知), which provides that the government should strengthen the management of the scale of individual housing loans, implement differentiated housing credit policies, strengthen the examination of borrowers' repayment ability, and strictly control the transfer of funds such as consumer loans and operating loans to house purchase and leverage, strictly implement the regulations that enterprises can only use their own funds for land purchase, strengthen the examination of the sources of funds for land purchase of housing land, and strictly control the behavior of land purchase with leveraged funding.

Pursuant to the Government Work Report (政府工作報告) dated May 22, 2020, March 5, 2021 and March 5, 2022, the Chinese government acts on the principle that houses are for living in not for speculation and implements city-specific policies to promote steady and healthy development of the real estate markets."

In August 2020, the Ministry of Housing and Urban-Rural Development of the PRC ("MOHURD") and PBOC have held a joint meeting to communicate with key real estate enterprises and other relevant governmental departments. In the meeting, it is announced that MOHURD and PBOC, jointly with other relevant governmental departments, have formulated rules for fund monitoring and financing administration of key real estate enterprises to establish a more market-oriented, rule-based and transparent administration over the financing by real estate enterprises. The "Three Red Lines" policy was set up in relation to financings for real estate enterprises. The "Three Red Lines" refers to the financial performance of a real estate enterprise:(1) liabilities to assets ratio after excluding the advances received shall not exceed 70 per cent.; (2) net debt to equity ratio shall not be greater than 100 per cent.; and (3) cash to short term borrowing ratio shall not be less than 1. Availability of financing for property developers may be restricted if they do not meet such ratios.

Effective from January 1, 2021, PRC banks (excluding their overseas branches) are required to limit the amount of real estate loans and personal housing mortgage loans they lend to the proportions determined by PBOC and the China Banking and Insurance Regulatory Commission ("CBIRC", the successor of the China Banking Regulatory Commission or CBRC) and calculated based on the total amount of RMB loans extended by such PRC banks. We cannot assure you that PBOC will not further raise lending rates or reserve requirement ratios or PBOC and CBIRC will not further restrain the amount of real estate loans PRC banks can extend to businesses in the future, or that our business, financial condition and results of operation would not be adversely affected as a result of these adjustments.

On May 21, 2021, the Ministry of Finance (the "MOF"), the Ministry of Natural Resources, the State Taxation Administration of the PRC (the "STA") and the PBOC jointly issued the "Notice on Relevant Issues to Allocate the Tax Administrations to Collect Four Non-tax Governmental Revenues including State-owned Land Use Rights Grant Premiums, Mineral Resources Special Revenues, Sea Area Use Premiums and Uninhabited Islands Use Premiums" (關於將國有土地使用權出讓收入、礦產資源專項收入、海域使用金、無居民海島使用金四項政府非稅收入劃轉稅務部門徵收有關問題的通知) under which, the tax administrations, will be responsible for the collection of, among others, state-owned land use rights premiums. The pilot scheme has taken effect from July 1, 2021 in certain selected provinces and will be carried out nationwide from January 1, 2022.

From late 2021, the restrictive measures in relation to the property development and sales business have been loosened and supporting policies have been gradually implemented. For instance, the central government and a number of local governments have promulgated measures for healthy development of the property market, including without relaxing residential purchase restrictions, lowering interest rate of mortgage loans and optimizing the use of presale proceeds under supervision. For example, on May 15, 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued the "Notice on Relevant Issues Regarding the Adjustment of Differential Mortgage Loan Policies" (關於調整差別化住房信貸政策有關問題的通知) under which, for purchasing self-used ordinary residential properties, the interest rate of loans for first-time home purchasers is adjusted to be not lower than the LPR of corresponding maturity minus 20 basis points.

In August 2023, the PBOC and NFRA jointly issued "Notice by the People's Bank of China and the National Financial Regulatory Administration of Adjusting and Optimizing Differentiated Housing Credit Policies" (中國人民銀行、國家金融監督管理總局關於調整優化差別化住房信貸政策的通知), under which, without altering current policies in relation to self-used ordinary residential properties, the interest rate of loans for second housing units shall be adjusted to not less than the LPR of corresponding maturity plus 20 basis points.

We cannot assure you that the PRC government will not impose more restrictive policies in the future. A significant portion of working capital in our property development and sales business is financed by proceeds from the pre-sale of properties under development. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of properties and may only use such proceeds to finance their developments. If the PRC government places additional restrictions on pre-sales, we would need to obtain additional funding to support our development projects. Any similar changes in government policies could lead to additional financing costs and our cancellation of certain planned property development projects, which could materially and adversely affect our property development and sales business.

We may not be able to obtain adequate funding to finance our land acquisitions or property developments.

The property development and sales business is capital intensive. We have historically financed our land acquisition and property developments primarily through a combination of capital contributions from our shareholders, bank loans, internal cash flows, including proceeds from the pre-sale of our properties, and other funds we raised from the capital markets, including Forte's offerings of the domestic corporate bonds and potential access to the capital markets after Yuyuan's asset reorganization which was completed in July 2018. We cannot assure you that we will have sufficient cash flow available for land acquisitions or property developments or that we will be able to achieve sufficient pre-sales and sales to fund land acquisitions or property developments. In addition, we cannot assure you that we will be able to secure external financing on terms acceptable to us or at all.

Our ability to arrange adequate financing for land acquisitions or property developments on terms that will allow us to earn reasonable returns depends on a number of factors, many of which are beyond our control. For instance, a number of measures in the financial sector were used in the past few years with an aim to tighten lending requirements for property developers, which include, among other things:

- forbid PRC commercial banks from extending loans to property developers to finance land premiums;
- restrict PRC commercial banks from extending loans for the development of luxury residential properties;
- restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans; and
- forbid property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

The PBOC has revised the benchmark lending rates and adjusted the reserve requirement ratio for commercial banks several times. On October 15, 2018, the PBOC reduced the reserve requirement ratio by one percentage point. On January 4, 2019, the PBOC further reduced the reserve requirement ratio by one percentage point. On September 15, 2023, the POBC further reduced the reverse requirement ratio by a quarter percentage point. On September 27, 2024, the PBOC decided to further reduce the reverse requirement ratio by half percentage point.

On September 21, 2018, Guangdong Real Estate Association issued an “Emergency Notice on the Relevant Opinions on Providing the Pre-sale Permit for Commodity Houses” (《關於請提供商品房預售許可有關意見的緊急通知》), asking for opinions on the cancelation of the pre-sale system of commodity residential properties. We cannot assure you that PRC governments will continue to allow pre-sale of properties or will not impose additional or more stringent requirements on pre-sale. In the event that the PRC governments prohibit pre-sale of properties or impose additional or more stringent requirements, the property developers like us may not have sufficient cash flows for property development projects and have liquidity problems. If we do not have sufficient cash flows from pre-sale to fund our future liquidity, pay our trade and bills payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our relevant business, prospects, financial condition and results of operations may be materially and adversely affected.

Although the restrictive measures are loosening gradually, we cannot assure you that the PRC government will not introduce other measures which may limit our access to capital resources. The foregoing and other governmental actions and policy initiatives may limit our flexibility and ability to use bank loans or other forms of financing to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. As a result, our relevant business, financial condition and results of operations may be materially and adversely affected.

PRC tax authorities may enforce the payment of LAT and may disagree with the basis on which we calculate our LAT obligations.

Under PRC tax laws and regulations, our properties developed for sale are subject to land appreciation tax (or LAT) collectible by local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as defined by the relevant tax laws, with certain exemptions available for the sale of ordinary residential properties if appreciation does not exceed 20% of the total deductible items as defined in the relevant tax laws. Sales of ordinary non-residential properties or above-standard residential properties, however, are not eligible for such exemption.

We have estimated and made provisions in our property development and sales business for the amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations, but only a portion of such provisions has been paid as required by the local tax authorities.

According to the Administrative Regulations on the Settlement of LAT (土地增值稅清算管理規程) issued by the State Administration of Taxation, the taxpayer is responsible to volunteer to apply for LAT settlement with the relevant tax authorities, once the conditions on LAT settlement are satisfied, including (i) completion of construction and sales of the real estate development projects, (ii) transfer of the real estate development project under construction as a whole, or (iii) direct transfer of the land use rights. Furthermore, the competent tax authority may also require the taxpayer to conduct LAT settlement if any of the following occurs:

- in the case of the real estate development projects that have been completed and accepted, the sold area accounts for 85% of the saleable construction area, or any remaining saleable construction area has been leased or used by the developer itself;

- the taxpayer fails to complete the sale of the properties after obtaining the sale (pre-sale) permit for three years;

- the taxpayer applies for cancellation of its tax registration but has not completed LAT settlement; or

- the provincial tax authorities require it, as they may in certain other circumstances.

On April 25, 2016, the MOF and SAT jointly promulgated the Notice on Issues Relating to Tax Computation Bases for Deed Tax, Real Estate Tax, Land Appreciation Tax and Individual Income Tax following Implementation of the Pilot Scheme of Levying VAT in place of Business Tax (關於營改增後契稅、房產稅、土地增值稅、個人所得稅計稅依據問題的通知), effective on May 1, 2016, which provides that (1) income derived by taxpayer of LAT for transfer of real estate shall be income excluding VAT; (2) VAT input tax pertaining to deductible items of LAT stipulated in the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例), which is allowed to be deducted from the output tax, shall be excluded from the deductible items; and (3) where such VAT input tax is not allowed to be deducted from the output tax, it may be included in the deductible items.

On November 10, 2016, the SAT promulgated the Announcement of the State Administration of Taxation on Several Provisions on Collection and Administration of Land Appreciation Tax following the Implementation of Levying of VAT in place of Business Tax (國家稅務總局關於營改增後土地增值稅若干徵管規定的公告), setting forth (1) issues relating to confirmation of income subject to land appreciation tax following the implementation of levying VAT in place of business tax; (2) issues relating to confirmation of income from deemed sale of real estate which is subject to land appreciation tax, following the implementation of levying VAT in place of business tax; (3) issues relating to tax deduction relating to transfer of real estate; (4) issues relating to settlement of land appreciation tax before and after the implementation of levying VAT in place of business tax; (5) issues relating to verification of invoices for construction and installation fees and expenses; (6) issues relating to computation of deductions at the time of transfer of old houses.

It is uncertain as to when local tax authorities will collect the amount of LAT in full, if at all. In the event that the LAT we have provided for in our property development and sales business is actually collected by the PRC tax authorities, the cash flow and financial position of our property development and sales business will be adversely affected. Further, the tax authorities may disagree with us on some of the assumptions made by us in computing the amount of LAT payable. In the event that LAT eventually collected by tax authorities exceeds the amount we have provided for, our property development and sales business will be adversely affected.

We may be unable to maintain an adequate level of land reserves.

Our property development and sales business focuses on the development and sale of residential properties, office buildings and retail venues. Our results of operations therefore depend on our continued ability to acquire new parcels of land for the construction of residential and commercial properties. Although we also obtain land use rights through joint ventures or strategic alliances with companies with land use rights, land supply in China is largely controlled by the PRC government and its land supply policies principally dictate our ability to acquire quality sites on commercially reasonable terms.

In the past few years, the PRC central and local governments have implemented various measures to regulate the means by which property developers may obtain land. For example, regulations were introduced to require that land use rights for residential and commercial property developments be granted by public tender, auction or listing-for-bidding. The PRC government also controls land supply through zoning, land use regulations and other measures. Major PRC cities, including the cities where we currently operate, have experienced significant increases in land cost and there is a limited supply of suitable land available for development in such cities. As a result, we may not be able to acquire suitable land at commercially acceptable costs. If we cannot acquire desirable land parcels or have to pay higher prices, our future development may be adversely affected.

Restrictions on the payment terms for land use rights may adversely affect our financial condition.

The fiscal and other measures adopted by the PRC government from time to time may limit our flexibility and ability to use bank loans to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. According to Circular of Certain Issues regarding Enhancing Land Supply and Supervision over Real Estate by Ministry of Land and Resources (Guotuzifa [2010] No. 34) (國土資源部關於加強房地產用地供應和監管有關問題的通知(國土資發[2010]34號)), the PRC government set the minimum land premium at no less than 70% of the benchmark price of the locality where the parcel of land is granted, and the bidding deposit at not less than 20% of the minimum land premium. Additionally, a land grant contract is required to be entered into within 10 working days after the land grant deal is closed, and the down payment of 50% of the land premium is to be paid within one month of signing the land grant contract, with the remaining to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract, subject to limited exceptions. Such change of policy may constrain our cash otherwise available for additional land acquisition and construction. We cannot assure you that we will have adequate resources to fund land acquisitions (including any unpaid land premiums for past acquisitions), or property developments.

The Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources jointly issued the "Circular of Relevant Work on Strengthening the Recent Administration and Control of Housing and Land Supply" (關於加強近期住房及用地供應管理和調控有關工作的通知) dated April 1, 2017, which requires that local authorities should adopt the examination system of land acquisition capital to insure the property developers acquiring land with internal funds and the property developers should be disqualified for any land bid backed by capital from questionable sources and prohibited from bidding for land within stipulated time limit. The implementation of such regulation requires property developers to maintain a higher level of working capital, which may have a material adverse effect on our cash flow position, financial condition and relevant business plans.

We may be required to forfeit land to the PRC government if we fail to comply with the terms of our land grant contracts.

Under PRC law, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, the designated use of the land and the schedule for commencing and completing the development, the relevant government authorities may issue a warning, impose a penalty and/or liquidated damages, or require us to forfeit the land. Any violation of the land grant contract may also restrict or prevent us from participating in future land bidding.

Pursuant to current PRC law, if we fail to commence the development of a parcel of land for more than one year from the commencement date stipulated in the land use rights grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee of up to 20% of the land premium. If we fail to commence development for more than two years from the relevant commencement date stipulated in the land grant contract, the land will be subject to forfeiture to the PRC government. Moreover, even if the commencement of the property development satisfies the stated requirements of the land use rights grant contract, if the developed GFA is less than one-third of the total planned GFA of the project or the total capital invested is less than one-fourth of the total planned investment of the project, and development of the land is suspended continuously for more than one year without government approval, the land will still be treated as idle land. In addition, construction delays or failure to complete the construction of a project as agreed with the government or government agencies may result in liquidated damages, which could materially and adversely affect our business, prospects, financial condition and results of operations.

For example, on January 22, 2017, the MLR issued the Notice of Pilot Program for Improving the Transfer, Lease, and Mortgage of the Use Rights of Construction Land for the Secondary Market (關於完善建設用地使用權轉讓、出租、抵押二級市場的試點方案), which provides that idle land fees shall be strictly imposed.

We cannot assure you that circumstances leading to the imposition of penalty, liquidated damages or forfeiture of our land will not arise in the future. If we are deemed as holding land idle for more than one year without cause or are required to forfeit land, we may lose the opportunity to develop the relevant land, our investments in the land, including land premiums paid and development costs incurred, and our ability to bid for other land in the future, any of which could materially and adversely affect our business, prospects, financial condition and results of operations.

The operating results of our property development and sales business may fluctuate due to revaluation gains on investment properties.

In our property development and sales business, we reassess the fair value of investment properties upon their completion, and at every reported balance sheet date thereafter. Our valuations are based on active market prices or alternate valuation methods, such as through discounted cash flow analysis based on estimated future cash flows. The fair value of our investment properties is likely to fluctuate, and our historical results should not be regarded as an indicator of the future profits of our property development and sales business. We cannot assure you that the fair value of our investment properties will not decrease in the future. Any such decrease in the fair value of such investment properties may reduce profits in our property development and sales business.

The valuation attached to our property interests contains assumptions that may not materialize.

The assumptions from which we derived the fair value of our investment properties, by their nature, are subjective and uncertain and may differ materially from actual results. Accordingly, the valuations are not a prediction of the actual value we expect to realize from these properties. Unanticipated results or changes in particular property developments, or changes in general or local economic conditions or other relevant factors, including changes in government regulations, could affect such values. A decrease in the value of our investment properties would reduce the amount of our profit and could lead to a net loss during a particular period.

We rely on independent contractors to design and construct our property development projects.

We retain independent third-party contractors for some of the work relating to our property development projects, including piling and foundation work, construction of the principal structures, landscaping, elevator installation, general construction and interior decoration. We select independent contractors for these projects by way of open tender. Although we strive to use reputable independent third-party contractors with a sound track record and we supervise them closely during the development process, we cannot assure you that the services rendered by each of these independent third-party contractors will be satisfactory or match our quality expectations. If the performance of any contractor is unsatisfactory, or if any contractor is in breach of its contractual obligations, we may need to replace such contractor or take actions to remedy the situation, which could materially and adversely affect the cost and the construction process of our project. In addition, our contractors may encounter financial or other difficulties that affect their ability to carry out their work. As a result, our projects may be delayed or subject to cost overruns, which would adversely affect our property development and sales business and our reputation.

External factors may prevent us from completing our property development projects according to our original specifications or schedule.

We may fail to complete our property development projects on schedule as a result of many factors, such as disruptions in the supply of materials and equipment, shortages of workers and technical staff, adverse weather conditions, natural disasters, labor disputes, disputes with contractors and sub-contractors, accidents, delays in the resettlement of original inhabitants, changes in government policies, changes in market conditions, and delays in obtaining the requisite permits and approvals. Any of these factors may cause delays in our property development projects, result in cost overruns and reduce our profits. In addition, our failure to complete a project on time or according to its original specifications may give rise to potential liabilities and adversely impact rates of return in our property development and sales business.

In particular, our property projects may be delayed if we fail to obtain government approvals in time. Like other property developers in China, our property development projects are subject to extensive government regulation. For every property development project, we must obtain at various stages from different regulatory bodies the required permits, licenses, certificates and other approvals, including land use rights certificates, planning permits, construction permits, pre-sale permits, confirmation certificates for completion and inspection and delivery certificates. The developer must satisfy certain prescribed conditions before the relevant certificates or permits are issued, and the process may take longer than anticipated. We cannot assure you that we will not experience major problems or delays in obtaining these approvals in the future. In such cases, work on the relevant projects may be interrupted, and our property development and sales business may be adversely affected.

Fluctuations in the price of construction materials could adversely affect our business and financial performance.

The cost of construction materials such as steel and cement, which constitutes a significant proportion of our contractual payments to our construction contractors, may rise. Any rise in the cost of construction materials may result in additional costs to us and may lead to future increases in construction contract costs. Any increase in the cost of any significant construction materials will adversely impact our overall construction costs, which is generally one of the largest components of our cost of sales in this business segment. If we cannot pass any or all of the increased costs on to our customers, our profitability will be adversely affected.

Changes in PRC regulations on the resettlement of original inhabitants may increase the cost of sales in our property development and sales business.

Under PRC law, if a developer receives government approval to redevelop a site, the developer must pay relocation and resettlement expenses to the site's inhabitants in accordance with the formulae stipulated by the local government. In general, in connection with a building's demolishment, the developer must pay its residents an amount that would reflect the market price of residential housing in the neighborhood, the appraised value of the building, the official price compensation index and the GFA of the building. We cannot assure you that the formulae for the computation of relocation and resettlement expenses will not be altered. If any local government alters the relevant formulae in favor of local residents, our construction and resettlement costs could increase accordingly.

In addition, if any inhabitants are dissatisfied with the amount of relocation and resettlement expenses to which they are entitled, they have the right to refuse to relocate and the property developer must resolve the disputes in accordance with the official mandated procedures. Disputes with inhabitants may substantially increase our construction and resettlement costs and delay the progress of our development projects. Furthermore, if a large number of residents object to the proposed resettlement arrangements, we may be prohibited from implementing the proposed development project at all.

We are subject to risks associated with the pre-sale of properties under development.

The pre-sale of properties under development is a widely adopted practice in China. Like other developers, we are subject to potential liabilities arising from such practice. For example, if we fail to complete a project according to its original design specifications, we may be liable to purchasers of pre-sale units for losses they suffer. In addition, if a property development project is not completed on time, purchasers of pre-sale units may be entitled to compensation for late delivery, or, if the delay extends beyond a certain period, terminate their purchase agreements and claim damages against us. We therefore could be held liable for an amount in excess of the sales proceeds of the relevant unit. Such consequences may have an adverse effect on our property development and sales business.

The PRC government may raise mortgage interest rates or impose a more stringent down payment requirement.

In 2023 and continuing into 2024, the PRC government has been gradually relaxing its regulatory control over the real estate market, including measures to decrease the mortgage rate as well as easing down payment requirements. For example, according to the Circular on Adjusting and Optimizing the Differentiated Housing Credit Policy (《關於調整優化差別化自住房信貸政策的通知》) (Yin Fa [2023] No. 173), the minimum down payment ratio for mortgage loan of a household' first property should be adjusted to 20% and, for the household' second property, such minimum down payment ratio should be 30%; in May 2024, such minimum down payment ratio was further reduced to 15% for the first household property and 25% for the second household property in certain provinces and the floor on mortgage loan interest rates was removed. However, if the mortgage interest rates are raised again or a more stringent down payment requirement is restored in the future, our revenue and profits in our property related business sector will be adversely affected.

Customers of our property development and sales business may default on their mortgage loans, the payment of which is guaranteed by us for a limited period.

We have arranged with several domestic banks to provide mortgage loans to our customers. In accordance with industry practice, we are required to guarantee mortgage loans for the benefit of our customers until relevant ownership certificates and certificates of other interests are furnished to their mortgagee banks. The guarantee typically lasts until the relevant certificates for the properties are obtained. If a customer defaults under the mortgage loan when the guarantee is in effect, the mortgagee bank has the right to demand us to make repayment on behalf of the defaulting customer. In accordance with industry practice, we do not conduct independent credit checks on our customers but rely instead on credit checks conducted by the mortgagee banks.

We cannot assure you that our customers will not default on their mortgage loan obligations or that we will not be called upon to fulfill our guarantee obligations. If a large number of defaults occur and the relevant banks exercise their rights to demand immediate payment from us, the financial condition of our property development and sales business could be adversely affected, especially if the market value of the underlying properties is lower than their original sales price or if the properties cannot be sold due to unfavorable market conditions or other reasons.

The success of our investment in film companies is dependent on a limited number of film releases each year and factors in the entertainment industry that are difficult to predict, and accordingly our results of operations may vary widely from period to period.

The film company in which we have invested, Studio 8, distribute a limited number of films. As such, the success or failure of a small number of these films could have a significant impact on our business, financial condition and results of operations in both the year of release and in the future.

In general, the economic success of a film is largely determined by the appeal of the film to a broad audience and by the effectiveness of the marketing of the film. We cannot precisely predict the economic success of any of the films distributed by the film company in which we have invested because a film's acceptance by the public cannot be predicted with certainty. In addition, the economic success of a film depends upon the public's acceptance of competing films, the availability of alternative forms of entertainment and leisure-time activities, general economic conditions and other tangible and intangible factors, all of which can change and none of which can be predicted with certainty. Accordingly, the performance of the film company in which we have invested may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for any future periods.

Risks Relating to Our Wealth Segment

We have a relatively short operating history in the insurance industry.

Pramerica Fosun Life Insurance and Peak Reinsurance were both established in 2012, and we acquired a controlling stake in Fosun Insurance Portugal in 2014. Also in 2015, we acquired 100% of Ironshore Inc., a global specialty insurance company, which was disposed of by us in May 2017. Although we partner with Prudential Financial, Inc., which is one of the most reputable players in the insurance industry, there is no guarantee that its expertise, skills and distribution network may be immediately transferred to a new business entity. Further, we have no operational experience in offering reinsurance products. Although the management of Peak Reinsurance have experience in reinsurance business, and had strategically expanded its operations by entering into definitive agreements to acquire a 100% equity interest in Lutece Holdings Ltd. and its subsidiary Lutece Investment Management Ltd. in 2020, there is no assurance that their experience and connections can be applied in a new business entity as fast as we anticipate. As such, there is no assurance that we will be able to achieve our performance goals with respect to our Insurance sector, and if we cannot achieve our performance goals in accordance with our expected timetables, our business, results of operations and financial condition may be materially and adversely affected.

The growth rate of the insurance market in the PRC may not be sustainable or as high as we anticipate.

We expect the insurance market in the PRC to expand and the insurance penetration rate to rise with the continued growth of the PRC economy and household wealth, the reform of the social welfare system, demographic changes and the opening up of the PRC insurance market to foreign participants. Our judgments regarding the anticipated drivers of such growth and their impact on the PRC insurance industry are prospective. Our prospective judgments may not be consistent with actual developments, which could have a material adverse effect on our business, results of operations and financial condition.

Competition in the insurance industry is becoming more rigid and our profitability and market share could be materially and adversely affected if we are unable to compete effectively.

We face intense competition from both domestic and foreign-invested insurance companies. Competition in the insurance industry is affected by a number of factors, including brand recognition and reputation of the provider of services and products, distribution network and easy access to services and services personnel, pricing and quality of services, product design and diversification, financial strength, high-quality and stable professional team and information technology capabilities. Some of our competitors also have competitive strengths based on operating experience, capital base and product diversification.

In addition, we face potential competition from commercial banks, which have been permitted to invest in, or form alliances with, insurance companies to offer insurance products and services that compete against those offered by us. Large commercial domestic banks, such as Bank of China, Bank of Communications and China Construction Bank, have invested in insurance companies. Closer integration between the insurance and banking sectors may potentially better align their economic interests and increase incentives for banks to distribute insurance products and services of their insurance business affiliates and partners instead of ours. Such potential competitors may further increase the competitive pressures we expect to face.

Our failure to respond effectively to these various competitions could result in losses of market share, losses on some or all of our activities and slower growth, if we:

- fail to adapt to customer demand and regulatory changes;
- fail to implement our strategies successfully;
- fail to adopt the right product offering or distribution strategy; or
- fail to offer competitive, attractive and innovative products and services that are also profitable.

A decline in our competitive position due to one or more of these factors may have a material adverse effect on our business, results of operations and financial condition.

The ability of our insurance and reinsurance companies in the PRC to diversify investment portfolio is limited by the applicable PRC laws and regulations, which may have a material adverse effect on our business, results of operations and financial condition.

Although the PRC regulatory authorities, including the NFRA, have significantly expanded the assets classes in which PRC insurance companies are permitted to invest, the asset classes remain limited, compared to those available to many international insurance companies. Even with the broadened investment types, the ability of our insurance and reinsurance companies to diversify their investment portfolio continues to be limited by the restrictions on the amount and percentage that we can invest in some of these asset classes, such as stocks listed on PRC stock exchanges and securities investment funds. Our limited ability to diversify our investments may have a material adverse effect on our business, results of operations and financial condition.

Credit risks in our insurance, reinsurance and distribution operations and credit risks relating to our investments may expose us to significant losses.

We are exposed to the risk that counterparties in our insurance, reinsurance and distribution operations, including customers and distribution partners, do not perform their obligations. Our customers and distribution partners may default on their obligations to us due to bankruptcy, lack of liquidity, economic downturns, operational failure, fraud or other reasons. We are also subject to the risk that our rights against these counterparties may not be enforceable in all circumstances. In addition, we are exposed to credit risks in relation to our investments, including a decrease in the fair value of securities we own, a downgrade in credit ratings of securities we own and the credit risks of counterparties in our investment activities.

We are also exposed to credit risks in connection with our investments under our Insurance sector. The fair value of our exchange-traded bond investments is assessed with reference to the quoted market prices at the close of business on each balance sheet date. The fair value of our bond investments that are traded in interbank markets is determined using the estimated market prices published by the China Central Depositary & Clearing Company, Ltd. Domestic credit ratings may not use the same methods or have the same analytical capabilities as internationally recognized rating agencies and thereby may not reflect the same creditworthiness as used by internationally recognized rating agencies. We may be subject to greater credit risks with respect to our investments in debt securities than we believe, which could result in a decrease in the fair value of our debt securities, resulting in impairment losses. Although we attempt to minimize the risks associated with investments through diversification, improving our credit analysis capability and paying attention to current interest rate trends, we cannot assure you that we are able to identify and mitigate credit risks successfully. As a result, the losses in fair value or realized losses we could incur on investments we hold as well as a significant downgrade in the credit rating of the debt securities owned by us could have a material adverse effect on our business, financial condition, results of operations and prospects. Furthermore, the counterparties in our investments, including issuers of securities we hold, banks that hold our deposits, debtors and investees of private equity funds, may default on their obligations to us due to bankruptcy, lack of liquidity, economic downturns, operational failure, fraud or other reasons. We are also subject to the risk that our rights against these counterparties may not be enforceable in all circumstances.

Volatility in the securities markets could result in lower returns or losses on the investment assets under our Insurance sector.

Volatility in stock markets may affect our profitability, financial position and dispositions of equity securities and equity-linked assets. A decline in stock markets may lead to a reduction of unrealized gains in such assets or result in unrealized or realized losses, impairments, and a reduction of realized gains upon the disposition of such assets, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Stock markets are subject to volatility for numerous reasons including political, economic and social conditions. These and other factors may from time to time result in significant price volatility, unexpected losses and lack of liquidity in stock markets. A significant decrease in the prices of the listed stocks that our insurance companies have invested in, could materially reduce the value of our investment portfolio. Debt securities markets are also subject to volatility. Any significant decline in debt securities markets could negatively affect the value of our debt securities and have a material adverse effect on our business, financial condition, results of operations and prospects.

Our investment portfolio under the Insurance sector is subject to liquidity risk which could decrease its value.

Some of our investments under the Insurance sector may not have sufficient liquidity as a result of a lack of market makers, market sentiment and volatility, and the availability and cost of credit. As an investor with diversified investments, we may also hold significant positions in some of the listed stocks that we directly invest in, and any decision to sell or any perception in the market that we intend to sell could adversely affect the liquidity and market price of such security and, in turn, our returns on investments in such security. We may also hold privately placed fixed income securities, PE Investments and real estate investments. If we are required to dispose of these or other potentially illiquid assets on short notice due to significant insurance claims to be paid, surrenders and withdrawals of existing life and health insurance policies or other reasons, we could be forced to sell such assets at prices significantly lower than the prices we have recorded in our consolidated financial statements. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Changes in market interest rates could have a material adverse effect on our Insurance sector and our profitability.

The profitability of many insurance products and investment returns are highly sensitive to interest rate fluctuations. Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) could reduce our investment returns and spread and thus materially and adversely affect our Insurance sector and investment returns, which in turn could have a material adverse effect on our business, financial condition and results of operations.

A decline in interest rates could not only result in an increase in the value of our existing fixed income assets calculated based on fair value, but also result in reduced returns on investment from our newly added fixed income assets, thus materially reducing the profitability of our Insurance sector. During periods of declining interest rates, our average investment yields may be affected as our maturing investments and bonds that are redeemed or prepaid to take advantage of the lower interest rate environment may have to be replaced with new investments carrying lower yields, thus reducing our investment margins and investment income. Lowering assumed pricing rates could help offset decreases in investment margins on some life and health insurance products. However, our ability to lower these rates could be limited by competition and may not match the timing or magnitude of changes in investment yields, which would reduce or eliminate the profit margins on our products. Accordingly, declining interest rates could have a material adverse effect on our business, financial condition, results of operations and cash flows of our Insurance sector and significantly reduce our profitability in the Insurance sector.

Differences between the actual benefit and claim payments and those assumptions and estimates used in the pricing of, and setting reserves for, our insurance products could have a material adverse effect on our business, financial condition and results of operations.

Our earnings from our Insurance sector significantly depend on the extent to which the actual benefit and claim payments are consistent with those assumptions and estimates used in pricing products and establishing reserves for future policy benefits and claims.

We price our insurance products based on our estimates of probability of loss and various costs and the judgment of our management. We establish claim reserves and unearned premium reserves for property and casualty insurance products in accordance with industry practice and accounting and regulatory requirements. Claim reserves represent estimates of the ultimate cost of claims for claims incurred but not settled, whether or not reported, as of the balance sheet date, and includes reserves allocated for loss adjustment expenses that may be incurred for future benefits of claims. These estimates are based on actuarial and statistical projections and the predictions of variable factors based on the facts and circumstances known at the time when the losses are incurred. We price and establish reserves for life and health insurance products based on many assumptions and estimates, including as to investment returns, mortality rates, morbidity rates, lapse and surrender ratios, and expense ratios, among others. These estimates are based on our previous experience, statutory requirements, industry practice and the judgment of our management.

Due to the nature of underlying risks and the uncertainties associated with the determination of liabilities for future policy benefits and claims, the amount which we will ultimately pay to settle our liabilities may differ from estimated amount, particularly when those payments may not occur until well into the future. The estimates made in connection with pricing and establishing reserves are largely based upon prior operational experiences. We, however, have relatively limited operational history and limited accumulated experience in this industry. If our previously established reserves prove to be inadequate, we will incur additional costs in the form of costs of claims or we may be required to increase our reserves for future policy benefits, resulting in additional costs in the period during which the reserves are established or re-estimated, which could have a material adverse effect on our business, financial condition and results of operations.

Catastrophic events, which are covered by our insurance policies or covered by the insurance policies for which we provide reinsurance, could materially increase our liabilities for claims by policyholders and affect our reinsurance availability.

Both our insurance and reinsurance businesses expose us to risks of liabilities for insurance claim payments relating to catastrophic events, which are covered by our insurance or the insurance for which we provide reinsurance services. Catastrophes can be caused by various natural hazards, including earthquakes, typhoons, floods, drought, windstorms, hailstorms, severe weather, fires and explosions. Catastrophes can also be man-made, such as terrorist attacks and industrial or engineering accidents. In addition, our life and health insurance businesses are exposed to the risk of catastrophic mortality and illness, such as a pandemic or other events that cause a large number of hospitalizations and deaths, such as the outbreak of severe acute respiratory syndrome in 2003 and the COVID-19 pandemic from 2019 to 2022. Neither the likelihood, timing, nor the severity of a future pandemic can be predicted. If we offer group insurance products or reinsurance from group insurance products, a localized catastrophic event that affects the workplace of one or more of the group insurance customers could cause a significant loss due to mortality or morbidity claims. Catastrophes could also result in losses in our investment portfolios, due to, among others, the failure of our counterparties to perform their obligations or significant volatility or disruption in the financial markets, and could in turn have a material adverse effect on our business, financial condition and results of operations. We will likely in the future experience losses related to catastrophic events covered by our insurance policies or the insurance policies for which we provide reinsurance services that could materially and adversely affect our financial results. The extent of our losses from catastrophes is a function of their frequency and severity. In addition, catastrophic events, such as rainstorms, floods and typhoons, generally occur more frequently during the second half of each year in China, which have resulted, and will likely result in the future, in an increase of total claims and claim payments during such periods compared to the first half of each year.

We have limited experience investing in certain asset classes that have only recently been permitted by the NFRA and may have limited experience investing in other asset classes that may be permitted in the future.

Since 2018, the NFRA has significantly expanded the scope of permitted investments for PRC insurance companies. We are permitted to invest our insurance funds in a variety of areas such as infrastructure debt investment plans, unsecured bonds, shares of unlisted companies, real estate, bank financing products, trust plans, financial derivatives and overseas investments, and may be permitted by the NFRA to invest in additional new asset classes in the future. When making investments in these asset classes, we may face new and heightened risks, including but not limited to liquidity, credit and operation risks, partially due to our limited experience in investing in such asset classes. Investments in these asset classes may increase the overall risk exposure of our investment portfolio. Our lack of investment experience in certain new asset classes could reduce our investment returns and cause our investment returns to fall below expectations, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Adverse changes in the reinsurance markets could have a material adverse effect on our business, financial condition and results of operations, and we are exposed to the risk that our reinsurers may not perform their obligations.

As part of our overall risk management strategy and in line with general market practice, we plan to cede a portion of the insured risks we will underwrite to reduce the underwriting risk of our various business segments. Under a reinsurance contract, the assuming reinsurer becomes liable to us to the extent of the risk ceded although we remain liable to the insured as the insurer. The supply and prices of reinsurance are global and generally inelastic. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly in different periods of time. As a result, we may be unable to (i) maintain our current reinsurance coverage, (ii) obtain additional reinsurance coverage in the event our current reinsurance coverage is exhausted by a catastrophic event, or (iii) obtain other reinsurance coverage in adequate amounts at acceptable rates.

We may be unable to obtain sufficient reinsurance to cover losses in the future, and we may not be able to obtain the reinsurance we require in a timely or cost-effective manner. Any decrease in the amount of reinsurance will increase our risk of loss and any increase in the cost of reinsurance will, absent a decrease in the amount of reinsurance, reduce our net income. Accordingly, we may still be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could materially restrict our ability to underwrite future business or result in the assumption of more risk with respect to the retention amounts under those policies we issue.

Reinsurance may not protect us completely against losses due to the credit risk that our reinsurers may not perform their obligations. Although a reinsurer is liable to us to the extent of the risks reinsured, we remain liable for those transferred risks if the reinsurer cannot meet its obligations. Our reinsurers may default on their obligations to us due to bankruptcy, lack of liquidity, economic downturns, operational failure, fraud or other reasons. We are also subject to the risk that our rights against our reinsurers may not be enforceable in all circumstances. As a result, although we seek reinsurance arrangements only with reputable and creditworthy reinsurers, a default by a reinsurer to which we have material exposure could expose us to significant losses and therefore have a material adverse effect on our business, financial condition and results of operations.

Our risk management and internal control systems, as well as the risk management tools available to us, may not be adequate or effective in identifying or mitigating risks to which our Insurance sector may be exposed.

We have been devoted to establishing risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that we consider to be appropriate for our Insurance sector operations. However, due to our limited operation history in insurance industry, the inherent limitations in the design and implementation of such systems, including internal control environment, risk identification and evaluation, effectiveness of risk control, and information communication, our systems may not be adequate or effective in identifying or mitigating our risk exposure in all market environments or against all types of risks.

We are in the business of being paid to accept certain risks and provide relevant protection. Our employees and agents who conduct our insurance business, including management, sales and product managers, sales agents and investment professionals, among others, do so in part by making decisions that expose us to risks. These decisions include setting underwriting guidelines and standards, product design and pricing, investment decisions, and pursuit of business opportunities, among others. In addition, our employees and agents may make decisions beyond their scope of authority and that exposes us to excessive risks. Although we endeavor, in the design and implementation of our compensation and incentive plans and internal control system, to avoid giving our employees and agents incentives to take excessive risks, they may make decisions that expose us to risks regardless of the structure of our compensation and incentive plans and internal control system. Similarly, although we employ controls and procedures designed to monitor business decisions of our employees and agents and prevent them from taking excessive risks, we cannot assure you that these controls and procedures may always be effective. If our employees and agents take excessive risks or make intentional or unintentional mistakes, the impact of those risks or mistakes could have a material adverse effect on our business, financial condition and results of operations.

As the regulatory framework of the PRC insurance industry continues to be liberalized and the PRC insurance market continues to evolve, we are likely to offer a broader and more diversified range of insurance products and invest in a significantly wider range of assets in the future. The diversification of our insurance product offerings and investments will require us to continue to enhance our risk management and internal control capabilities. Failure to timely adapt our risk management and internal control policies and procedures to our developing business could have a material adverse effect on our business, financial condition and results of operations.

Failures of or inadequacies in our information technology systems could have a material adverse effect on our business, financial condition and results of operations.

Our Insurance sector depends heavily on the ability of our information technology systems to timely process a large number of transactions across vast geographic areas and numerous product lines. In particular, transaction processes have become increasingly complex and the volume of transactions continues to increase. The proper functioning of our financial controls, accounting, customer database, customer service and other data processing systems, including those relating to underwriting and claims processing functions, actuarial and risk management, together with the communications systems linking our headquarters, branches, sales and service outlets and main information technology centers, is critical to our operations and to our ability to compete effectively. Our business activities would be materially disrupted in the event of a partial or complete failure of any of these information technologies or communications systems. These failures could be caused by, among others, hardware failure, software program errors, computer virus attacks, internet failure, conversion errors due to system upgrading or system relocation, failure to successfully implement ongoing information technology initiatives, human errors, natural disasters, war, terrorist attacks, blackouts and unanticipated problems at our existing and future facilities. Many of these events are wholly or partially outside of our control. Although we back up our business data regularly and have an emergency disaster recovery center located at a site different from our production data center, any material disruption to the operation of our information technology systems could have a material adverse effect on our business.

We update our information technology systems and introduce new information technology systems from time to time. However, delays, system failures or other accidents may occur during such system upgrades or introduction of new systems. In addition, the upgraded or new information technology systems may not be able to achieve the projected processing capacity and availability, and may also not be able to meet the needs of our business scale and business growth in the future. Our failure to address these problems promptly, including any delay in the implementation of any upgraded or new information systems, could result in our inability to perform, or prolonged delays in performing, critical business operational functions, the loss of key business data, or a failure to comply with regulatory requirements, which could have a material adverse effect on our business operations, customer service and risk management, among others. This could in turn have a material adverse effect on our business, financial condition and results of operations.

Insurance sector is extensively regulated, and changes in laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

Our Insurance sector is subject to extensive regulations in the countries and territories in which we do business including regulations imposed by the NFRA, Office of the Commissioner of Insurance, Autoridade de Supervisao, the National Association of Insurance Commissioners and the Bermuda Monetary Authority. Our U.S. insurance operations are subject to extensive state regulatory oversight in the U.S. jurisdictions in which they do business. State insurance laws and regulations are administered by agencies that have broad powers. The terms and premium rates of certain insurance products offered by our insurance portfolio companies are subject to regulation. Changes in these regulations may affect the profitability of these insurance products. In addition, local insurance regulations generally require insurance companies to maintain strong capital positions and minimum solvency margin ratios. These capital and solvency requirements were designed to evaluate the adequacy of statutory capital and surplus in relation to investment and insurance risks associated with asset quality, mortality and morbidity, asset and liability matching and other business factors. The requirements are used by local insurance regulators as an early warning tool to detect companies that may be weakly capitalized for the purpose of initiating regulatory action. Generally, if an insurer's solvency margin ratio falls below specified levels, the insurer is subject to different degrees of regulatory action depending upon the magnitude of the deficiency.

Failure to comply with any of the laws and regulations to which we are subject could result in fines, restrictions on our business operations or expansions or, in extreme cases, revocation of our business licenses, any of which could have a material adverse effect on our business, financial condition and results of operations. As some of the laws and regulations to which we are subject to are still relatively new, there is uncertainty regarding their interpretation and application. Changes in these laws and regulations, or in the interpretation or application thereof, are often made for the benefit of the insured parties, which may materially increase our direct and indirect compliance and other expenses and in turn have a material adverse effect on our business, financial condition and results of operations.

Concentrated policy surrenders in our Insurance sector may have a material adverse effect on our business, financial condition and results of operations.

Under normal circumstances, it is generally possible for insurance companies to anticipate the overall level of policy surrenders in a given period. However, the occurrence of unusual events that have significant or lasting impact, such as sharp declines in customer income due to a severe deterioration in economic conditions, radical changes in applicable government policies, or loss of customer confidence in the insurance industry due to the severe or perceived weakening of the financial strength of one or more insurance companies, may trigger concentrated surrenders of insurance policies. If this were to occur, our business, financial condition and results of operations may be materially adversely affected.

We may fail to realize any profits from our investment activities or may be unable to sell our investments for a considerable period of time or to recover our investment costs.

We have made investments in the securities of privately held and publicly traded companies, which involve significant risks. If our investments do not generate revenue, profit or cash flow in time or at anticipated levels, our growth prospects, business, results of operations and financial condition may be materially and adversely affected. For example, Thomas Cook, one of our portfolio companies, entered into compulsory liquidation.

Many of our investments, in particular our PE Investments, are made in privately held companies by purchasing a portion of their equity securities. We hold these securities mainly for investment purposes and our principal means of realizing investment returns are through privately negotiated sales or through initial public offerings of the companies invested. Generally, it takes a considerable time before we can sell any such investment and typically involves substantial efforts and resources to improve the management and business of such investments with a view to enhancing their value, especially when we plan to take them public. Further, in many cases, we may be prohibited by contract or by applicable securities laws from selling such securities for a period of time.

- Sales of privately held investments through privately negotiated transactions depend heavily on our ability to identify suitable buyers for the particular investment. It may be difficult for us to find suitable buyers for our investment in a privately held company and we may be subject to market conditions, foreign exchange risks and regulatory approvals when exiting the investments.

- Any intended sale may involve prolonged and difficult negotiations with the potential buyer, which may not materialize within a reasonable period, at an acceptable price, or at all.

- Realizing investment returns through the initial public offering of an invested company also involves significant uncertainties and is subject to a number of factors beyond our control, including the general economic conditions, performance of the relevant industries, competitiveness of the invested company as well as the conditions in the global and regional financial and capital markets. The securities offering will also need to comply with the applicable securities laws.

We have also invested in publicly traded securities from time to time. Our ability to dispose of these investments is heavily dependent on the performance of the securities market, apart from other factors that may affect a publicly traded company's financial performance. Market prices of publicly traded securities tend to be volatile and subject to significant fluctuations. If the market price of the securities we hold declines significantly, we may be unable to sell any such securities at a favorable price, if at all, and may lose all or a portion of our investment amount. In addition, holdings of a large number of securities may need to be disposed of over a substantial length of time, exposing our investment returns to risks of downward movement in market prices during the intended disposition period, or may need to be sold via a block trade at a discount to the market price. Accordingly, we may be forced to either sell the securities at lower prices or hold the securities for a considerable longer period of time, which could have a material adverse effect on our business, results of operations and financial condition.

We have made investments in portfolio companies that we do not control.

We have invested in some portfolio companies that we do not control. Our ability to manage and monitor the operations of our portfolio companies derives primarily from our contractual rights under shareholders' agreements and our shareholders' rights under PRC Company Law and other relevant laws and regulations. Typically, we manage and monitor these companies through our representation on their board of directors. Our inability to exercise control over these companies exposes us to inherent risks, and our interests may be adversely affected as a result of other shareholders' failure to perform their contractual obligations and disagreements among shareholders over the management or future directions of these companies. In addition, when we acquire minority equity interests or dispose of a portion of majority equity interests in portfolio companies in a manner that results in our Company retaining a minority investment and not having control, we are subject to the risk that the relevant portfolio company may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner which is not in our best interest. Furthermore, regardless of whether we have control, we cannot assure you that we will not have disputes with other shareholders of our portfolio companies. In the event of such disputes, the operations of such companies may be adversely affected, and we may be forced to take actions, including arbitration and litigation, to resolve such disputes. These actions could result in substantial costs, divert our management resources and adversely impact our reputation. The outcome of any such arbitration or litigation cannot be guaranteed. If any of the foregoing were to occur, the values of our equity interests in companies that we do not control could decrease and our financial condition and cash flows could suffer as a result.

The reputation and the trading price of the securities of our investee companies may be negatively affected by adverse publicity or other detrimental conducts, which could adversely affect our exit plans and investment returns, and therefore affect our business, financial condition and results of operation.

Adverse publicity concerning our failure or perceived failure to comply with legal and regulatory requirements, alleged accounting or financial reporting irregularities, regulatory scrutiny and further regulatory action or litigation could harm the reputation and cause the trading price of the securities of our investee companies to decline and fluctuate significantly, which may materially and adversely affect our ability to exit our investments in these companies at our target price, or at all. Our investee companies could potentially be the target of adverse publicity and other detrimental conducts. Such conducts include complaints, anonymous or otherwise, to regulatory agencies regarding their operations, accounting, revenues and regulatory compliance. Additionally, allegations may be posted on the internet by any person or entity which identifies itself or on an anonymous basis. If so, our exit plans and investment returns, and our financial condition and results of operation will be materially and adversely affected.

Our ability to retain our investment professionals has been critical to our investment activities.

Our growth in relation to our successful investment is attributable to our ability to retain our investment professionals and recruit additional qualified personnel. We anticipate to retain our investment professionals and we may recruit and train additional investment professionals as we pursue our sustainable growth. However, we may not succeed in recruiting additional personnel or retaining current personnel, as the market for qualified investment professionals is extremely competitive. Our investment professionals possess substantial experience and expertise in investment, and are responsible for maintaining and executing our investments. Therefore, the loss of our investment professionals could jeopardize the performance of our Asset Management sector, which may have a material adverse effect on our business, financial condition and results of operations. Efforts to retain or attract investment professionals may result in additional expenses, which could adversely affect our profitability.

Difficult market conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments, which could negatively impact our net income and cash flow and adversely affect our financial condition.

Our Asset Management sector is materially affected by conditions in the financial markets and economic conditions or events in China and in the world, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including wars, terrorist acts or security operations). Our Asset Management sector and the value of our investment are also affected by the performance of the companies in which we invest and the market conditions of the industries these companies operate in or are affected by. These factors are beyond our control and may affect the level and volatility of securities prices and the liquidity and the value of our investments. We may not be able to manage our exposure to these conditions and/or events.

We may be affected by reduced opportunities to exit and realize value from their investments as lack of financing makes it more difficult for potential buyers to raise sufficient capital to purchase assets in our portfolios, by lower than expected returns on investments, which could cause us to realize diminished or no profit, and by the fact that we may not be able to find suitable investments for us to effectively deploy capital, which could adversely affect our ability to make new investments because we can generally only raise capital for a new investment following the substantial deployment of capital from the existing investment.

During periods of difficult market or economic conditions or slowdowns (which may be across one or more industries, sectors or geographies), companies in which we have invested may experience decreased revenues, financial losses, credit rating downgrades, difficulty in obtaining access to financing and increased funding costs. These companies may also have difficulty in expanding their businesses and operations or be unable to meet their debt service obligations or other expenses as they become due, including expenses payable to us. Negative financial results in our portfolio companies may result in lower investment returns for our investment, which could materially and adversely affect our operating results and cash flow. To the extent the operating performance of such portfolio companies (as well as valuation multiples) deteriorate or do not improve, we may sell those assets at values that are less than we projected or even at a loss, thereby significantly affecting our performance and consequently our operating results and cash flow.

The regulation of finance companies by the CSRC may adversely affect the operating results of Fosun Finance Company.

The CSRC has put in place stringent requirements in relation to depositing funds in related parties by listed companies, as well as formation, structure and operation activities of private investment funds and institutions. As some companies within the Company are PRC listed companies, business transactions involving depositing funds by such listed companies with Fosun Finance Company are to a certain extent restricted. In addition, there is no assurance that the PRC government will not impose more stringent requirements on listed companies' fund deposit activities. If such more stringent requirements are imposed, the operating results of Fosun Finance Company may be adversely affected.

Our ability to retain clients and increase our AUM depends, in part, on our absolute and relative investment performance.

Our ability to achieve investment returns for clients that meet or exceed investment returns for comparable asset classes and competing investment services is a key consideration when clients decide to keep their assets with us or invest additional assets, and when a prospective investor is deciding whether to invest with us. Poor investment performance, both in absolute terms and/or relative to peers and stated benchmarks, may result in clients withdrawing assets and in prospective clients choosing to invest with our competitors. The resulting lower AUM levels may lead to lower investment management fees and minimal or no performance-based fees, which could have a material adverse effect on our financial results.

Our investment in financial institutions is significantly affected by the ability of borrowers to repay their loans and the adequacy of our loan loss reserves.

Volatile or adverse economic conditions may adversely affect the ability of borrowers to repay their debts, and this may result in an increase in non-performing loans and provisioning, allowances for loan losses and charge-offs. There is no precise method of predicting loan and credit loss across the loan portfolio of those financial institutions we invested in. Therefore, there is no assurance that the non-performing loans extended by the financial institutions we invested in will not increase or that their loan loss reserve is or will be sufficient to absorb actual losses. An increase in non-performing loans could have a material adverse effect on our investment in such financial institutions.

Our investment performance may be affected by factors that are not under our control.

The mix, market value and level of our AUM are affected by the performance of financial markets (both domestic and international), global economic conditions, industry trends, interest rates, inflation rates, tax regulation changes and other factors that are difficult to predict. For example, since the financial crisis of 2008, the performance of a large number of asset management companies have been significantly and adversely affected by the crisis. Any decrease in our AUM will adversely affect our business operations and financial results.

Disputes with the limited partners or other general partners of the funds we manage may adversely affect our business, financial condition and results of operations.

We typically act as the general partners of the funds we manage and may obtain carried interests in addition to management fees we typically charge.

Disagreements with any of the limited partners or other general partners in connection with the scope or performance of our respective obligations under a fund partnership or cooperation arrangement could adversely affect our ability to implement our business strategies and achieve our investment goals. The limited partners or other general partners may interpret the obligations of the parties under the partnership or cooperation arrangement differently than we do. We may have disputes over the carried interests we may be entitled to. In addition, we may fail to identify appropriate investment opportunities and realize returns for our limited partners. The limited partners or other general partners may have economic or business interests or goals that are inconsistent with ours, take actions contrary to our instructions or requests or contrary to our policies or objectives, or be unable or unwilling to fulfil their obligations under the relevant partnership or cooperation agreements. Should any of these difficulties arise, we may be unable to derive the benefits we anticipate from such partnerships and our business, financial condition and results of operations could be adversely effected.

We may be unable to continue to attract, motivate and retain key personnel, and loss of key personnel could adversely affect our results of operations.

Our wealth management business depends on our ability to attract, motivate and retain highly skilled, and often highly specialized, technical, managerial and executive personnel; there is no assurance that we will be able to do so. The market for qualified research analysts, portfolio managers, financial advisers, traders and other professionals is extremely competitive and is characterized by frequent movement of these investment professionals among different firms. Portfolio managers and financial advisers often maintain strong, personal relationships with their clients so their departure could cause us to lose investor accounts, which could have a material adverse effect on our results of operations. Compensation packages for investment talent are very competitive. Our operating margin may decline if we increase compensation to retain key personnel without a commensurate increase in revenues.

Failure to adequately address conflicts of interest could damage our reputation and materially adversely affect our business.

Potential, perceived and actual conflicts of interest are inherent in our existing and future investment activities. For example, certain of our funds have overlapping investment objectives and potential conflicts of interest may arise with respect to our decisions regarding how to allocate investment opportunities among funds. Potential, perceived or actual conflicts of interest could give rise to investor dissatisfaction, litigation or regulatory enforcement actions. Adequately addressing conflicts of interest is complex and difficult and we could suffer significant reputational harm if we fail, or appear to fail, to adequately address potential, perceived or actual conflicts of interest.

Operational risks may disrupt our business, result in losses or limit our growth.

We rely heavily on the capacity and reliability of the communications, information and technology systems supporting our operations. Operational risks such as human processing errors or interruption of our financial, accounting, trading, compliance and other data processing systems, whether caused by fire, other natural disaster or pandemic, power or telecommunications failure, act of terrorism or war or otherwise, could result in a disruption of our business, liability to clients, regulatory intervention or reputational damage, and thus materially adversely affect our business. Although we have back-up systems in place, our back-up procedures and capabilities in the event of a failure or interruption may not be adequate.

Employee misconduct could expose us to significant legal liability and reputational harm.

We are vulnerable to reputational harm as we operate in an industry where integrity and the confidence of our clients are of critical importance. Our employees could engage in misconduct that adversely affects our business. For example, if an employee were to engage in illegal or suspicious activities, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial position, client relationships and ability to attract new clients. Our business often requires that we deal with confidential information. If any of our employees were to improperly use or disclose this information, we could suffer serious harm to our reputation, financial position and current and future business relationships. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not always be effective. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our reputation and our business.

If our techniques for managing risk are ineffective, we may be exposed to material unanticipated losses.

In order to manage the significant risks inherent in our business, we must maintain effective policies, procedures and systems that enable us to identify, assess and manage the full spectrum of our risks including market, fiduciary, operational, legal, regulatory and reputational risks. Our risk management methods may prove to be ineffective due to their design or implementation, or as a result of the lack of adequate, accurate or timely information or otherwise. If our risk management efforts are ineffective, we could suffer losses that could have a material adverse effect on our financial condition or operating results. Additionally, we could be subject to litigation, particularly from our clients, and sanctions or fines from regulators.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and that of our customers, and personally identifiable information of our clients and employees, in our data centers and on our networks. The secure maintenance and transmission of this information is critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disrupt our operations, damage our reputation, and cause a loss of confidence in our products and services, which could adversely affect our business.

The investment management industry faces substantial litigation risks which could materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us.

We depend on a large extent on our network of relationships and on our reputation in order to attract and retain investors for our asset management business. In an asset management business, if an investor is not satisfied with our services, such dissatisfaction may be more damaging to our business than to other types of businesses. We make investment decisions on behalf of our investors that could result in substantial losses to them. If our investors suffer significant losses, or are otherwise dissatisfied with our services, we could be subject to the risk of legal liabilities or actions alleging negligent misconduct, breach of fiduciary duty, breach of contract, unjust enrichment and/or fraud. These risks are often difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time, even after an action has been commenced. We may incur significant legal expenses in defending against litigation. Substantial legal liability or significant regulatory action against us could materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us.

A decline in the pace of investment in the funds we manage would result in us receiving less management fees and carried interest.

The management fees and carried interest that we earn are driven in part by the pace at which the funds we manage make investments. Any decline in that pace would reduce our management fees and carried interest and could make it more difficult for us to raise capital. Many factors could cause such a decline in the pace of investment, including the inability of our investment professionals to identify attractive investment opportunities, competition for such opportunities among other potential acquirers, decreased availability of capital on attractive terms and our failure to consummate identified investment opportunities because of business, regulatory or legal complexities and adverse developments in China or the global economy or financial markets.

Third-party investors in our funds with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect a fund's operations and performance.

Investors in the funds that we manage make capital commitments to those funds that we are entitled to call from those investors at any time during prescribed periods. We depend on investors fulfilling their commitments when we call capital from them in order for those funds to consummate investments and otherwise pay their obligations when due. Any investor that did not fund a capital call would be subject to several possible penalties, including having a significant amount of its existing investment forfeited in that fund. However, the impact of the penalty is directly correlated to the amount of capital previously invested by the investor in the fund and if an investor has invested little or no capital, for instance early in the life of the fund, then the forfeiture penalty may not be as meaningful. If investors were to fail to satisfy a significant amount of capital calls for any particular fund or funds, the operation and performance of those funds could be materially and adversely affected.

The due diligence process that we undertake in connection with investments by our funds may not reveal all facts that may be relevant in connection with an investment.

Before making investments in private equity and other investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, independent auditors and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Our funds make investments in companies that we do not control.

Investments by our capital markets funds include and will include debt instruments and equity securities of companies that we do not control. Such instruments and securities may be acquired by our funds through trading activities or through purchases of securities from the issuer. In the future, our private equity funds may seek to acquire minority equity interests more frequently and may also dispose of a portion of their majority equity investments in portfolio companies over time in a manner that results in the funds retaining a minority investment. Those investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of investments by our funds could decrease and our financial condition, results of operations and cash flow could suffer as a result.

Fraud and other deceptive practices could harm fund performance.

Instances of fraud and other deceptive practices committed by senior management of investee companies in which we invest may undermine our due diligence efforts with respect to such companies. Due to such frauds, the results of our due diligence may not accurately reflect the actual business performance, financial conditions, legal non-compliance and others that may affect our investment decisions. If such fraud is discovered after we make our investments, it will negatively affect the valuation of a fund's investments. The valuation based upon which we determine our investment price may overstate the value of the investee companies and value we purchase may be substantially lower than the price we pay, which causes under performance of the funds. In addition, when discovered, financial fraud may contribute to overall market volatility that can negatively impact our investment program. As a result, instances of fraud could result in fund performance that is poorer than expected.

Risks Relating to Our Intelligent Manufacturing Segment

The mining industry is highly susceptible to the economic cyclicality and volatility in commodity prices.

The mining industry is primarily a supplier of industrial raw materials. Industrial production tends to be the most cyclical and volatile component of economic activity, which might be reflected in instability of demand for minerals and metals. Price volatility of major minerals and metals is closely related to the global economy, the economic cycle in China and the fluctuation of global currency markets. As the price of our primary mining products correlates with global and domestic commodity prices, any significant decreases in commodity price for metals could cause a material adverse impact on our resources business and results of operations.

Historically, the market prices for iron ore and gold have fluctuated widely and experienced periods of significant decline. Their prices are influenced by numerous factors and events which are beyond our control such as world demand and supply, forward selling activities, gold reserve movements at central banks, costs of production by other producers and other macro-economic factors such as expectations regarding inflation, interest rates, currency exchange rates (especially the strength of the U.S. dollars), as well as general global economic conditions and political trends. If market prices of iron ore, gold and other metals that we produce should fall due to these and other factors and events, our business, financial condition and results of operations could be materially and adversely affected.

A decline in the demand for steel would adversely affect our mining business and we might not be able to adjust production volume in a timely or cost-efficient manner in response to changes in demand.

Demand for our most important mining product, iron ore, depends on the demand for steel. Demand for steel depends heavily on global economic conditions and it also depends on a variety of regional and industry factors. The prices of different steels and the performance of the global and PRC steel industry are highly cyclical and volatile, and these business cycles in the steel industry affect demand and prices for our iron ore products.

We might not be able to adjust production volume in a timely or cost-efficient manner in response to changes in demand. During periods of high demand, our ability to rapidly increase production capacity is limited, which could render us unable to satisfy our clients' demand for our products.

Conversely, we might have to operate at significant idle capacity during periods of weak demand. Operating at significant idle capacity might expose us to higher unit production costs since a significant portion of our cost structure is fixed in the short-term due to the high capital intensity of mining operations.

Higher energy costs or energy shortages would adversely affect our business.

Energy costs are a significant component of the production costs of our resources business. We consume a substantial amount of electricity in our mining process. We obtain our electricity from local power grids at market rates. Any disruption in electricity supply could lead to production shutdowns and the obsolescence of work in process, as well as increased costs related to recommencement of operations. In addition, any microeconomic control measures implemented by the PRC government which cause the price of electricity to fluctuate will impact on our cost of production, which in turn could adversely affect our results of operations.

Our reserve estimates might materially differ from mineral quantities that we might actually be able to recover; our estimates of mine life might prove inaccurate; and market price fluctuations and changes in operating and capital costs might render certain reserves uneconomical to mine.

Our reserves are estimated quantities of ore and minerals that we have determined can be economically mined and processed under present and anticipated conditions to extract their mineral content.

There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of mineral production, including factors beyond our control. Reserve engineering involves estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available drilling data and engineering and geological interpretation and calculation. As a result, no assurance can be given that the reserves will be recovered or that it will be recovered at the rates we anticipate. Estimates may vary, and results of our mining and production subsequent to the date of an estimate may lead to revisions of estimates. Reserve estimates and estimates of mine life may require revisions based on actual production experience and other factors. For example, fluctuations in the market prices of minerals and metals, reduced recovery rates or increased operating and capital costs due to inflation, or other factors may render a part of or all proven and probable reserves uneconomic to exploit and may ultimately result in a restatement of reserves. In addition, our ore reserves are measured under the PRC standards which may not be directly comparable to the international standards, such as the JORC Code.

We face risks and uncertainties associated with our mining and processing operations.

Our mining and processing operations are subject to a number of operating risks and hazards, some of which are beyond our control. These operating risks and hazards include unexpected maintenance or technical problems, periodic interruptions due to inclement or hazardous weather conditions and natural disasters, industrial accidents, power or fuel supply interruptions, critical equipment failures in our mining and ore processing operations, fires, earthquakes, flooding and unusual or unexpected variations in the ore, and geological or mining conditions such as instability of the slopes and subsidence of the working areas. Such risks and hazards may delay the production and delivery of our products and/or increase the costs associated with our mining and processing operations, and may have a material adverse effect on our business, financial condition and results of operations. In addition, as our mining operations involve the use, handling, storage, discharge and disposal of hazardous, explosive, toxic materials and articles, our resources business may be exposed to risks and hazards in relation to the mishandling of dangerous materials and articles.

Any disruption for a sustained period to the operations of our mines or processing plants or supporting infrastructure, particularly the railroad transportation network, or any change to the natural environment surrounding our mines, such as landslides as a result of earthquakes may have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, such as earthquakes, floods and snowstorms, may also interrupt our customers' operations and production. These natural disasters may also damage ancillary operations such as the transportation of our products to our customers. The occurrence of any natural disaster adversely affecting our customers and their ancillary operations may have a material adverse effect on our business, financial condition and results of operations.

Amortization expenses related to our mining rights may adversely affect our results of operations.

The mining rights are amortized over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proven and probable reserves of the mines using the unit-of-production method. We intend to regularly review the amount of reserves for our mines. Any material decrease in the amount of reserves for our mines may cause impairment on the carrying value of our mining rights, which may have a material adverse effect on our business, financial condition and results of operations.

We might not be able to replenish our reserves, which could adversely affect our mining prospects.

We engage in mineral exploration, which is highly speculative in nature, involves many risks and frequently is non-productive. Our exploration programs, which involve significant capital expenditures, might fail to result in the expansion or replacement of reserves depleted by current production. If we do not develop new reserves, we will not be able to sustain our current level of production beyond the remaining lives of our existing mines.

We face rising extraction costs over time as we shift our method of mining from open-pit mining to underground mining and as reserves deplete.

Reserves are gradually depleted in the ordinary course of a given mining operation. As mining progresses, distances to the primary crusher and to waste deposits become longer, pits become steeper and underground operations become deeper. As a result, over time, as our mines become more mature, the production volumes of our mines could adversely decrease and we could experience rising unit extraction costs with respect to each of our mines.

We could be adversely affected by changes in government policies, including, but not limited to, the imposition of new taxes, charges or mining royalties.

Mining activities are subject to governmental regulation in the form of, among other obligations, taxes and royalties, which can have an important financial impact on our operations. The relevant government authorities may impose taxes, raise existing taxes and royalties, or change the basis on which they are calculated, in a manner that is unfavorable to us. For example, according to the Law of the PRC on Resource Tax (中華人民共和國資源稅法) promulgated by the Standing Committee of the NPC on August 26, 2019, and became effective on September 1, 2020, the resource tax for crude oil and natural gas is 6%. There is no assurance that the PRC government will not raise the rates of resources tax or other taxes.

Our plan to acquire additional mineral reserves may not succeed.

We intend to acquire exploration and mining rights in the future to expand our mineral reserves. However, we may encounter intense competition during the expansion process and we may fail to select or value targets appropriately. One of the important factors that we will consider when we select or value targets is their resource and reserve data. Such resource and reserve data are estimates that involve professional judgment based on factors such as technical data, experience, industry practice and assumptions and standards. The accuracy of these estimates may be affected by many factors, including the quality of the results of exploration drilling, sampling of the ore, analysis of the ore samples, estimation procedures and standards as well as the experience of the qualified person making the estimates. There are also many assumptions and variables beyond our control that result in inherent uncertainties in estimating reserves. As a result, resource and reserve data are only estimates and may be inaccurate. The failure to select or value targets appropriately may result in our inability to complete our expansion plans at a reasonable cost, if at all.

Even if our expansion plans are successful, we may have to allocate additional capital and human resources to implement the integration of any acquired business with ours. We cannot assure you that such integration will be completed within a reasonable period of time or at all or that it will generate the expected economic benefits. If our expansion plans are delayed or they fail to deliver the expected economic benefits, then our business, financial condition and results of operations may be materially and adversely affected.

Our mining operations have a limited life and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with environmental standards.

Our existing mining operations have a limited life, which we estimate to be around 40-50 years. The key costs and risks for mine closures are: (i) long-term management of permanent engineered structures (such as tailings dams) and acid drainage; (ii) achievement of environmental closure standards (such as rehabilitation requirements); (iii) orderly retrenchment of employees and third-party contractors; and (iv) relinquishment of the sites with associated permanent structures and community development infrastructure and programs to new owners. A difficult closure can result in increased closure costs and handover delays, ongoing monitoring and environmental rehabilitation costs, and damage to our reputation if desired outcomes cannot be achieved. As a result, our business and results of operations could be materially and adversely affected.

Our petroleum and natural gas business is subject to risks, some of which are not within our control.

The petroleum and natural gas business is fundamentally a commodity business, meaning the operations and earnings may be significantly affected by changes in oil, gas, and petrochemical prices and by changes in margins on refined products. Oil and natural gas product prices and margins in turn depend on local, regional, and global events or conditions that affect supply and demand for the relevant commodity. Any material decline in petroleum and natural gas prices could have a material adverse effect on certain of our operations. Some factors that may affect the demand for petroleum and natural gas products, and therefore impact our results, include technological improvements in energy efficiency; seasonal weather patterns, which affect the demand for energy associated with heating and cooling; increased competitiveness of alternative energy sources that have so far generally not been competitive with oil and gas without the benefit of government subsidies or mandates; and changes in technology or consumer preferences that alter fuel choices, such as toward alternative fueled or electric vehicles.

In addition, our results from the petroleum and natural gas business can be adversely affected by political or regulatory developments affecting our operations. Even in countries with well-developed legal systems where we do business, we could be exposed to changes in law that could adversely affect our results, such as increases in taxes or government royalty rates; price controls; changes in environmental regulations or other laws that increase our cost of compliance or reduce or delay available business opportunities; and adoption of regulations mandating the use of alternative fuels or uncompetitive fuel components.

Risks Relating to the Notes and the Parent Guarantee

The Issuer and the Parent Guarantor are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Parent Guarantee, respectively.

The Issuer is incorporated solely for purposes of issuing the Notes, with no independent business operations and no significant assets. The Issuer expects that the proceeds from the Notes will be used by members of the Company in accordance with the intent set forth in "Use of Proceeds." Investors should expect that repayment of the Notes will be wholly dependent on the ability of the Parent Guarantor to honor its obligations under the Parent Guarantee. The Parent Guarantor is a holding company with no independent business operations or significant assets other than investments in its subsidiaries and derives all or substantially all of its revenue and cash from its operating subsidiaries. The Parent Guarantor therefore depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations.

The Notes and the Parent Guarantee are unsecured obligations.

As the Notes and the Parent Guarantee are unsecured obligations, they are effectively subordinated to all secured indebtedness of ours or the Parent Guarantor to the extent of the assets serving as security therefor, and our ability or the ability of the Parent Guarantor to fulfill our or its financial obligations may be compromised if:

- we or the Parent Guarantor enter into bankruptcy, liquidation, reorganization or other winding-up proceeding;

- there is a default in payment under secured indebtedness or other unsecured indebtedness of us or the Parent Guarantor; or

- there is an acceleration of any indebtedness of us or the Parent Guarantor.

None of our subsidiaries will guarantee the Notes. Moreover, the cross-default triggering events of the Notes are limited to certain events of default with respect to indebtedness of the Issuer, the Parent Guarantor and the Significant Subsidiaries only.

According to the terms of the Notes, none of our subsidiaries will guarantee the Notes. The Issuer's ability to service the Notes will depend on the ability of the Parent Guarantor to honor its obligations under the Parent Guarantee.

Moreover, the cross-default triggering events of the Notes are limited to certain events of default with respect to the indebtedness of the Issuer, the Parent Guarantor and the Significant Subsidiaries only. Please see "Description of the Notes—Events of Default." If there occurs an event of default with respect to indebtedness of our subsidiaries other than the Issuer or the Significant Subsidiaries, such event of default may not trigger the cross-default provisions of the Notes while the indebtedness of the such subsidiary may become due and payable. Since the Issuer and the Parent Guarantor are dependent upon cash flow from our subsidiaries, such an event of default with respect to indebtedness of our subsidiaries other than the Issuer or the Significant Subsidiaries may compromise the ability of the Issuer or the Parent Guarantor to fulfil their respective financial obligations under the Notes.

We are a holding company and payments with respect to the Notes and the Parent Guarantee are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.

We are a holding company with no material operations. We conduct our operations primarily through our subsidiaries. The Notes will not be guaranteed by any current or future PRC subsidiaries or their respective subsidiaries. We do not have material operations. Accordingly, our ability to honor the Parent Guarantee will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our subsidiaries.

Creditors, including trade creditors of our subsidiaries and any holders of preferred shares in such entities, would have a claim on our subsidiaries' assets that would be prior to the claims of holders of the Notes. As a result, our payment obligations under the Parent Guarantee will be effectively subordinated to all existing and future obligations of our subsidiaries (including obligations of our subsidiaries under guarantees issued in connection with our business), and all claims of creditors of our subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of June 30, 2024, our subsidiaries had total debt of RMB188,391.3 million. The Notes and the Indenture do not restrict the ability of our subsidiaries to issue certain categories of guarantee in the ordinary course of business. In addition, our secured creditors would have priority as to our assets securing the related obligations over claims of holders of the Notes.

The Parent Guarantee may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Parent Guarantee.

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in Hong Kong or other jurisdictions where insolvency proceeding may be commenced with respect to the Parent Guarantor, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of the Parent Guarantor if, among other things, the Parent Guarantor, at the time it incurred the indebtedness evidenced by, or when it gives its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction which is being applied. Generally, however, the guarantor would be considered insolvent at a particular time if it is unable to pay its debts as they fall due or if the sum of its debts was then greater than all of its property at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debt as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantors. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder was incurred for less than reasonably equivalent value or fair consideration.

If a court voids the Parent Guarantee, subordinates such guarantee to other indebtedness of the Parent Guarantor, or holds the Parent Guarantee unenforceable for any other reason, holders of the Notes would cease to have a claim against that Parent Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Parent Guarantor, and would solely be creditors of us. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes.

We have substantial indebtedness which could adversely affect our financial condition and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.

We and our portfolio companies have, and will continue to have after this offering, a substantial amount of indebtedness. As of June 30, 2024, our total consolidated interest-bearing bank and other borrowings amounted to RMB222,309.5 million and our total contingent liabilities amounted to RMB7,583.0 million. Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to satisfy our obligations under the Parent Guarantee and other debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require our operating companies to dedicate a substantial portion of their cash flow from operations to servicing and repaying indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industries in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit our ability to borrow additional funds; and
- increase additional financing cost.

In the future, we may from time to time incur additional indebtedness. If we or our portfolio companies incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance and the operating performance of our portfolio companies, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We may not be able to generate sufficient cash flow to meet our anticipated expenses and to service our debt obligations as they become due. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

We have mortgaged or pledged certain assets, including but not limited to shares and properties of our subsidiaries, to secure some of our borrowings. If we default on such borrowings, the relevant mortgagees or pledgees may foreclose such assets we mortgage or pledge. In addition, certain of our financing arrangements impose operating and financial restrictions on our business. These provisions may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, significantly increase research and development expenditures, or withstand a future downturn in our business. Any of these could materially and adversely affect our ability to satisfy our obligations under the Notes and other debt. For a discussion of our material long-term indebtedness other than the Notes, see "Description of Other Material Indebtedness."

Our subsidiaries may subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries to satisfy our obligations, including our obligations under the Parent Guarantee. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders may be subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable regulations and restrictions contained in the debt instruments of such subsidiaries. A number of our PRC subsidiaries and non-PRC subsidiaries may also subject to certain restrictions on dividend distributions under their loan agreements with certain PRC or offshore banks or other financing instruments. See "Description of Other Material Indebtedness." These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Parent Guarantee and the ability of the Issuer to meet its obligations under the Notes, as the case may be.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with HKFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends by the board of directors or the general meeting of shareholders. In practice, our PRC subsidiaries generally pay dividends once a year. In addition, since 2008 and continuing into 2024, dividends paid by our PRC subsidiaries to their non-PRC parent companies are subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to a double tax treaty between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%. However, pursuant to a tax circular issued by the SAT in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity could otherwise be eligible. The PRC tax authorities might not grant approvals on the 5% withholding tax rate on dividends received by Parent Guarantee from our PRC subsidiaries. In addition, pursuant to the Notice of State Administration of Foreign Exchange on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知), when conducting outward remittance of profit equivalent to more than US$50,000 for a domestic institution, the bank shall, under the principle of genuine transaction, check the profit distribution resolution made by the board of directors (or profit distribution resolution made by partners), original of tax filing form and audited financial statements, and stamp with the outward remittance sum and date on the original of tax filing form. In addition, the domestic institution shall make up its losses of previous years in accordance with laws. The PBOC promulgated the Notice on Further Improving Policies of Cross-Border RMB Business to Promote Trade and Investment Facilitation (中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知) ("Circular No. 3 [2018]"), which supports enterprises to use RMB in cross-border settlement and for the investment income such as profits and dividends legally obtained by overseas investors in China, banks shall review relevant materials as required before processing cross-border RMB settlement and ensure free remittance of profits of foreign investors in accordance with the law. As a result of such limitations, there could be timing limitations on payments from our PRC subsidiaries to meet payments required by the Parent Guarantee or satisfy our obligations under the Parent Guarantee and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption.

Our PRC subsidiaries are required to present relevant documentation to SAFE or its local counterparts to obtain approval prior to the remittance of foreign currency for the payment of dividends or the repayment of shareholder loans as well as evidence of compliance with PRC tax obligations. Offshore loans are subject to and not exceeding the international market interest rate. Therefore the interest rate applicable to shareholder loans provided to our PRC subsidiaries are likely to lower than the rates on the Notes. Furthermore, our PRC subsidiaries are required to withhold 10% (or 7% if paid to a Hong Kong resident) on interest payments related to such shareholder loans in accordance with PRC tax regulations. SAFE registration also required if it is a offshore shareholder loan of our PRC subsidiaries. Failure by any PRC subsidiary to comply with these requirements will result in the inability to remit dividends or service interest payments on existing shareholder loans, which could adversely impact our capacity to fulfill obligations under the Parent Guarantee.

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the Parent Guarantee or the Issuer's obligations under the Notes.

The Notes do not contain restrictive financial or operating covenants.

The Indenture will contain covenants intended to benefit the interests of holders of the Notes and that limit our ability to, among other things:

- incur liens; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

These covenants are subject to a number of important exceptions and qualifications. For more details, see "Description of the Notes." The Indenture, however, does not contain any significant covenants which restrict, among other things, our ability and the ability of our subsidiaries to incur or guarantee additional indebtedness, pay dividends or make distributions on our capital stock, make investments or enter into transactions with affiliates. As a result, we are able to incur a significant amount of indebtedness, make significant amounts of investments and provide significant amounts of guarantees to third parties under the terms of the Notes, any of which may affect our ability to satisfy our obligations under the Parent Guarantee and the Issuer's obligations under the Notes.

We may be subject to risks presented by fluctuations in exchange rates between Renminbi and other currencies, particularly the U.S. dollars and Euro.

The Notes are denominated in U.S. dollars and we have significant U.S. dollars and Euro-denominated debt. While we generally service the obligations under the Notes by receiving funds from our subsidiaries and other sources outside of PRC, to the extent that we need to remit funds denominated in Renminbi outside of PRC, the value of such funds may be impacted by exchange rates fluctuations. The exchange rate system of the PRC allows the Renminbi-to-foreign currency exchange rates to fluctuate. Such fluctuation may result in devaluation of Renminbi against the U.S. dollars as well as Euro, such a devaluation could adversely affect the value, translated or converted into U.S. dollars as well as Euro or otherwise, of our onshore earnings and our ability to satisfy the Issuer's obligations under the Notes if needed. Meanwhile, to the extent that we need to remit funds denominated in Renminbi outside of PRC, such remittance may also be subject to restrictions, including approval by or registration with the SAFE.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between Renminbi and other currencies. Any hedging transaction that we may enter into from time to time may not be sufficient to reduce our exposure to such risks. Following the offering of the Notes, we may enter into foreign exchange or interest rate hedging arrangements in respect of our U.S. dollars-denominated liabilities under the Notes. These hedging arrangements may require us to pledge or transfer cash and other collateral to secure our obligations under the arrangements, and the amount of collateral required may increase as a result of mark-to-market adjustments. If we were unable to provide such collateral, it could constitute a default under such hedging arrangements. Meanwhile, our overseas business generate a notable portion of our revenue and may accordingly provide us with alternative methods in hedging our exposure to exchange rate fluctuation risks. However, there is no guarantee that such hedging methods will be effective, and our exposure to exchange rate fluctuation risks might not be effectively mitigated as a result.

If we are unable to comply with the covenants in our debt agreements or the indentures governing the Notes and the Existing Indebtedness, there could be a default under the terms of these agreements or the indentures, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the covenants in the indentures governing the Notes and the Existing Indebtedness, or our current or future debt and other agreements, there could be a default under the terms of the indentures or these debt agreements. In the event of a default, the holders of the debt could terminate their commitments to lend to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the indentures, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of debt, including the Notes, or result in a default under our other debt agreements, including the indentures. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

The insolvency laws of Hong Kong and other local insolvency laws may differ from the bankruptcy law of the jurisdictions with which holders of the Notes are familiar.

Because the Parent Guarantor is incorporated under the laws of Hong Kong, an insolvency proceeding relating to the Parent Guarantor, even if brought in the jurisdictions of the holders of the Notes, would likely involve Hong Kong insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the bankruptcy law in the jurisdiction. In addition, the Issuer is incorporated in the BVI, and the insolvency laws of the BVI may also differ from the laws of other jurisdictions with which the holders of the Notes are familiar.

We conduct substantially all of our business operations through PRC-incorporated subsidiaries in China. As equity holders in our PRC subsidiaries, we are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from the jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in the Notes.

We may not be able to repurchase the Notes upon a Change of Control Triggering Event and we may not be able to repurchase the Existing Indebtedness upon a change of control triggering event as defined thereunder.

Upon a Change of Control Triggering Event (as defined in "Description of the Notes"), the Issuer must make an offer to purchase all outstanding Notes. The Issuer must make an offer to purchase all outstanding the October 2020 Notes, the January 2021 Notes, the May 2021 Notes and the July 2021 Notes upon a change of control triggering event under their respective terms. Pursuant to these offers, we must repurchase the tendered notes at a repurchase price of 101% of their principal amount, plus accrued interest and unpaid interest, if any, up to, but not including, the date of purchase. The source of funds for any such purchase would be our available cash or third-party financing. The change of control triggering event under the October 2020 Notes, the January 2021 Notes, the May 2021 Notes and the July 2021 Notes is generally defined as a change of control and a decline in the ratings of applicable Indebtedness in connection with a change of control. We, however, may not have enough available funds at the time of the occurrence of any change of control trigger event to make purchases of tendered outstanding Notes and the Existing Indebtedness. Our failure to make the offer to purchase or purchase tendered Notes and the Existing Indebtedness would constitute an Event of Default (as defined in "Description of the Notes") under the Notes and on event of default under the Existing Indebtedness. Such event of default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of Change of Control Triggering Event for purposes of the Indenture does not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings and the holders of the Notes. The definition of Change of Control Triggering Event for purposes of the Indenture also includes a phrase relating to the sale of "all or substantially all" of our assets. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition under applicable law. Accordingly, the Issuer's obligation to make an offer to purchase the Notes, and the ability of a holder of Notes to require the Issuer to purchase its Notes pursuant to the offer as a result of a highly leveraged transaction or a sale of less than all of our assets may be uncertain.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

The Notes may initially be sold to a small number of investors, and a liquid trading market for the Notes may not develop.

The Notes may initially be sold to a small number of investors. A liquid trading market for the Notes may not develop or be sustained, in which case you may not be able to resell your Notes at their fair market value or at all. Any holder of a majority in aggregate principal amount of the Notes will have certain rights and powers under the Indenture and related documents. For example, subject to certain exceptions, the holders of a majority in aggregate principal amount of the Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. In addition, as described in "Description of the Notes—Amendments and Waiver," the Indenture may be amended with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding Notes, and any Default or Event of Default or compliance with any provision of the Notes and the Indenture may be waived with the consent of the holders of a majority in aggregate principal amount of the Notes, subject in each case to certain exceptions. Accordingly, any investor that holds (or any investors acting in concert that hold) a majority in aggregate principal amount of the Notes will be able to exercise such rights and powers on behalf of all Noteholders and control the outcome of votes on such matters. In addition, any investor that holds a significant percentage of the Notes, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by Noteholders. For example, holders of at least 25% in aggregate principal amount of the Notes may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable if certain types of Events of Default have occurred and are continuing. In addition, if any such significant holder sells a material portion of the Notes at any one time, it may materially and adversely affect the trading price of the Notes. Further, certain of our affiliates may purchase some of the Notes for investment. Circumstances may occur in which our interests or those of our affiliates may be in conflict with the interest of other Noteholders. If a substantial portion of the Notes held by our affiliates were to be offered for sale in the secondary market, the market price of the Notes may fall. The negative effect of such sales on the prices of the Notes could be more pronounced if secondary trading in the Notes is limited or illiquid.

Our credit rating may be lowered or withdrawn in the future.

As of the date of this Offering Circular, our long-term rating from S&P Global Ratings is "BB-" with a stable outlook. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that the rating will be confirmed, that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade, negative outlook or withdrawal. A suspension, reduction or withdrawal at any time of our rating may adversely affect the market price of the Notes.

The Trustee may request that the Holders provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances, the Trustee may (at its sole and absolute discretion) request the Holders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any actions and/or steps and/or institutes proceedings on behalf of Holders. The Trustee shall not be obliged to take any such actions and/or steps and/or institute proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Indenture (as subsequently supplemented and/or amended) governing the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Holders to take such actions and/or steps and/or institute proceedings directly.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in price for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future.

There may be less publicly available information about us than is available in certain other jurisdictions.

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, our financial statements are prepared and presented in accordance with HKFRS, which differ in certain significant respects from IFRS.

We will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to debt securities listed in certain other countries.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will be subject to continuing listing obligations in respect of the Notes. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

USE OF PROCEEDS

The gross proceeds from this offering, before deducting underwriting discounts and commissions and estimated expenses payable in connection with the offering, will be US$300 million.

We intend to use the net proceeds of this offering for the following purposes:

- to refinance some of our existing offshore indebtedness, including any payment in connection with the Concurrent Offer to Purchase; and

- for working capital and general corporate purposes.

CAPITALIZATION

The following table sets forth our consolidated cash and bank balances and capitalization as of June 30, 2024 (i) on an actual basis and (ii) as adjusted to give effect to the Notes offered hereby (before deducting underwriting discounts and commissions and estimated expenses).

	As of June 30, 2024			
	Actual		As adjusted	
	RMB	*US$*	*RMB*	*US$*
		(unaudited) *(in millions)*		
Cash and bank balances and term deposits[1]	109,553.9	15,075.1	111,733.9	15,375.1
Interest-bearing bank and other borrowings				
Bank loans	163,269.0	22,466.6	163,269.0	22,466.6
Corporate bonds and enterprise bonds	12,045.6	1,657.5	12,045.6	1,657.5
Private placement bonds	410.2	56.4	410.2	56.4
Senior notes[1]	19,574.1	2,693.5	19,574.1	2,693.5
Notes offered hereby[1]	—	—	2,180.2	300.0
Medium-term notes	949.2	130.6	949.2	130.6
Super and short-term commercial papers	4,574.7	629.5	4,574.7	629.5
Exchangeable bonds	2,051.1	282.2	2,051.1	282.2
Other borrowings, secured	16,834.6	2,316.5	16,834.6	2,316.5
Other borrowings, unsecured	2,600.9	357.9	2,600.9	357.9
Total interest-bearing bank and other borrowings	222,309.5	30,590.8	224,489.7	30,890.8
Portion classified as:				
Short-term	116,522.9	16,034.1	116,522.9	16,034.1
Long-term	105,786.6	14,556.7	107,966.8	14,856.7
	222,309.5	30,590.8	224,489.7	30,890.8
Equity				
Share capital	37,372.5	5,142.6	37,372.5	5,142.6
Treasury shares	(249.8)	(34.4)	(249.8)	(34.4)
Other reserves	87,727.2	12,071.7	87,727.2	12,071.7
Non-controlling interest	84,375.1	11,610.4	84,375.1	11,610.4
Total equity	209,225.1	28,790.3	209,225.1	28,790.3
Total Capitalization[2]	315,011.7	43,347.0	317,191.9	43,647.0

Notes:

(1) For the avoidance of doubt, the as-adjusted information for the cash and bank balances and term deposits, the Senior Notes and Notes offered hereby does not give effect to the Concurrent Offer to Purchase. We intend to finance the Concurrent Offer to Purchase with proceeds and/or our working capital from this offering. As a result, if the Concurrent Offer to Purchase is consummated, the outstanding principal amount of our Senior Notes will decrease.

(2) Total capitalization comprises total long-term debt plus total equity.

In addition, we have incurred, and will continue to incur, indebtedness from time to time for general corporate purposes, including but not limited to refinancing of existing indebtedness and funding our operations in the ordinary course of business. Except as otherwise disclosed in this Offering Circular, there has been no material change in our indebtedness and capitalization since June 30, 2024.

EXCHANGE RATE INFORMATION

Our financial statements are published in Renminbi. This Offering Circular contains translations of H.K. dollars amounts, Renminbi amounts and Euro amounts to U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise noted, all translations from H.K. dollars to U.S. dollars in this Offering Circular were made at the rate of HK$7.8083 to US$1.00, the noon buying rate for U.S. dollars in The City of New York for cable transfers in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2024, translations of Renminbi amounts into U.S. dollars were made at RMB7.2672 to US$1.00, the noon buying rate for U.S. dollars in The City of New York for cable transfers in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2024, and translation of Euro amounts into U.S. dollars were made at EUR1.0711 to US$1.00, the noon buying rate for U.S. dollars in The City of New York for cable transfers in Euro as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2024. You should not assume that Renminbi or Hong Kong dollars or Euro amounts could actually be converted into U.S. dollars at these rates or at all.

HONG KONG DOLLARS EXCHANGE RATES

The Hong Kong dollars are freely convertible into the U.S. dollars. Since 1983, the Hong Kong dollars have been linked to the U.S. dollars at the rate of HK$7.80 to US$1.00. The Basic Law of Hong Kong (the "Basic Law"), which came into effect on July 1, 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollars against the U.S. dollars continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to US$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. Under the Basic Law, the Hong Kong dollars will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollars will remain freely convertible into other currencies, including the U.S. dollars. However, we cannot assure you that the Hong Kong government will maintain the link at HK$7.80 to US$1.00 or at all.

The following table sets forth, for each of the periods indicated, certain information concerning the noon buying rate for U.S. dollars in the City of New York for cable transfers in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York.

	Noon buying rate			
Period	**Period end**	**Average(1)**	**High**	**Low**
		(HK$ per US$1.00)		
2019	7.7894	7.8335	7.8499	7.7850
2020	7.7534	7.7562	7.7951	7.7498
2021	7.7996	7.7728	7.8034	7.7515

Period	Noon buying rate			
	Period end	Average(1)	High	Low
	(HK$ per US$1.00)			
2022	7.8015	7.8324	7.8499	7.7693
2023	7.8109	7.8294	7.9119	7.7920
2024				
May	7.8199	7.8119	7.8234	7.7979
June	7.8083	7.8100	7.8198	7.8042
July	7.8117	7.8095	7.8138	7.8058
August	7.7974	7.7962	7.8153	7.7852
September	7.7693	7.7910	7.8028	7.7693
October	7.7740	7.7707	7.7743	7.7650
November (through November 1, 2024)	7.7766	7.7766	7.7766	7.7766

Note:

(1) Annual averages are calculated by using the average of the exchange rates on the last business day of each month during the relevant year. Monthly averages or average for a period are calculated by using the average of the daily rates during the relevant month or period.

RENMINBI EXCHANGE RATES

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi in the market with reference to a basket of currencies during the prior day. PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange markets. Although payments of current account items may be made in foreign exchange currencies without government approvals, conversion of Renminbi into foreign currency for most capital account items requires the approval of SAFE. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of Renminbi to that of the U.S. dollars, to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollars.

The PRC government has since made further adjustments to the exchange rate system. The PBOC authorized the China Foreign Exchange Trading Center, effective since January 4, 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the business day. On May 18, 2007, the PBOC announced that the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollars was to be expanded from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollars by up to 0.5% above or below the central parity rate published by the PBOC. On June 19, 2010, the PBOC announced its intention to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on April 16, 2012, the band was expanded to 1.0%. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis to reflecting the market supply and demand with reference to a basket of currencies. The PRC government may in the future make further adjustments to the exchange system. Currently, the PBOC announces the closing price of a foreign currency traded against Renminbi in the inter-bank foreign exchange spot market after the closing of the market on each business day, and makes it the central parity for the following business day.

Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of the SAFE and other relevant authorities. The following table sets forth, for each of the periods indicated, certain information concerning the noon buying rate for U.S. dollars in the City of New York for cable transfers in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

	Noon buying rate			
Period	**Period end**	**Average[(1)]**	**High**	**Low**
	(RMB per US$1.00)			
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021	6.3726	6.4518	6.5716	6.3435
2022	6.8972	6.7518	7.3048	6.3084
2023	7.0999	7.0797	7.3430	6.7010
2024				
May	7.2410	7.2327	7.2494	7.2071
June	7.2672	7.2547	7.2688	7.2393
July	7.2193	7.2609	7.2758	7.2193
August	7.0900	7.1475	7.2441	7.0900
September	7.0176	7.0760	7.1209	7.0106
October	7.1178	7.0881	7.1301	7.0175
November (through November 1, 2024)	7.1214	7.1214	7.1214	7.1214

Note:

(1) Annual averages are calculated by using the average of the exchange rates on the last business day of each month during the relevant year. Monthly averages or average for a period are calculated by using the average of the daily rates during the relevant month or period.

THE ISSUER

GENERAL

The Issuer of the Notes, Fortune Star (BVI) Limited, was incorporated on February 28, 2017 as a BVI business company with limited liability under the laws of the BVI (BVI Company Number: 1938036). Its registered office is located at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands.

CAPITALIZATION

The Issuer is authorized to issue a maximum of 50,000 shares with a par value of US$1.00 each of a single class. Out of the maximum number of shares that the Issuer is authorized to issue, one share was issued and paid up upon incorporation of the Issuer.

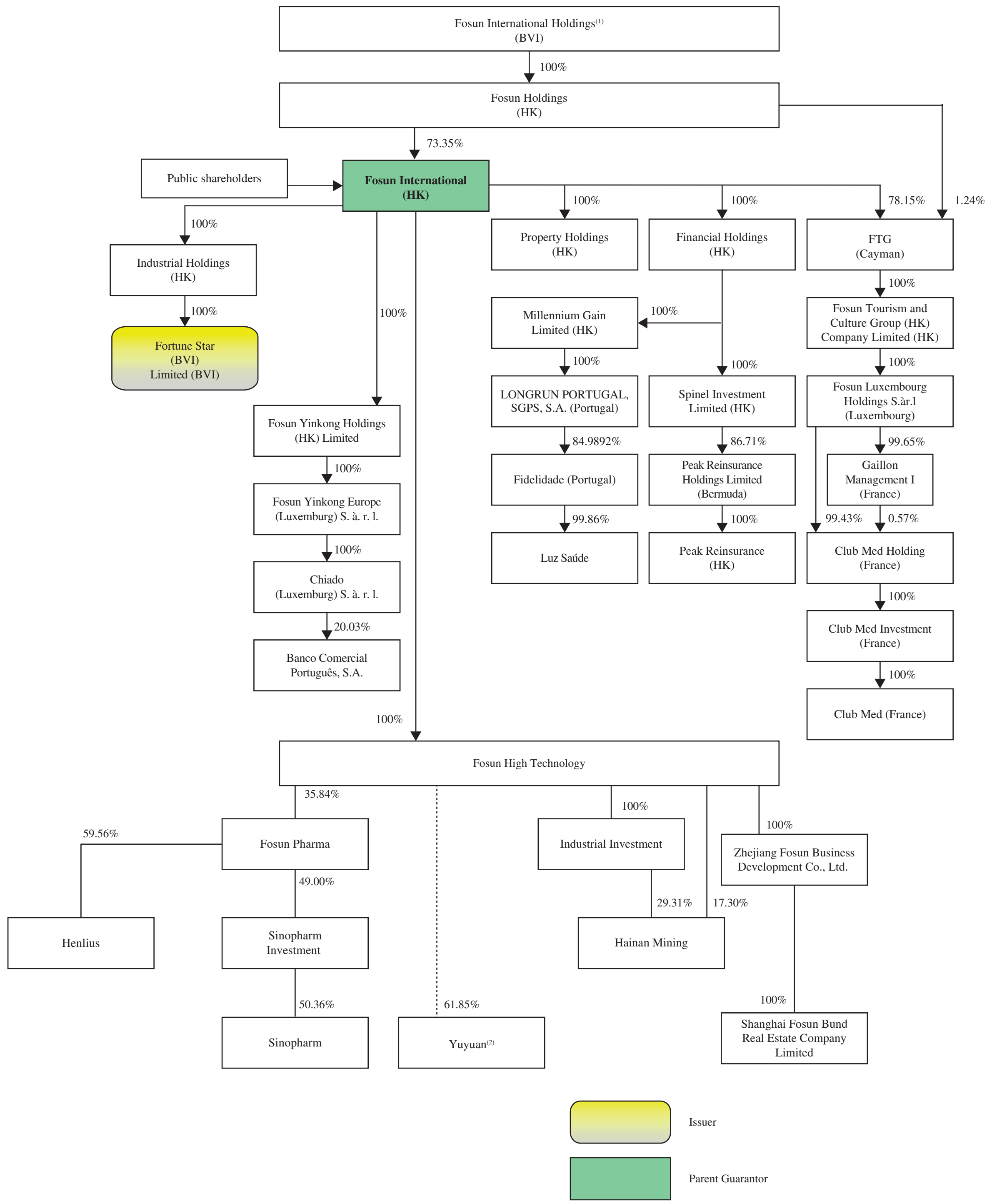
BUSINESS ACTIVITY

The Issuer has no business operations. It was solely established for the purpose of financing activities, including the issuance of the October 2020 Notes, the January 2021 Notes, the May 2021 Notes, the July 2021 Notes and the Notes.

As of the date of this Offering Circular, except for the October 2020 Notes, the January 2021 Notes, the May 2021 Notes and the July 2021 Notes, the Issuer has no borrowings or indebtedness in the nature of borrowings, term loans, liabilities under acceptance or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

CORPORATE STRUCTURE

The following structural chart sets forth our basic corporate structure as of June 30, 2024, depicting our major subsidiaries, joint ventures and associates. Subsequent to June 30, 2024, we have, in our ordinary course of business, incorporated, acquired, disposed of or increased our equity interest in certain other subsidiaries, joint ventures and associates. Unless otherwise indicated, the place of incorporation of the various entities is the PRC:



Notes:

(1) Fosun International Holdings was owned as to 85.29% and 14.71% by Messrs. Guo Guangchang and Wang Qunbin, respectively, as of June 30, 2024.

(2) Fosun High Technology and its wholly owned subsidiaries held a 61.85% equity interest in Yuyuan in total, with the remaining 31.15% shares held by public shareholders, as of June 30, 2024.

CORE BUSINESSES

The following simplified chart illustrates the key investments of our Group as of June 30, 2024:

The Group

Corporate Structure of Main Business[1] (as of June 30, 2024)

Health[2]			Happiness[3]		Wealth			Intelligent Manufacturing[4]	
Pharmaceutical	Devices & Diagnosis	Healthcare Services & Consumption	Brand Consumer	Tourism & Leisure	Insurance	Asset Management (Investment)	Asset Management (Property)	Resources & Environment	Technology & Intelligent Manufacturing
Fosun Pharma 600196.SH 02196.HK 36.07%	Sisram (Israel) 01696.HK	Fosun Health	Yuyuan 600655.SH 61.85%	FTG 01992.HK 78.15%	Fosun Insurance Portugal (Portugal) 84.9892%	HAL[13] (Germany) 99.74%	28 Liberty (USA) 100%	Hainan Mining 601969.SH 64.61%	Easun Technology[15] 79.76%
Henlius[17] 02696.HK		Luz Saúde[5] (Portugal) 99.86%	Shede Spirits 600702.SH	Club Med (France)	Peak Reinsurance 86.71%	Fosun Wealth 100%	BFC 100%	ROC (Australia)	Wansheng 603010.SH 29.56%
Gland Pharma (India) GLAND		Shanghai Zhuli[6] (Fosun Care) 90.91%	Jinhui Liquor 603919.SH	Atlantis Sanya	Pramerica Fosun Life Insurance 50%	Fosun Capital 100%	IDERA (Japan) 98.00%		JEVE[16] 49.95%
Sinopharm 01099.HK		Sanyuan Foods[7] 600429.SH 18.28%	Fosun Sports (Luxembourg) 92.01%	Foryou Club	Yong'an P&C Insurance 14.69%	Shanghai Insight[14] (Fosun RZ Capital) 100%	PAREF (France) PAR.PA 59.87%		
		BabyTree[8] 01761.HK 29.90%	Baihe Jiayuan 72.36%		Fosun United Health Insurance[12] 28.40%	BCP[18] (Portugal) BCP.LS 20.03%			
			Bohe Health[9] 29.85%			Cainiao 3.67%			
			Lanvin Group[10] LANV.NYSE 63.45%						
			St Hubert[11] (France) 100%						

Notes:

1. This simplified corporate structure only illustrates the key investments of the Group. The equity percentage reflects the total direct shareholdings held by the Company, associates, joint ventures and funds managed by the Company as of June 30, 2024. The companies marked in solid line boxes are consolidated investments of the Company, and the companies marked in dotted-line boxes are non-consolidated investments of the Company. The companies marked in shaded boxes are channels for client top priority of the Company.

2. The companies marked in light blue boxes are invested by Fosun Pharma.

3. The companies marked in light yellow boxes are invested by Yuyuan. The companies marked in light orange boxes are invested by FTG.

4. The company marked in light purple box is invested by Hainan Mining.

5. Fidelidade held a 99.86% equity interest in Luz Saúde. Therefore, the Company held a 84.87% effective equity interest in Luz Saúde.

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

7. The Company through its wholly owned subsidiary and a consolidated fund under management of the Company held a 14.53% and a 3.75% equity interest, respectively, in Sanyuan Foods. The Company held a 37.20% effective equity interest in such fund. Therefore, the Company held a 15.93% effective equity interest in Sanyuan Foods.

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

9. The Company through its two subsidiaries held a 24.49% equity interest in Bohe Health, and through its 80.81%-owned subsidiary held a 4.48% equity interest in Bohe Health. In addition, Yuyuan through its wholly owned subsidiary held a 0.88% equity interest in Bohe Health. Therefore, the Company held a 28.65% effective equity interest in Bohe Health.

10. The Company and its wholly owned subsidiary held a 59.18% equity interest in Lanvin Group, and Yuyuan through its wholly owned subsidiary held a 4.26% equity interest in Lanvin Group. Therefore, the Company held a 61.82% effective equity interest in Lanvin Group.

11. The Company through its 51%-owned subsidiary held 100% equity interest in St Hubert SAS. Therefore, the Company held a 51% effective equity interest in St Hubert SAS.

12. The Company through its wholly owned subsidiary held a 14.40% equity interest in Fosun United Health Insurance. Fosun Pharma held 14.00% equity interest in Fosun United Health Insurance. Therefore, the Company held a 19.45% equity interest in Fosun United Health Insurance.

13. In May 2024, the Company entered into an agreement to sell the equity interest in HAL. Upon completion of the disposal, the Company will no longer hold any equity interest in HAL. As of the date of this Offering Circular, the disposal has not been completed.

14. Shanghai Insight Investment Management Limited exclusively uses "Fosun RZ Capital" brand.

15. The Company held a 48.16% equity interest in Easun Technology through its wholly owned subsidiaries and consolidated funds under its management. Therefore, the Company held a 42.96% effective equity interest in Easun Technology. In addition, the non-consolidated entities in which the Company participated in the investment held a 31.60% equity interest in Easun Technology.

16. The Company through its wholly owned subsidiary and a consolidated fund under management of the Company held 16.30% and 2.12% equity interest in JEVE, respectively. Therefore, the Company held a 16.61% effective equity interest in JEVE. In addition, the non-consolidated entities in which the Company participated in the investment held a 31.53% equity interest in JEVE.

17. On June 24, 2024, Shanghai Fosun New Medicine Research Company Limited entered into a merger agreement with Henlius for its privatization. Upon completion of the merger, Henlius will be absorbed by Shanghai Fosun New Medicine Research Company Limited and cease to exist. As of the date of this Offering Circular, such transaction has not yet been completed.

18. In January 2024, the Company entered into an agreement to sell 846,000,000 shares of BCP. As of the date of this Offering Circular, the Company held a 20.03% equity interest in BCP.

OUR MAJOR SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As of June 30, 2024, our Company's ownership interests in its major subsidiaries, joint ventures and associates were as follows:

Name of company	Place of incorporation/ registration and place of business	Effective equity interest attributable to our Company	Principal activities
Subsidiaries			
Asset Management sector			
上海復星高科技(集團)有限公司#^ (Shanghai Fosun High Technology (Group) Co., Ltd.) ("Fosun High Technology")	PRC/Chinese Mainland	100.0%	Investment holding
上海復星產業投資有限公司# (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC/Chinese Mainland	100.0%	Investment holding
復星金融控股有限公司 (Fosun Financial Holdings Limited)	Hong Kong	100.0%	Investment holding
復星地產控股有限公司 (Fosun Property Holdings Limited)	Hong Kong	100.0%	Investment holding
上海復星創富投資管理股份有限公司# (Shanghai Fosun Capital Investment & Management Co., Ltd.)	PRC/Chinese Mainland	100.0%	Capital investment and management
復地(集團)股份有限公司# (Shanghai Forte Land Co., Ltd.) ("Forte")	PRC/Chinese Mainland	100.0%	Property development
上海復星外灘商業有限公司# (Shanghai Fosun Bund Commercial Co., Ltd.)	PRC/Chinese Mainland	100.0%	Property development
浙江復星商業發展有限公司# (Zhejiang Fosun Commercial Development Co., Ltd.)	PRC/Chinese Mainland	100.0%	Property development
復星產業控股有限公司 (Fosun Industrial Holdings Limited)	Hong Kong	100.0%	Investment holding
Fortune Star (BVI) Limited	Virgin Islands, British	100.0%	Capital investment and management
上海復星工業技術發展有限公司# (Shanghai Fosun Industrial & Technology Development Co., Ltd.)	PRC/Chinese Mainland	100.0%	Capital investment and management
Hauck Aufhäuser Lampe Privatbank AG	Germany	99.7%	Private banking and financial services
Health segment			
上海復星醫藥(集團)股份有限公司*/# (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.) ("Fosun Pharma")	PRC/ Chinese Mainland	36.1%	Investment holding
上海復星醫藥產業發展有限公司# (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)	PRC/Chinese Mainland	36.1%	Investment holding

Name of company	Place of incorporation/ registration and place of business	Effective equity interest attributable to our Company	Principal activities
江蘇萬邦生化醫藥集團有限責任公司# (Jiangsu Wanbang Biopharmaceutical Co., Ltd.)	PRC/Chinese Mainland	36.1%	Manufacture and trading of medicine
湖北新生源生物工程有限公司# (Shine Star (Hubei) Biological Engineering Co., Ltd.)	PRC/Chinese Mainland	18.4%	Manufacture and trading of medicine
重慶藥友製藥有限責任公司# YaoPharma Co., Ltd.	PRC/Chinese Mainland	22.0%	Manufacture and trading of medicine
桂林南藥股份有限公司# (Guilin South Pharma Co., Ltd.)	PRC/Chinese Mainland	34.8%	Manufacture and trading of medicine
上海復宏漢霖生物技術股份有限公司# (Shanghai Henlius Biotech Co. Ltd.)	PRC/Chinese Mainland	21.5%	Research and development of biopharmaceutical drugs
復星實業(香港)有限公司 (Fosun Industrial Co., Limited)	Hong Kong	36.1%	Investment holding
佛山復星禪城醫院有限公司# (Foshan Fosun Chancheng Hospital Company Limited)	PRC/Chinese Mainland	31.6%	Provision of healthcare services
蘇州二葉製藥有限公司# (Suzhou Erye Pharmaceutical Co. Ltd.)	PRC/Chinese Mainland	32.5%	Manufacture and trading of medicine
Gland Pharma Limited ("Gland")	India	20.9%	Manufacture and trading of medicine
Luz Saúde, S.A.	Portugal	84.9%	Provision of healthcare Services
Intelligent Manufacturing Segment			
海南礦業股份有限公司*# (Hainan Mining Co., Ltd.)	PRC/Chinese Mainland	46.61%	Sale of iron and steel products
上海翌耀科技股份有限公司# (Shanghai Easun Technology Co., Ltd.)	PRC/Chinese Mainland	43.0%	Provision of digital and intelligent solution
Happiness segment			
Club Med SAS	France	78.2%	Tourism
海南亞特蘭蒂斯商旅發展有限公司# (Hainan Atlantis Commerce And Tourism Development Co., Ltd.)	PRC/Chinese Mainland	78.2%	Tourism
上海豫園旅遊商城(集團)股份有限公司# (Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.) ("Yuyuan")	PRC/Chinese Mainland	61.9%	Retail
武漢復智房地產開發有限公司# (Wuhan Fuzhi Real Estate Development Co., Ltd)	PRC/Chinese Mainland	100.0%	Property development
上海豫園珠寶時尚集團有限公司# (Shanghai Yuyuan Jewelry Fashion Group Co., Ltd.)	PRC/Chinese Mainland	61.4%	Retail
ST Hubert SAS	France	51.0%	Manufacturing and trading of dairy products
Lanvin Group Holdings Limited	Cayman Islands/ Chinese Mainland	61.8%	Investment Holding

Name of company	Place of incorporation/ registration and place of business	Effective equity interest attributable to our Company	Principal activities
Insurance sector			
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong	86.7%	Reinsurance
Fidelidade—Companhia de Seguros, S.A.	Portugal	85.0%	Underwriting of life and non-life insurance
Associates			
國藥產業投資有限公司# (Sinopharm Industrial Investment Co., Ltd.)	PRC/Mainland China	17.7%	Distribution of pharmaceutical products
Banco Comercial Português, S.A.	Portugal	20.0%	Banking and financial services
Joint venture			
四川沱牌舍得集團有限公司#/& (Sichuan Tuopai Shede Group Co., Ltd.)	PRC/Chinese Mainland	43.3%	Manufacture and trading of wine and beverage

The English names of the above subsidiaries, associates and joint ventures are directly translated from their Chinese names.

The above table lists the subsidiaries, associates and joint ventures of the Group which, in the opinion of the directors of the Company, materially contribute to the net income of the Group or hold a material portion of the assets or liabilities of the Group, for the six months ended June 30, 2024. To give details of other subsidiaries, associates and joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes:

* Fosun Pharma continues to be accounted for as a subsidiary because the Group continues to be the single major shareholder of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders, despite the fact that the Group's equity interest in this company was 36.1% as of June 30, 2024. Hainan Mining continues to be accounted for as a subsidiary because the Group continues to be the largest major shareholder of Hainan Mining and holds relatively larger voting rights than other shareholders, despite the fact that the Group's equity interest in this company was 46.6% as of June 30, 2024.

\# These companies are registered as limited liability companies under PRC law.

& The Group, through Yuyuan held a 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd. ("Tuopai Shede") as of June 30, 2024. The remaining 30% equity interest was held by the People's Government of Shehong County. According to the articles of association of Tuopai Shede, the resolutions on the relevant activities required 100% shareholders' approval and Tuopai Shede was accounted for as a joint venture of the Group.

^ Wholly foreign owned enterprise under PRC law.

BUSINESS

Certain information furnished in this section is sourced from official government and other third-party publications. While we have exercised reasonable care in compiling and reproducing the information from such publications, such information has not been independently verified by the Company, the Trustee, the Paying Agent, Transfer Agent, the Registrar or any of their respective directors, officers and advisers. The information sourced from official government publications may not be consistent with other information compiled within or outside the PRC. Such information has been accurately reproduced and that as far as we are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, we do not make any representation as to its accuracy and investors should not unduly rely on such information contained in this section.

OVERVIEW

Rooted in China, we have built Fosun/family client to maker (FC2M) ecosystems in Health, Happiness, Wealth and Intelligent Manufacturing segments and we aim to provide top quality products and services for families around the world. Owing to our robust growth since our inception, coupled with the resilience in weathering economic uncertainties, we have established a solid business model that thrives on China's economic growth, urbanization and industrialization. With proven experience in managing different businesses across the globe, we have successfully nurtured our core businesses into prominent market players with reputable brands in their respective sectors. We seek sustainable growth of our investment value through continuously optimizing our portfolio and improving our portfolio companies' operations. Our rich operational and investment experience in different sectors have given us a strong competitive edge in operating a company at our scale.

Our extensive experience in brand building management and sales network has facilitated each investee company's business development. In addition, as a diversified privately owned enterprise, we have strong execution capabilities to respond quickly to opportunities and challenges that emerge. We can access to diversified financing channels and financing resources to support the our sustainable growth.

Each of our Health, Happiness, Wealth and Intelligent Manufacturing segments is critical for us to maintain high quality growth. Our Health segment includes three major sectors: Pharmaceutical, Devices & Diagnosis and Healthcare Services & Consumption. Our Happiness segment includes two major sectors: Brand Consumer and Tourism & Leisure. Our Wealth segment includes two major sectors: Insurance and Asset Management. Our Intelligent Manufacturing segment includes two major sectors: Resources & Environment and Technology & Intelligent Manufacturing. We believe that our principal portfolio companies enjoy competitive advantages within their respective industries with growth potential.

We have adopted the revised HKFRS in 2023, and as a result, we have restated the comparative segment information as of and for the year ended December 31, 2022 in our audited consolidated financial statements as of and for the year ended December 31, 2023. The following table sets forth our revenues as restated where appropriate, by segments for the years/periods indicated.

	Year ended December 31,					Six months ended June 30,				
	2022		2023			2023		2024		
	RMB (restated)	*%*	*RMB* (audited)	*US$* (unaudited)	*%*	*RMB* (unaudited)	*%*	*RMB* (unaudited)	*US$* (unaudited)	*%*
	(in millions, except percentages)									
Revenue	182,425.8	100.0	198,200.3	27,915.9	100.0	97,064.6	100.0	97,838.4	13,463.0	100.0
Health	48,001.3	26.1	46,314.4	6,523.2	23.2	23,837.6	24.4	23,260.5	3,200.8	23.6
Happiness	70,739.5	38.5	88,946.4	12,527.8	44.5	43,001.6	44.0	43,172.1	5,940.7	43.7
Wealth	54,754.8	29.8	51,779.5	7,293.0	25.9	25,435.0	26.0	26,947.3	3,708.1	27.3
Insurance	39,460.1	21.5	37,453.6	5,275.2	18.7	18,442.4	18.9	18,457.6	2,539.9	18.7
Asset Management	15,294.7	8.3	14,325.9	2,017.8	7.2	6,992.6	7.1	8,489.7	1,168.2	8.6
Intelligent Manufacturing	10,355.6	5.6	12,755.6	1,796.6	6.4	5,460.2	5.6	5,331.6	733.7	5.4
Eliminations	(1,425.4)	(0.8)	(1,595.6)	(224.7)	(0.8)	(669.8)	(0.7)	(873.1)	(120.1)	(0.9)

In 2022 and 2023 and the six months ended June 30, 2023 and 2024, our revenue was RMB182,425.8 million, RMB198,200.3 million, RMB97,064.6 million and RMB97,838.4 million, respectively. Our profit for the year/period amounted to RMB2,996.6 million, RMB5,347.1 million, RMB4,573.0 million and RMB2,502.7 million in 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

Our revenue increased by approximately 0.8% from RMB97,064.6 million for the six months ended June 30, 2023 to RMB97,838.4 million for the six months ended June 30, 2024, mainly due to the increase in the revenue of our Wealth segment.

Our profit attributable to owners of the parent amounted to RMB720.1 million for the six months ended June 30, 2024, representing a decrease of RMB639.6 million, or approximately 47.0% as compared to RMB1,359.7 million for the six months ended June 30, 2023, primarily due to (i) a decrease in profit of RMB600.8 million of our Happiness segment mainly as a result of a decrease in Yuyuan's investment income from the disposal of its non-core assets; (ii) an increase in loss of RMB602.1 million of our Asset Management sector in our Wealth segment mainly as a result of a decline in our share of profits and the one-off disposal loss from partial disposal of investment in our associates; and (iii) a decrease in profit of RMB73.1 million of our Intelligent Manufacturing segment mainly due to unrecognized profit regarding Eason Technology's projects under inspections.

COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

Globalized Operations and Investments in Different Sectors

As a globally oriented company rooted in China, we have not only thoroughly developed our presence in the Chinese market, but also connected and aligned our various businesses and resources in different countries and regions and actively enhanced the global operation capabilities of our member companies based on our business presence in over 35 countries and regions around the world. For the six months ended June 30, 2024, our overseas revenue accounted for 46.9% of our total revenue, representing an increase of 3.2% as compared to the corresponding period in 2023. Benefiting from our global business presence and synergies within our business ecosystem, our Group's various businesses have become increasingly globalized.

Global R&D and Business Development

In 2023, 漢斯狀® (Serplulimab HLX10), an innovative drug of Henlius, was approved by Indonesia's National Agency for Drug and Food Control for treatment of extensive-stage small cell lung cancer, which is the first China-made anti-PD-1 mAb approved for marketing in Southeast Asia. In the six months ended June 30, 2024, one of the major products of Henlius, 漢曲優® (trastuzumab for injection) which is a domestically developed monoclonal antibody biosimilar, was approved for marketing in the United States; and 漢利康® (rituximab), the first biosimilar in China, was approved for marketing from the Peruvian General Directorate of Medicines, Supplies and Drugs (DIGEMID). Through cooperation and innovation, Henlius will speed up in promoting the development and application of immunotherapy worldwide and provide patients with more efficient and high-quality treatment options.

Global Operations

Club Med achieved a new record in its business volume of RMB8,894.4 million in the six months ended June 30, 2024, representing an increase of 10.3% as compared to the corresponding period in 2023. Easun Technology continued to promote integrated operations worldwide and its new overseas orders amounted to RMB3.99 billion in the six months ended June 30, 2024, which remained stable as compared to the corresponding period in 2023. Meanwhile, its orders from the North America market amounted to RMB750 million in the six months ended June 30, 2024, representing an increase of more than 100% as compared to the corresponding period in 2023.

In addition, Fosun Insurance Portugal recorded gross premium of approximately EUR885 million from its overseas operations in the six months ended June 30, 2024, which accounted for over 30% of its total premiums, and its net profit amounted to approximately EUR51 million, which accounted for over 40% of its total profit.

Global Promotion of Chinese Culture

We also actively promote Chinese culture globally. From December 15, 2023 to February 25, 2024, "Yuyuan Lantern Festival," a national intangible cultural heritage, went aboard for the first time to the ancient Jardin d'Acclimatation, which had a history of over 400 years. As one of the activities at the opening of the China-France Year of Culture and Tourism, it presented the essence of Eastern culture as a "Chinese New Year Gift" to families all around the world.

Multiplying Growth from Cross-sector Collaboration within the Ecosystem

The deep integration and synergies across our diverse business sectors have been our key strength, enabling us to drive exponential growth by leveraging our expansive ecosystem. We believe that the implementation of cross-sector collaboration has not only enhanced our customers' overall experience, but also fostered greater operational efficiency and financial performance of our Group.

We have developed Fosun Entrepreneurship/Ecosystem System ("FES") to enable enterprises to rapidly improve their operation capabilities and create more value. As of June 30, 2024, we completed certification and implementation of 53 FES tools and the training and certification of a total of 1,154 experts. Meanwhile, in the six months period ended June 30, 2024, we appointed a total of 88 FES leaders covering 68 subsidiaries of our Group. This ensured full organizational coverage of FES improvement capabilities across all levels, and helped to cultivate and develop FES leaders with high professional efficiency and innovation capabilities.

Global marketing activities by innovative brands

In early 2024, we held the "Fosun Family Season" campaign, a key event within our ecosystem, and carried out joint marketing with over 60 domestic and overseas brands of our Group. Over 1,000 activities in over ten countries and regions including China, France, the US, Portugal, the United Kingdom, Japan and Southeast Asia were held during the campaign, and over 80 products related to the theme of the Year of the Loong were released, creating New Year scenes and immersive experiences with oriental lifestyle aesthetics for families worldwide, which attracted approximately 4.23 million consumers.

Synergy of domestic marketing platforms of Fosun Pharma

Fosun Pharma facilitated sales of 漢利康® (rituximab) and other products through collaboration with the domestic marketing platforms and other sales channels and resources. For example, it cooperated with its subsidiary, Fosun Health, and certain other domestic insurance companies within our Group to provide insurance customers with health management services and achieved win-win results within our ecosystem.

"Insurance +" ecosystem and industrial synergy

Pramerica Fosun Life Insurance leveraged our "insurance + ecosystem" and launched its product based on our Group's healthcare business. In the six months ended June 30, 2024, Pramerica Fosun Life Insurance sold a total of 6,146 policies for senior community, representing an increase of 89.7% as compared to the corresponding period in 2023. Fosun United Health Insurance served over 6.95 million customers in aggregate as of June 30, 2024, representing an increase of 1.6% as compared to December 31, 2023.

Staying Ahead of Competitors by Consistent Investment in R&D and Innovation

We are fully aware of the power of technology and innovation. In order to push ourselves to the forefront of global innovation, we have set up a global multi-dimensional innovation system covering independent R&D, investment incubation, venture capital investment, institutional cooperation, patent licensing and introduction of innovative products. In the six months ended June 30, 2024, we invested a total of approximately RMB3.5 billion in improving our technology innovation capabilities.

In our Health segment, we have achievements on various fronts of technology innovation. Various new drugs and indications have been approved for launch. As of June 30, 2024, the Health segment of the Group made outstanding achievements in technology innovation. In terms of R&D of innovative drugs, four innovative drugs/biosimilars with a total of nine indications independently developed and/or licensed-in by Fosun Pharma were approved for launch both domestically and internationally, including Rabies vaccine (Vero cell) for human use (freeze dried), independently developed by Fosun Pharma, was approved for launch in mainland China; four additional indications for Han Da Yuan (adalimumab injection) were approved in mainland China; the second indication of Su Ke Xin (avatrombopag maleate tablets) was approved in mainland China, etc. Multiple products in the segment of medical devices and medical diagnosis have also been approved for market launch, including the "Ion System" of Intuitive Fosun which adopts a flexible robot with shape-sensing technology was approved for launch in China; Profhilo®, a new generation of sodium hyaluronate complex, with Sisram being its agency, was launched in Hainan province, China in April 2024. Fully-automated chemiluminescent immunoassay analyzer F-i6000, independently developed by Fosun Pharma, was approved for launch.

In our Wealth segment, Fosun Insurance Portugal continued to build on its digital capabilities to drive the rapid growth of the insurance business. In the six months ended June 30, 2024, "MyFidelidade App" was launched by Fosun Insurance Portugal successfully, and acquired more than 1.6 million registered users (accounting for more than 15% of Portugal's total population). As a result of the launch, sales through digital channels increased by 16% as compared to the corresponding period in 2023 and approximately 80% of the telephone customer services were fully conducted through the chatbot.

Strong Financial Management with a Continuously Improving Credit Profile

We have demonstrated robust financial stewardship and a steadfast commitment to maintaining a healthy balance sheet. While exploring diverse financing channels, we had increased asset divestment efforts and strengthened cash reserves to cope with global capital market volatility. In terms of bank financing channels, we have been deepening the long-term cooperative relationships with domestic major state-owned banks, joint-stock commercial banks and numerous international banks.

In May 2024, we successfully refinanced a three-year senior unsecured offshore syndicated loan, raising US$600 million at the first closing, and the total amount of this syndicated loan exceeded US$800 million in August 2024, marking the 8th consecutive year in which we successfully launched large offshore syndicated loan. In the open market, Fosun High Technology successfully issued four super short term commercial papers in the six months ended June 30, 2024, with a total amount of RMB3.1 billion.

In recognition of our debt reduction capabilities and execution, the international credit rating agency, S&P, affirmed our steadily improved credit profile and confirmed its rating of "BB-" with "stable" credit outlook for our Group in June 2024.

Globally Recognized ESG Performance

Our commitment to "Self-improvement, Teamwork, Performance and Contribution to Society" has been the foundation since our inception. We firmly believe that business should be a force for good, and the greatest value a company can create is for the benefit of society. While diligently managing our business operations, we have consistently focused on enhancing our sustainability management, proactively fulfilling our corporate social responsibilities, and actively working on environmental, social, and governance (ESG) initiatives. Leveraging the resources and advantages of our global industrial ecosystem, we continue to create a better world.

In the six months ended June 30, 2024, leveraging years of our continuous efforts in ESG, our Group was ranked among the Top 1% in the S&P Global CSA Score of S&P Global's Sustainability Yearbook 2024 (China Edition) and recognized as the "Industry Mover," outperforming over 90% of our global peers. Our Group actively responded to the Chinese government's call for green development, and was recognized as the ESG leader that ranked first in the composite industry among more than 1,000 A-share and Hong Kong-listed companies in the "China ESG 2024 ESG Action Report (2024年度ESG行動報告)" published by China Media Group (CMG). Additionally, Fosun International was also included in Fortune's ESG Influence Ranking of China 2024 (2024年中國ESG影響力榜單), highlighting its outstanding performance and leadership in the field of ESG. Our Group also released the 2023 ESG Report and the second Climate Information Disclosures Report in April 2024, demonstrating our commitment to taking action against climate change.

In the six months ended June 30, 2024, the resident team members of our "Rural Doctors" program visited 942 health centers, took out over 7,000 policies that covered group accidents and critical illnesses for rural doctors, upgraded 38 health offices and centers in 9 counties through intelligentization, providing online training to over 1,000 rural doctors.

Despite the challenging macro environment, we remained steadfast in our commitment to sustainable development by responding proactively to national strategies, safeguarding information security, promoting technological innovation, pursuing the "dual-carbon" goal, participating in charity work and safeguarding the rights and interests of our employees, with a view to achieving sustainable management and creating value.

Strong Execution in Divestment to Optimize and Deleverage the Portfolio

We have proactively pursued the divestment of non-strategic and non-core assets as part of our ongoing efforts to optimize our portfolio and strengthen our financial profile. This initiative was first launched in 2020, and had been further implemented since June 2022 amidst the turbulence in capital markets.

In 2023 and continuing into 2024, we have continued to resolutely execute this divestment strategy, with a steadfast focus on the importance of cash generation. Our signed asset divestment amounted to approximately RMB15 billion at our group level, and about RMB22 billion at the consolidated level, thereby further optimizing our balance sheet and building up liquidity reserve. In the six months ended June 30, 2024, major disposals (including transactions yet to be completed) made by the Group included those of, among others, HAL, Ageas SA/NV and Changsha Binjiang Financial Center.

The accelerated divestment of our non-strategic and non-core assets has been a key driver in deleveraging the investment portfolio and enhancing the overall financial strength of our Group. By tactfully rebalancing our asset mix and channeling the proceeds towards more strategic and higher-return opportunities, we have been able to optimize our debt profile.

Looking ahead, we remain committed to disciplined portfolio management and prudent financial stewardship. We will continue to proactively identify and divest from non-strategic, non-core or less synergistic assets, with the goal of streamlining our business operations, strengthening our balance sheet, and unlocking capital for reinvestment in our core growth engines. This focused approach to asset optimization and deleveraging will be a critical pillar in supporting our long-term strategic growth and enhancing value creation for our stakeholders.

BUSINESS STRATEGIES

We have strategically positioned ourselves as an "innovation-driven consumer group". In the past decade, we have made many ground-breaking attempts and explorations in terms of regions, investments and industries. We have generally completed the preliminary stage of sectoral and geographical expansion. Our next strategic focus is to strengthen our operations in existing industries and markets and to improve the competitiveness and efficiency of our industrial operations, so as to become one of the leaders in each of the core businesses we engage in.

Our growth drivers will continue to be our in-depth management and operation + investment in the industry. We focus on the management and operation of our core business, providing high quality products and services to family consumers, creating a happier life for 1 billion families around the world. To achieve this goal, we have formulated the following business strategies:

Asset-light Operations and Forming strategic partnership in capital intensive projects

As we navigate the evolving business landscape, we are committed to adopting a more agile and innovative approach to drive our sustainable growth. Over the past few years, our solid industrial operational capabilities have been tested and refined, allowing us to identify new opportunities for growth even in challenging economic environments. Building on these strengths, we will continue to prioritize asset-light business models that optimize capital efficiency and enhance our responsiveness to market dynamics.

After more than 30 years of development, we have accumulated profound operational capabilities, which will serve as an essential foundation for securing asset-light collaboration opportunities. These include, but not limited to, Fosun Tourism which expanded its product lines globally, opening multiple new resorts worldwide; and our catering business which accelerated its chain expansion with more than a hundred of "Songhelou" stores nationwide. Considering the current interest rate levels and financing environment, our future development will place greater emphasis on light-asset operations with cooperation with our key partners in order to seize opportunities in this domain.

Looking forward, while continuously refining our internal capabilities, we will also expand our network by strengthening our collaboration with local governments, state-owned enterprises and a wide range of partners. By leveraging complementary strengths and pursuing win-win outcomes, we aim to create more high-quality projects and products. At the same time, we will fully utilize our long-established investment capabilities, adhering to the "industry + investment" and "insurance + investment" strategies, which we believe will enable us to capitalize on our industrial advantages and cost advantages of insurance capital to develop a robust development strategy.

Originating from China with globalized business operation

Rooted in China, we have always regarded globalization as a core engine for our development. Since our public listing in Hong Kong in 2007, our globalization journey has spanned nearly 17 years. As of the date of this Offering Circular, we have a profound industrial presence in over 35 countries and regions across five continents, with a portfolio of renowned global brands. Our "global organization + local operations" model has become increasingly sound.

We consistently adhere to the philosophy of "being rooted in China and serving the world," and improve our globalization strategy by leveraging China's superior supply chain system and efficiency advantages. After establishing competitive advantage for our quality products in China, we then empowers them to rapidly expand into overseas markets through our global ecosystem. For instance, Henlius' first domestically independently developed monoclonal antibody drug, 漢曲優® (trastuzumab for injection) has been approved in over 40 countries globally; the second generation artesunate for injection (branded as Argesun®) which was independently developed by Fosun Pharma obtained WHO prequalification ("WHO-PQ"), becoming the first injectable artesunate presented with a single solvent system approved by WHO-PQ, and further improving the accessibility of high-quality innovative antimalarial drugs in Africa and globally.

Our globalization extends beyond just the "two-way engagement" between China and the world; it also encompasses the organic development of our ecosystem enterprises' overseas expansion. For example, Fosun Insurance Portugal's international business premiums have continued to grow rapidly, with its influence expanding into Central Europe and Portuguese and Spanish speaking regions.

In addition to the "hard power" of our global business operations, we have also accumulated invaluable "soft power" through our globalization. As a representative of traditional Chinese culture, the Yuyuan Garden Lantern Festival, a national intangible cultural heritage, was held overseas for the first time, being designated as part of the opening festivities celebrating the 60th anniversary of China-France diplomatic relationship as well as the China-France Year of Culture and Tourism.

Technological innovation driven products and services

Technology innovation has been a driving force behind our sustained growth. In the six months ended June 30, 2024, our Group's total investment in technological innovation amounted to RMB3.5 billion. We have established more than ten technology innovation centers covering a wide range of industries, continuously empowering the commercialization of new technologies and products. This ongoing commitment to technological advancement is empowering the commercialization of cutting-edge products and services across our diversified business portfolio.

We are committed to doing the right things, the difficult things and the things that take time to develop. We believe that with persistent effort and unwavering dedication, our long-term goal of reaping returns through technological innovation can be truly realized. Since 2023, after witnessed the explosive growth of productivity tools in artificial intelligence ("AI"), we are actively seizing opportunities in the field of AI, applying AI technology to scenarios such as drug pipeline R&D and online intelligent customer service, exploring AI upgrade opportunities across the entire industry. For example, Fosun Aitrox has applied a universal AI research and development paradigm to more than 80 comprehensive products spanning imaging, pathology and ultrasound, focusing on frontier technological innovation for the development of quality primary healthcare and clinical disciplines.

On the creative innovation front, we are actively promoting innovative consumer scenarios, committed to fully integrating cutting-edge technologies with offline scenarios. The 29th Yuyuan Garden Lantern Festival enhanced the "metaverse" experience through technologies such as augmented reality and digital lighting, attracting over 4 million visitors and driving about 50% growth in various industry and product sales.

Looking forward, we are confident in our ability to further establish the "Grand Yuyuan," transforming this over one million square meter cultural and commercial complex into a global showcase of "oriental lifestyle aesthetics" that will cement Shanghai's status as a premier commercial and cultural hub.

As we continue to invest in technological innovation, we are poised to deliver a growing pipeline of innovative products and services that will power the next phase of our Group's sustainable and diversified growth.

OUR BUSINESSES

We continued to achieve operational excellence and increase product competitiveness through innovation, focusing on our Health, Happiness, Wealth and Intelligent Manufacturing segments to maintain a sustainable and healthy growth.

Health

Our Health segment includes three major sectors: Pharmaceutical, Devices & Diagnosis and Healthcare Services & Consumption.

Our revenue from the Health segment decreased by 3.5% from RMB48,001.3 million in 2022 to RMB46,314.4 million in 2023, which was mainly due to the significant decrease in the demand of COVID-19 related products of Fosun Pharma. Our profit attributable to owners of the parent from the Health segment decreased by 57.0% from RMB1,348.7 million in 2022 to RMB580.2 million in 2023, which was mainly due to the decrease in profit of Fosun Pharma.

Our revenue from the Health segment decreased by 2.4% from RMB23,837.6 million in the six months ended June 30, 2023 to RMB23,260.5 million in the six months ended June 30, 2024, which was mainly due to a decrease in revenue from COVID-19 related products of Fosun Pharma Group. Our profit attributable to owners of the parent from the Health segment increased by 43.0% from RMB356.5 million in the six months ended June 30, 2023 to RMB509.7 million in the six months ended June 30, 2024, which was mainly due to the one-off disposal loss of investments in the corresponding period in 2023.

Fosun Pharma

Adhering to the business philosophy of "Innovation for Good Health", Fosun Pharma and its subsidiaries ("Fosun Pharma Group") strive to become a first-tier enterprise in the global mainstream pharmaceutical and healthcare market. In 1994, the predecessor of Fosun Pharma was founded, and listed on the SSE four years later. In 2004, its predecessor formally changed name to Shanghai Fosun Pharmaceutical (Group) Co., Ltd. In 2005, Fosun Pharma was among the first group of Chinese A-share listed companies included in CSI 300 Index. At the same year, the research center of Fosun Pharma was nominated as national-level research center. In 2012, Fosun Pharma was listed on the Main Board of the Hong Kong Stock Exchange. As of June 30, 2024, the Group held a 36.07% equity interest in Fosun Pharma.

Fosun Pharma Group's business covers all key segments of healthcare industry chain, including pharmaceutical manufacturing and R&D, healthcare services, medical devices and medical diagnosis, as well as pharmaceutical distribution and retail, with pharmaceutical manufacturing and R&D as the core, and healthcare services as the development focus.

In the six months ended June 30, 2024, revenue of Fosun Pharma Group decreased by approximately 4.38% to RMB20,383 million as compared to the corresponding period in 2023, which was mainly due to a decline in the revenue from COVID-19 related products. Excluding such COVID-19 related products, revenue of Fosun Pharma Group recorded an increase of approximately 5.32% in the six months ended June 30, 2024 as compared to the corresponding period in 2023.

In the six months ended June 30, 2024, four innovative drugs/biosimilars with a total of nine indications independently developed and licensed by Fosun Pharma Group were approved for launch both domestically and internationally, and four innovative drugs/biosimilars with a total of nine indications had entered the pre-launch approval stage or key clinical stage; 38 generic drugs categories of Fosun Pharma Group were also approved for launch both domestically and internationally, of which 24 categories, including import drug licenses, were approved domestically and 14 categories, including 10 abbreviated new drug application of Gland Pharma, were approved internationally.

In the six months ended June 30, 2024, Fosun Pharma Group's profit for the period attributable to owners of the parent amounted to RMB1,225 million, in particular, the profit attributable to shareholders of Fosun Pharma after deducting extraordinary gain or loss amounted to RMB1,254 million, with extraordinary loss amounting to RMB29 million.

In the six months ended June 30, 2024, excluding the impact of newly acquired companies, the administrative expense of Fosun Pharma Group decreased by approximately RMB200 million. Through multiple measures including operating cash flow optimization, supply chain management and capital expenditures control, Fosun Pharma Group ensured a healthy cash flow. In the six months ended June 30, 2024, Fosun Pharma's operating cash flow reached RMB1,907 million, representing an increase of 5.36% as compared to the corresponding period in 2023.

In the six months ended June 30, 2024, the total R&D expenditure of Fosun Pharma Group amounted to RMB2,737 million, representing a decrease of 5.10% as compared to the corresponding period in 2023. In particular, the R&D expenses amounted to RMB1,862 million, representing a decrease of 12.75% as compared to the corresponding period in 2023. Looking forward, Fosun Pharma Group will continue to enhance its R&D efficiency, accelerate to achieve the commercialization value of its launched products, and further improve the quality and efficiency of internal operations.

Henlius

Henlius is a leading biopharm company in China with the vision to offer high-quality, affordable, innovative biopharmaceuticals to patients worldwide. It has products for oncology, auto-immune diseases, and other fields. Henlius was established in 2010 and listed on the Main Board of the Hong Kong Stock Exchange in September 2019. As of June 30, 2024, we held a 59.56% equity interest in Henlius.

Henlius is principally engaged in biopharmaceutical research, biopharmaceutical service and biopharmaceutical production. Since its inception, Henlius has established, and continued to expand a comprehensive pipeline of biosimilar and bio-innovative drugs.

In the six months ended June 30, 2024, Henlius' revenue amounted to RMB2,746.1 million, representing an increase of approximately 9.8% compared to the corresponding period in 2023, mainly attributable to the commercialization and market expansion of Henlius' core products, and its profit amounted to approximately RMB386.3 million, representing an increase of approximately RMB146.3 million as compared to the corresponding period in 2023.

As of August 23, 2024, five products (23 indications) of Henlius had been successfully marketed in mainland China, and three products had been successfully approved for marketing in Europe, the United States, Canada, Australia, Indonesia and other countries/regions. 漢曲優® (trastuzumab injection) was approved by the FDA for the treatment of adjuvant breast cancer, metastatic breast cancer and metastatic gastric cancer, and the New Drug Submission (NDS) for Han Qu You was also approved by the Health Canada; the overseas commercialization of 漢斯狀® (Serplulimab HLX10) managed to include the markets of Cambodia and Thailand; and 漢利康® (rituximab) was also approved for marketing in Peru.

Henlius has been actively implementing the concept of excellent commercialization, in order to create a complete value chain covering R&D, production and traditional commercialization. Focusing on the needs of patients, Henlius has achieved a commercialization strategy of "focusing on product portfolio, manufacturing capacity and commercial operations to become the leader in biological medicine in China". As of June 30, 2024, with a total commercial production capacity of 48,000L, including the Xuhui facility with a commercial production capacity of 24,000L and Songjiang first plant with a commercial production capacity of 24,000L, Henlius had fully supported the global supply of products approved for marketing.

In the six months ended June 30, 2024, Henlius recognized R&D expenses of approximately RMB482.5 million, representing a decrease of approximately RMB65.3 million, or approximately 11.9%, compared to the corresponding period in 2023.

On June 24, 2024, Shanghai Fosun New Medicine Research Company Limited entered into a merger agreement with Henlius for its privatization. Upon completion of the merger, Henlius will be absorbed by Shanghai Fosun New Medicine Research Company Limited and cease to exist. As of the date of this Offering Circular, such transaction has not yet been completed.

Looking forward, based on clinical needs, Henlius will continue to devote itself to oncology, auto-immune diseases and other fields, and deepen product innovation, market expansion and international cooperation so that it can consolidate the internationalized capability of "integrating research, production and marketing," and achieve steady development at a larger, international and more profitable Biopharma stage.

Gland Pharma

Established in 1978, Gland Pharma is one of the largest and fastest growing generic injectables manufacturing companies in India. In 2003, its flagship sterile injection plant in Hyderabad, India, with multiple delivery formats and production capabilities, received its first approval from the U.S. Food and Drug Administration (FDA). Gland Pharma has a consistent compliance record and its manufacturing facilities have been approved by regulatory authorities of various countries around the world, including the FDA, Medicines and Healthcare products Regulatory Agency of the United Kingdom, Therapeutic Goods Administration of Australia, Brazilian Health Regulatory Agency, Austrian Agency for Health and Food Safety GmbH and BGV Badische Versicherungen of Germany. Gland Pharma's main products include: cardiac (Enoxaparin Sodium), hematological system (Heparin Sodium), anti-infective (Vancomycin, Caspofungin, Daptomycin, Micafungin), central nervous system (Dexmedetomidine, Rocuronium Bromide), and other injections.

As of June 30, 2024, we held a 51.83% equity interest in Gland Pharma.

In April 2023, Gland Pharma acquired a 100% equity interest in Cenexi, a pharmaceutical company with expertise in sterile liquid and lyophilized fill-finished drugs and capabilities in oncology and complex products. This acquisition is expected to accelerate Gland Pharma's global presence and further solidify its reputation and positioning as a injectable focused CDMO company.

In the six months ended June 30, 2024, Gland Pharma's consolidated revenue (including Cenexi) amounted to US$354 million, representing an increase of 44% as compared to the corresponding period in 2023.

In the future, Gland Pharma will leverage its core strengths, including its differentiated business model and continue to focus on operational efficiencies, R&D and unwavering commitment to stringent quality and compliance, ensuring that operations consistently meet the highest standards.

Sisram

Sisram, a global group company developing wellness business, is deeply rooted in the medical aesthetics industry for over two decades, specializing in the R&D and application of the technologies related to natural energy sources, providing customers with solutions for the treatment of medical aesthetics and related indications.

As of June 30, 2024, we held a 71.42% equity interest in Sisram.

In the six months ended June 30, 2024, Sisram recorded a total revenue of US$168.7 million, representing a decrease of 1.7% as compared to the corresponding period in 2023. Sisram's gross profit decreased by 29.7% to US$13.2 million in the six months ended June 30, 2024 as compared to the corresponding period in 2023. The decrease in revenue was mainly attributable to the decrease in revenue in the North America market; while the decrease in profit was mostly due to an increase in selling and distribution expenses, administrative expenses and finance costs, mostly due to establishment of new direct offices.

In the medical aesthetics industry, Sisram focuses on a diversified wellness ecosystem, continuously enriching its product pipeline and advancing global sales and distribution network. In the six months ended June 30, 2024, Sisram launched a new and innovative anti-aging platform, Alma Harmony™, in North America, and this product is tailored to address multiple signs of aging across all skin types and diverse demographics. Sisram also launched a newly improved equipment platform for hair removal, the special edition of Soprano Titanium™, in the global market. In addition, Sisram entered into a strategic partnership with Prollenium® in January 2024, having exclusive distribution rights for the Revanesse® with advanced hyaluronic acid technology dermal filler collection in several key markets including Germany, Austria, Switzerland, Australia, and New Zealand. In April 2024, Profhilo®, a hyaluronic acid injectable product and distributed by Sisram, was granted approval in Hainan as a designated medical device.

Looking forward, Sisram will continue to focus on the stable development of its core business while actively developing new growth engines, creating the turnaround point quickly and allowing for greater flexibility to ramp up quickly when market conditions improve.

Fosun Health

With "striving to become a health management technology group worthy of worldwide family trust" as its vision and "making families healthier and life better" as its mission, Fosun Health provides users with one-stop healthcare services based on medical-grade trust and closed-loop solutions throughout the treatment course, and gradually constructs a proactive health management model that integrates medicine and healthcare. As of June 30, 2024, Fosun Health controlled 18 general and specialized hospitals, clinics and third-party inspection institutions in five major economic zones in China, including the Greater Bay Area, the Yangtze River Delta, the Jing-Jin-Ji (Beijing-Tianjin-Hebei), Central China, Chengdu and Chongqing, with a total of 6,578 approved beds in the controlled medical institutions, and held a total of 8 internet hospital licenses. In the six months ended June 30, 2024, Fosun Health achieved operating revenue of approximately RMB2.96 billion, representing an increase of approximately 5.8% as compared to the corresponding period in 2023, mainly due to the improved operational efficiency and the application of innovative medical technologies.

Leveraging its existing advantageous medical resources and digital platform, Fosun Health will focus on advantageous areas such as the Greater Bay Area, facilitate the integration of online and offline services, improve its specialized capabilities and life-cycle management system based on the course of disease, and accelerate the development of the one-stop health management services that integrate medicine and healthcare, aiming to become an "Asia's leading and world-class medical and healthcare technology group."

Fosun Care (Brand name operated by Shanghai Zhuli Investment Co., Ltd.)

Fosun Care is a one-stop, multi-level health and elderly care service brand established by the Group to achieve its vision of "make every family healthier" and cover the entire life cycle of the elderly population. As of June 30, 2024, Fosun Care invested in and operated elderly care and nursing institutions in Beijing, Shanghai, Ningbo, Suzhou, Tianjin, Wuhan, Foshan and other cities, with a total of over 11,000 beds held. As of June 30, 2024, we held a 90.91% equity interest in Fosun Care.

Fosun Care is committed to integrating the global resources of the Group, creating a whole-industry chain and a globalized health community ecology and providing customers with online smart terminal home services. Focusing on this strategic positioning, Fosun Care seamlessly connects global C-end (customer-end) and M-end (intelligent manufacturing end) under Fosun to build a global FC2M ecosystem. Fosun Care has completed the creation of healthy hives, Fosun's health scenarios and product extensions, and built the Carebox online community to realize the multiplier effect throughout its value chain. In the six months ended June 30, 2024, the revenue of Fosun Care amounted to RMB289.4 million, representing an increase of 262.8% as compared to the corresponding period in 2023.

Fosun Care thrives to strengthen its in-depth cooperation with insurance companies. It worked closely with insurance companies through the innovation and marketing of the "large-sum annuity insurance + senior community residency rights" insurance product in cooperation with Pramerica Fosun Life Insurance and Fosun United Health Insurance, which helped boost large-sum insurance sales with new policy regular premium of RMB2.34 billion in the six months period ended June 30, 2024. Through the integration of "insurance + senior," the elderly care business provides assistance and guarantee for insurance companies to leverage on the liability side through high-quality offline scene construction and service guarantees.

In the future, Fosun Care plans to focus on "medical care, wellness, healthcare and enjoyment (醫、養、康、享)" as its core businesses, build its own asset management and operation capabilities as the cornerstone, and leverage refined operation system, aiming to build a digital and intelligent system for health and wellness communities and establish a full-service digital platform. Meanwhile, Fosun Care will keep focusing on the development of diversified products in core cities and core regions, and will keep accelerating the launch of beds in an asset-light model. Fosun Care aims to become a benchmark enterprise in China' senior care industry.

Happiness

Our Happiness segment includes two major sectors: Brand Consumer and Tourism & Leisure.

Our revenue from the Happiness segment increased by 25.7% from RMB70,739.5 million in 2022 to RMB88,946.4 million in 2023, which was mainly due to the rising gold price and strong tourism demand after the pandemic which had driven the revenue growth of both Yuyuan and FTG. We recorded a loss of RMB263.9 million in 2023 from the Happiness segment, as compared to profit attributable to owners of parent of RMB1,561.4 million in 2022, which was mainly due to the decrease in profit of Yuyuan.

Our revenue from the Happiness segment increased by 0.4% from RMB43,001.6 million in the six months ended June 30, 2023 to RMB43,172.1 million in the six months ended June 30, 2024, which was mainly due to the revenue growth of FTG as a result of the continued recovery of the global tourism market. Our profit attributable to owners of the parent from the Happiness segment decrease by 78.5% from RMB765.1 million in the six months ended June 30, 2023 to RMB164.3 million in the six months ended June 30, 2024, which was mainly due to a decrease in Yuyuan's profit attributable to owners of the parent as a result of a decrease in its investment income from the disposal of non-core assets compared with the corresponding period in 2023.

Yuyuan

Relying on the urban cultural and commercial strength in Shanghai, Yuyuan, with the mission of creating an entertaining life for families worldwide, is determined to become the world's first-class group in the family entertainment and consumption industry group with roots in China, leading the trend of Chinese cultural revival. Yuyuan was formerly known as Shanghai Yuyuan Shopping Mall (上海豫園商場), which was transformed into Shanghai Yuyuan Shopping Mall Co., Ltd. (上海豫園商場股份有限公司) in June 1987. In May 1992, Shanghai Yuyuan Tourist Mart Co., Ltd. (上海豫園旅遊商城股份有限公司) was established, and its shares were listed on the SSE in September of the same year. In November 2002, the Group became the largest shareholder of Yuyuan. In July 2018, Yuyuan completed the asset reorganization. Subsequently, the Group further increased its holding of shares in Yuyuan through the secondary market. In July 2019, the company officially changed its name to Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司). As of June 30, 2024, we held an approximately 61.85% equity interest in Yuyuan.

Yuyuan insists on implementing the two-prong strategy of "Industrial Operations + Industrial Investment", adheres to the concept of enjoyment and fashion, and continues to develop the "1 + 1 + 1" strategy of "family happiness consumption industry + urban commercial landmarks + online and offline member platforms," gradually forming an industrial cluster with unique competitive advantages targeting the main emerging consumers. The businesses of Yuyuan mainly comprise several sectors such as culture commerce and smart retail, jewellery and fashion, cultural catering, cultural food and beverage, Chinese fashion watches, beauty and health, and real estates with composite functions.

In the six months ended June 30, 2024, Yuyuan recorded a revenue of RMB27.57 billion, representing an increase of 0.47% as compared to the corresponding period in 2023, and recorded a net profit attributable to shareholders of Yuyuan of approximately RMB1.14 billion, representing a decrease of 48.5% as compared to the corresponding period in 2023, mainly due to the decrease in investment income from the disposal of non-core assets compared to the corresponding period in 2023. The Yuyuan jewelry and fashion business recorded a revenue of RMB20.47 billion in the six months period ended June 30, 2024, contributing to 74.25% of Yuyuan's total revenue. The jewelry and fashion network continued to expand in the six months ended June 30, 2024, with an increase of 81 stores to a total of 5,097 stores, and further optimized its product structure. The sales of "Guyun Gold" (古韻金) series products featured ancient craftsmanship enjoyed relatively high profit margins and it has become the pilot franchised stores. Yuyuan also launched a new brand of lab-grown diamonds "Lusant" to break the traditional diamond limitations.

In addition, Yuyuan integrated resources within our Group, and most recently acquired a high-quality plot in Haitang Bay, Sanya. Phase I of the Yuyuan Tourist Mart achieved a total gross merchandise volume ("GMV") of RMB1.68 billion, representing an increase of 31% as compared to the corresponding period in 2023. The number of visitors reached 18.97 million, representing an increase of 22% as compared to the corresponding period in 2023. With the ongoing progress of the Phase II and III projects of "Grand Yuyuan," the development of such commercial districts is set to enter a new phase of development.

Shede Spirits

In January 2021, Yuyuan acquired 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd. (四川沱牌舍得集團有限公司) ("Shede Group"), the controlling shareholder of Shede Spirits. As of June 30, 2024, Yuyuan held an approximately 30.22% equity interest in Shede Spirits through Shede Group.

Shede Spirits adhered to its core principle of "maintaining stable prices, controlling inventories and promoting sales." Through the implementation of consumer experience projects, such as Shede Classic Liquor Banquets (舍得老酒盛宴) and Shede Smart Tour (舍得智慧之旅), Shede Spirits recorded steady growth in traditional markets, meanwhile the sales in emerging markets such as Chongqing, Beijing, Shanghai and Urumqi grew rapidly.

In the six months ended June 30, 2024, the competition in the Chinese liquor industry intensified, and the demand for secondary high-end liquor was slightly weak, Shede Spirits recorded revenue of RMB3,271 million, representing a decrease of 7.3% as compared to the corresponding period in 2023; the profit attributable to shareholders of Shede Spirits amounted to RMB591 million. In terms of the products of liquor category, Shede Spirits recorded revenue of RMB2,985 million, among which, revenue of mid-range and high-end liquor products amounted to RMB2,601 million, while the revenue of regular liquor products amounted to RMB384 million. In terms of distribution channels, Shede Spirits had further consolidated, optimized and adjusted its cooperation with distributors. As of June 30, 2024, Shede Spirits had a total of 2,809 distributors, representing an increase of 154 distributors as compared to December 31, 2023.

Shede Spirits will actively implement the aged liquor strategy to continuously strengthen the construction of a standard system, a production technology supporting system, a science and technological innovation system and an expression system of aged liquor In accordance with the overall planning of "brand enhancement and channel penetration," Shede Spirits will strive to enhance its brand strength, product strength, channel strength, and organizational strength from multiple dimensions, so as to strengthen its core competitiveness, win key battles, and promote the high-quality and sustainable development of the company.

FTG

FTG is one of the world's leading leisure-focused integrated tourism groups, and one of the largest leisure tourism resorts group worldwide in terms of revenue in 2019. In 2016, the Group established the commercial business department, the predecessor of FTG, which focuses on the tourism and commerce sectors. FTG was spun off from the Group and successfully listed on the main board of the Hong Kong Stock Exchange in December 2018. As of June 30, 2024, we held a 78.15% equity interest in FTG.

FTG provides a wide range of tourism and leisure services which primarily comprise three business sectors: (i) resorts, including brands like Club Med; (ii) tourism destinations which FTG develops, operates and manages, including brands like Atlantis Sanya; and (iii) services and solutions in various tourism and leisure settings.

In the six months ended June 30, 2024, total revenue of FTG amounted to RMB9,414.6 million, representing an increase of 5.8% as compared to the corresponding period in 2023, and profit attributable to equity holders of FTG amounted to RMB321.8 million, when excluding the one-off gain on disposal of resorts in 2023, representing an increase of 20.3% as compared to the corresponding period in 2023.

FTG offers premium resort services in an all-inclusive package that includes accommodations, sports and leisure activities, entertainment, childcare, meals and open bar in a wide range of resorts around the world under the Club Med brand, and offer, in China, both Club Med and Club Med Joyview resorts. Club Med is the world leader in high-end, experience-oriented all-inclusive vacations for families and couples. As of June 30, 2024, Club Med had sales and marketing operations in more than 40 countries and regions across six continents, and operated 67 resorts. In the six months ended June 30, 2024, the business volume amounted to RMB8,894.4 million, representing an increase of 10.3% as compared to the corresponding period in 2023; the capacity increased by 3.6% as compared to the corresponding period in 2023; the global average occupancy rate by room reached 70.4%, representing an increase of 0.8% as compared to the corresponding period in 2023; while the average daily bed rate was RMB1,922.0, representing an increase of 8.1% as compared to the corresponding period in 2023.

Atlantis Sanya is located on the Haitang Bay National Coast of Sanya in Hainan province, China. As the first tourism destination project of FTG located in Sanya, it has proved to be an icon of tourism upgrading of Sanya, Hainan Province. Atlantis Sanya commenced construction in 2014, had its soft opening in February 2018 and officially opened in April 2018. In the six months ended June 30, 2024, due to the evolving supply and demand trend in the domestic travel and accommodation market, the business volume of Atlantis Sanya operating business amounted to RMB866.2 million, representing a decrease of 5.0% as compared to the corresponding period in 2023. The average occupancy rate by room reached a record high of 89.6%, representing an increase of 3.4 percentage points as compared to the corresponding period in 2023, and the number of visits increased to 3,435,000 as compared to 3,395,000 in the corresponding period in 2023, breaking its historical record. The average daily rate by room was RMB2,043.8, representing a decrease of 15.1% as compared to the corresponding period in 2023.

In 2023, FTG incorporated its two major projects, Taicang Alps Resort and Lijiang Club Med Resort, under the former “Foliday Town” brand into the “Vacation Asset Management Center” business sector. Taicang Alps Resort is located in Taicang city, Jiangsu Province in eastern China. The indoor ski domain of Alps Snow Live, Club Med Urban Oasis Taicang Resort and Alps Time commenced their business in the second half of 2023. In the six months ended June 30, 2024, the operating business volume of Taicang Alps Resort amounted to RMB112.9 million, and the number of visits was 290,000. Lijiang Club Med Resort is located in Baisha town in Lijiang City, Yunnan Province in China, comprising Club Med Lijiang Resort, Joy Holiday Hotel Lijiang, JOY PARK Commercial Street and AMAZE Snow Mountain Camp, and the vacation house at the foot of Jade Dragon Snow Mountain. In the six months ended June 30, 2024, Lijiang Club Med Resort recorded a business volume of RMB45.7 million, representing an increase of 15.3% as compared to the corresponding period in 2023.

In November 2019, FTG acquired the trademarks of Thomas Cook brand, a centennial travel brand, as well as its right, title and interest across most international markets upon its liquidation. In 2023, FTG repositioned the former "Thomas Cook Lifestyle Platform" to "Foryou Club". Foryou Club is committed to providing high-quality domestic and international holiday products and services to its members and their families around the world by creating a scenic platform for high-quality holiday services. As of June 30, 2024, the platform of Foryou Club had over 6.9 million members, representing an increase of 12.6% as compared to June 30, 2023. Foryou Club recorded a business volume of RMB172.7 million in the six months period ended June 30, 2024, which remained stable as compared to the corresponding period in 2023.

Lanvin Group

Lanvin Group (formerly known as Fosun Fashion Group), a global luxury fashion group, was founded in 2018. From 2018 to 2021, Lanvin Group acquired controlling equity interests in Lanvin, one of the oldest operating French couture houses, established in 1889; Austrian luxury skinwear specialist Wolford; Italian luxury shoemaker Sergio Rossi; iconic American womenswear brand St. John; and high-end Italian menswear maker Caruso. Lanvin Group's brands are known worldwide and the Group has a far-reaching global presence in more than 80 countries with nearly 1,200 points of sales, nearly 300 retail stores and approximately 3,000 employees. In December 2022, Lanvin Group became listed on NYSE under the ticker of "LANV," which marked an important milestone of Lanvin Group's development and a key step in its strategy of building a symbolic portfolio of luxury fashion brands. As of June 30, 2024, we held a 63.45% equity interest in Lanvin Group.

In the six months ended June 30, 2024, Lanvin Group's revenue amounted to EUR171 million, representing a decrease of 20% as compared to the corresponding period in 2023, mainly due to factors including the high inflation across the industry, international trade frictions and weak consumption demand. By adopting measures including enhancing its core team, improving management and product portfolio and expanding to high potential markets, Lanvin Group took the initiative in transformation and aims to upgrade to respond to market challenges.

In June 2024, the flagship brand Lanvin announced the appointment of Peter Copping as its Artistic Director. Mr. Copping will be responsible for the creative design of womenswear and menswear collections to continuously promote brand transformation and growth. Meanwhile, Lanvin made further efforts to expand its footprint in the accessories and leather goods sector, which has higher margin and is less sensitive to the seasonal factor. Its new Director of Leather Goods and Accessories, Jeremy Saporta, previously worked at Prada, Christian Dior, Louis Vuitton and Givenchy and has extensive experience in the development and marketing of leather goods and accessories.

In June 2024, Wolford announced the appointment of Regis Rimbert as its Chief Executive Officer. Mr. Rimbert previously worked at Prada and Christian Dior, and served as an executive at Wolford from 2009 to 2013. Mr. Rimbert will further promote the brand's international development, product line expansion and strategic transformation with a focus on technological innovation.

In May 2024, Sergio Rossi opened new stores in downtown Cannes and Paris' luxury department stores, and appointed Yoshiaki Matsuki, who has over 25 years of experience in the fashion industry, as the new head of the Asia-Pacific market, so as to further advance the brand's global expansion.

Lanvin Group is committed to maintaining brand resilience and sound business development in the challenging market environment through its operation optimization and operation and capital expenditure control, enhancement of core team building, active adjustment of its business layout and strengthening its key categories such as leather goods, accessories and other high-margin products, and business expansion in regions with high growth potential.

Wealth

Our Wealth segment includes two major sectors: Insurance and Asset Management.

Insurance

Our revenue of the Insurance sector decreased by 5.1% from RMB39,460.1 million in 2022 to RMB37,453.6 million in 2023, mainly attributable to the disposal of AmeriTrust in 2022; excluding the impact of such disposal, the revenue increased by 6.2% in 2023 as compared to 2022. Profit attributable to owners of the parent was RMB790.2 million in 2023, representing an increase of 126.6% as compared with the loss attributable to owners of the parent of RMB2,969.5 million in 2022, mainly attributable to the continuous improvement of operating profits and the seize of the global interest rising cycle to increase investment returns of the insurance companies.

Our revenue from the Insurance sector increased by 0.1% from RMB18,442.4 million in the six months ended June 30, 2024 to RMB18,457.6 million in the six months ended June 30, 2024. Profit attributable to owners of the parent increased by 56.5% from RMB750.7 million in the six months ended June 30, 2023 to RMB1,174.9 million in the six months ended June 30, 2024, which was mainly attributable to one-off disposal profit from disposal of non-core assets recorded in the six months ended June 30, 2024.

Financial data of individual insurance portfolio companies presented in "—Our Businesses—Wealth—Insurance" are based on local general accounting standards, and all quoted numbers are unaudited management information. Currently, our Insurance sector consists of insurance businesses.

The organization of the risk management structure of the insurance companies under our Insurance sector generally includes the board of directors, as well as the risk management organizations and departments of each of the relevant insurance companies. The principal risk management responsibilities of the Board include but are not limited to:

- determine risk management policies;
- conduct periodic review of risk management policies; and
- establish mechanisms for our internal control and compliance management.

The risk management organizations and departments of the insurance companies are primarily responsible for establishing and maintaining a comprehensive risk management system, strengthening internal control and compliance, promoting the development of a risk management information system and identifying and evaluating risks.

Fosun Insurance Portugal

In 2014, we acquired a controlling stake in Fosun Insurance Portugal, consisting of Fidelidade, Multicare and Fidelidade Assistência. In September 2020, Multicare and Fidelidade Assistência were 100% held by Fidelidade after a reorganization of group structure and capital increase. As of June 30, 2024, we held an 84.9892% equity interest in Fosun Insurance Portugal. This platform is a leading player in the Portuguese insurance market and facilitates further business development of us in Europe, Africa and Latin American countries. In September 2024, Fitch Ratings upgraded Fosun Insurance Portugal's Insurer Financial Strength Rating (IFS) rating from "A" to "A+" and long-term Issuer Default Rating (IDR) from "A-" to "A," both with a stable outlook.

Fosun Insurance Portugal is a global operator in the Portuguese insurance market, selling products in all key lines of business and benefiting from the largest and most diversified insurance sales network in Portugal, including exclusive and multi-brand agents, brokers, own branches, internet and telephone channels and a strong distribution system with the post office and Caixa Geral de Depósitos S.A., a leading Portuguese bank. It also has an international presence in 11 countries, with products distributed on four continents, Europe, Asia, Africa and America.

In the six months ended June 30, 2024, Fosun Insurance Portugal maintained a total market share in Portugal of approximately 27.4%. In non-life business, Fosun Insurance Portugal achieved premium of EUR1,584 million, representing an increase of 8.3% as compared to the corresponding period in 2023, and in life business, Fosun Insurance Portugal achieved total gross written premiums of EUR1,224 million, representing an increase of 2.9% as compared to the corresponding period in 2023. In the six months ended June 30, 2024, Fosun Insurance Portugal recorded a total gross written premiums, of EUR2,808 million, representing an increase of 5.9% compared to the corresponding period in 2023.

In the six months ended June 30, 2024, Fosun Insurance Portugal's net income EUR104.2 million, representing a 5.3% increase as compared to the corresponding period in 2023.

In the six months ended June 30, 2024, Fosun Insurance Portugal received several awards, including Top 10 Great Place to Work among the largest Portuguese companies, Trusted Brands 2024, Escolha do Consumidor 2024, and Five Star Award 2024 (Multicare). Fosun Insurance Portugal will continue optimizing its balance sheet and improving its underwriting profitability.

Peak Reinsurance

We are a controlling shareholder of Peak Reinsurance, a privately owned global reinsurer headquartered in Hong Kong. As of June 30, 2024, the Group held 86.71% of Peak Reinsurance through Peak Reinsurance Holdings Limited.

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. It was established with the clear purpose to support diversified communities and emerging middle-class society through meeting their reinsurance needs. It strives to provide innovative and forward-looking risk transfer and capital management resolutions that best fit clients' needs.

In the six months ended June 30, 2024, Peak Reinsurance achieved gross written premium of US$847.9 million (in the six months ended June 30, 2023: US$832.9 million).

As of June 30, 2024, Peak Reinsurance's annualized investment return was 4.1% with total asset of US$3.0 billion. Peak Reinsurance achieved profit of US$124.2 million in the six months ended June 30, 2024, and its net assets value increased to US$1.4 billion as of June 30, 2024 from US$1.3 billion as of December 31, 2023.

In the six months ended June 30, 2024, Peak Reinsurance continued to focus on stringent risk selection, adequate pricing, managing claims and expenses, and finding new risk transfer solutions. Peak Reinsurance strategically and successfully realigned its property and casualty ("P&C") portfolio to reduce result volatility while maintaining global diversification. Actions taken included reducing exposure to severe natural catastrophe perils, primarily in the United States, Europe and Japan, shifting to higher layers and raising attachment points, and diversifying into non-catastrophe lines of business. These efforts cumulated in a strong P&C underwriting combined ratio of 84.9% (in the six months ended June 30, 2023: 82.2%).

Peak Reinsurance's outstanding achievement has been recognized in the industry. In the six months ended June 30, 2024, Peak Reinsurance was given an A-(Excellent) rating from AM Best, reflecting its good international brand reputation, diversified product portfolio and geographical advantages, as well as its solid financial strength.

Looking forward, Peak Reinsurance will continue to exercise stringent risk selection and risk management to limit its exposure.

Pramerica Fosun Life Insurance

In September 2012, we worked with The Prudential Insurance Company of America to set up Pramerica Fosun Life Insurance, which marked our first step into China's domestic life insurance market. As of June 30, 2024, we held a 50% equity interest in Pramerica Fosun Life Insurance. Taking "Safeguard the future you want" as its mission, Pramerica Fosun Life Insurance returns to the basics of life insurance, establishes a stable strategic approach for long-term value management, and thus forms the four-pronged path of "focusing on the sales team, focusing on the regular-pay business, focusing on the technology, and focusing on the business ecosystem."

Pramerica Fosun Life Insurance offers (1) life insurance, health insurance, and accident insurance; and (2) reinsurance business of the abovementioned businesses to customers.

In the six months ended June 30, 2024, Pramerica Fosun Life Insurance recorded premium income of RMB5,323.6 million, representing an increase of 132.0% as compared to the corresponding period in 2023, mainly due to the new premiums acquired from main channels including the bank and post office agency and the professional broker agency. Meanwhile, through the cultivation of its "insurance + ecosystem," Pramerica Fosun Life Insurance completed a total of 6,146 policies for senior community in the six months ended June 30, 2024, representing an increase of 89.7% as compared to the corresponding period in 2023.

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

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

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

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

Pramerica Fosun Life Insurance will continue to adhere to the business philosophy of long-term value increase, with "guarding the future you want" as its mission, integrate the high-quality development concepts of "entrepreneurship, innovation and creation" to expand the business and service coverage of the bank and post office agency channels and professional broker agency channels, and continue to promote the steady and high-quality development of the agent force, and constantly explore micro-innovation of the product system. Pramerica Fosun Life Insurance will build up a differentiated competitive advantage with the help of our "insurance + ecosystem" to continue its lean operation and enhance the quality of its operations.

Fosun United Health Insurance

Fosun United Health Insurance was established in January 2017. Fosun United Health Insurance, as a professional health insurance company, was sponsored by the Group together with five other companies. As of June 30, 2024, we held a 28.40% equity interest in Fosun United Health Insurance. Fosun United Health Insurance is committed to providing high-quality health insurance products to customers. In the meantime, Fosun United Health Insurance actively probes the possibility to set up a health insurance pattern that can be operated with Chinese characteristics and devotes itself into the building of a digital and smart health service environment where the diversified health insurance and services can serve the needs of the clients.

Leveraging the resources from its shareholders with determination to be the pioneer in China's managed care service, Fosun United Health Insurance has established a top-notch healthcare service system which provides Chinese families with cover-all solutions consisting of whole-process health management, medical service, and financial protection. Fosun United Health Insurance actively operates in medical insurance, illness insurance, disability income insurance, healthcare insurance and accident insurance of all types in the PRC market, providing high-quality life cycle products and the whole-process service system for Chinese families. Fosun United Health Insurance has successively launched over 180 special insurance products and health management services to Chinese family and enterprise customers, including 16 products with new sales volume of more than RMB5 million during the six months ended June 30, 2024. Among them, long-term critical illness insurance and managed healthcare insurance are well accepted by the market and customers.

As of June 30, 2024, Fosun United Health Insurance has served over 6.95 million customers in aggregate, representing an increase of 1.6% compared to December 31, 2023.

Regarding "protecting the healthy life of hundreds of millions of Chinese families" as its mission and taking "Insurance + Service" as the core, Fosun United Health Insurance will create a new business model, thereby establishing a comparative advantage in the segmented customers market, so as to create greater value for shareholders and customers.

Asset Management

Our revenue from the Asset Management sector decreased by 6.3% from RMB15,294.7 million in 2022 to RMB14,325.9 million in 2023, which was mainly due to the revenue decrease of Asset Management (Property) business. We recorded loss attributable to owners of the parent of RMB552.9 million in 2023, representing a decrease in loss by 71.1% as compared to 2022, which was mainly attributable to our proactive adjustment of asset portfolio mix in 2022 ahead of the arrival of high interest rate environment in 2023, enhancing our asset portfolio profitability.

Our revenue from the Asset Management sector increased by 21.4% from RMB6,992.6 million in the six months ended June 30, 2023 to RMB8,489.7 million the six months ended June 30, 2024, which was mainly due to an increase in revenue of Hauck Aufhäuser Lampe Privatbank AG. We recorded loss attributable to owners of the parent of RMB1,148.1 million in the six months ended June 30, 2024, representing an increase in loss by 110.3% as compared to the corresponding period in 2023, which was mainly attributable to a decline in share of profits and an one-off disposal loss from partial disposal of investment in our associates, including BCP.

Fosun Capital

Fosun Capital is an equity investment and management company, established in April 2007 and wholly owned by us. As a first-class private equity fund manager in China, Fosun Capital provides high-quality equity investment management services to investors such as well-known family funds, insurance companies, listed companies, large investment institutions and high net worth individuals domestically and internationally. As of June 30, 2024, we held a 100% equity interest in Fosun Capital.

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

Since its establishment, Fosun Capital launched and managed a number of assets, including fund of funds, private equity investment funds, industry funds of listed companies and other types of equity investment funds. As of June 30, 2024, Fosun Capital managed 28 funds and the assets under management were over RMB20 billion. Fosun Capital is specialized in investment in six fields including intelligent manufacturing, new environmental protection and new energy, fashion consumption, TMT (Telecommunication, Media and Technology), healthcare as well as automotive and industrial services.

In the six months ended June 30, 2024, among the enterprises invested by Fosun Capital, 7 submitted their IPO applications, three of which was successfully listed as of July 2024 and another three of which were approved by the listing review committee of the relevant stock exchanges.

In the future, relying on its excellent investment capabilities, high-quality post-investment services and the Group's strong global industry integration capabilities, Fosun Capital will be able to empower its portfolio companies in terms of business resources and industrial depth and help the companies realize long-term value creation and sustainable development.

Fosun RZ Capital

Fosun RZ Capital is the only globalized venture capital (VC) investment platform under the Company, and it is also one of the investment institutions with the richest industrial resources in China. Fosun RZ Capital's vision is to become a top investment institution that exploits its advantages as both part of an industrial platform and an independent fund to rooted in China and covering major growing economic regions globally, generating excellent investment returns and long-term strategic value for the Company. As of June 30, 2024, we held a 100% equity interest in Fosun RZ Capital.

Fosun RZ Capital has long focused on investment in high-growth companies in the technology industry in major emerging markets, realizing the strategic plan of "top technology as horizontal while emerging markets as vertical" in seven offices globally. It not only invests in cutting-edge technological innovation in the United States, Israel, etc., but also spans into high-growth emerging markets such as China, India, and Southeast Asia, creating an influential global industry-wide innovation ecosystem.

As of June 30, 2024, the total management size of Fosun RZ Capital was nearly RMB10 billion which invested in over 100 enterprises. In the six months ended June 30, 2024, Fosun RZ Capital had invested in three high-quality enterprises in the fields of new technology, new energy, and new overseas development, and had exited seven invested projects.

In the future, Fosun RZ Capital's investment will deepen its involvement in technological innovation and strive to capture more technology-driven investment opportunities. Fosun RZ Capital will strategically expand into new overseas development markets, evolve together with global outstanding enterprises and maintain empowering the development of the four business segments of the Group.

BCP

In 1985, a group of over 200 shareholders and a team of experienced banking professionals incorporated BCP, the first Portuguese private bank after the privatization of the banking sector, aiming to modernize the Portuguese financial market. From 1995 to 2000, BCP solidified its position in the Portuguese market through a series of strategic acquisitions, and became one of the largest banks in Portugal. Since 2000, BCP started to expand into emerging markets in Europe and Africa, especially Poland, Mozambique and Angola, which have a close historical connection to Portugal or that have large communities of Portuguese origin, and also established a wholly owned subsidiary in Switzerland driven to private banking. Since 2010, BCP entered the Chinese mainland market through its Guangzhou representative office and relaunched its activity in Macau with an onshore full banking license. By operating over 35 years, BCP has grown to become the largest private bank in Portugal with leading market positions in Poland and Mozambique as well. In November 2016, the Group invested in BCP. As of June 30, 2024, we held a 20.03% equity interest in BCP.

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

In the six months ended June 30, 2024, the consolidated net income of BCP amounted to EUR485.3 million, representing an increase of 14.7% as compared to the corresponding period in 2023. The net income in Portugal amounted to EUR411.0 million, representing an increase of 16.2% as compared to the corresponding period in 2023. The net income in Poland and Mozambique amounted to EUR82.8 million and EUR46.8 million, respectively. In the six months ended June 30, 2024, the consolidated core income (i.e. net interest income plus commissions) amounted to EUR1,793.6 million, representing an increase of 1.8% as compared to the corresponding period in 2023.

As of June 30, 2024, the consolidated total assets of BCP amounted to EUR99,698.0 million, representing an increase of 9.6% as compared to the corresponding period in 2023. BCP's consolidated loans to customers (gross) amounted to EUR57,224.0 million, representing a decrease of 1.2% as compared to the corresponding period in 2023. As of June 30, 2024, as compared to the corresponding period in 2023, at BCP's group level, non-performing exposure (NPE) was reduced by EUR177.0 million, resulting in an NPE ratio of 3.4%, while the coverage of NPE increased to 81.4%.

Meanwhile, as of June 30, 2024, BCP achieved remarkable customer growth. The number of active customers at BCP's group level increased to 6.8 million as of June 30, 2024 from 6.6 million as of June 30, 2023. In the six months ended June 30, 2024, BCP also received several external awards and recognitions. BCP was awarded as "Consumer Choice in Portugal" in the "Large Banks" category in Portugal for four consecutive years.

In the future, BCP will continue to focus on its strategic priorities and continuously create and share value with its customers.

The Bund Finance Center ("BFC")

Located in the core district of the Bund in Shanghai, BFC is a benchmarking project of Fosun's "Hive City", the only large ecological commercial complex located in the heart of the Bund. It formally commenced its construction in November 2011 and embraced its grand opening on December 12, 2019. The gross floor area of BFC is over 420,000 square meters. It covers integrated ecology with office, retail, catering, entertainment, art, tourism and health, expanding the commercial patterns along the Bund in depth, and opening a brand-new field for life in Shanghai. As of June 30, 2024, we held a 100% equity interest in BFC.

BFC has embraced a river view as long as 418 meters. It consists of twin towers with height of 180 meters, Fosun Foundation Art Center (Shanghai), shopping center and several detached buildings. The main businesses of the BFC include (i) office rental business which offers a super-grade-A office building with an occupancy rate of 84.4% as of June 30, 2024; (ii) retail business that houses over 200 stores and brands, of which approximately 30 stores are the first of its kind; (iii) catering business that offers restaurants that won Michelin stars and high-quality international restaurants, including the legendary Italian restaurant "DA VITTORIO SHANGHAI," which has won two Michelin stars consecutively; (iv) health business with a fitness club, BFC FITNESS, and a high-end medical clinic Joyful Way (卓爾薈); (v) art gallery conducted through Fosun Foundation Art Center (Shanghai). In the six months ended June 30, 2024, BFC recorded total operating revenue of approximately RMB390.5 million, representing a decrease of 6.7% as compared to the corresponding period in 2023, and operating EBITDA of approximate RMB237.5 million, representing a decrease of 9.5% as compared to the corresponding period in 2023, which was partly due to a decrease in rental income resulting from the successful sale of certain floors of the building.

In the six months ended June 30, 2024, BFC heightened its efforts both online and offline which added about 100,000 members, and the total number of members was approximately 1,100,000 as of June 30, 2024. In respect of offline operation, BFC launched the New Year Season, Fashion Festival and Wave For All and other highlighted activities in succession. By creating its own festivals, BFC reached the younger population in a more precise manner.

Looking forward, BFC will introduce our Group's excellent industry resources to meet the clients' needs, providing caring services to families to meet their desires for a better life, and securing its building of the "Happiness Ecosystem." At the same time, leveraging its close proximity to Yuyuan Tourist Mart, BFC will strive to achieve two-way empowerment with Yuyuan Tourist Mart in the future, aiming to become a "Grand Yuyuan" that integrates culture, art, tourism, consumption, finance, commerce and natural scenery with full upgrade of its overall regional image and industrial ecosystem to become the most representative new landmark in Shanghai.

Intelligent Manufacturing

Our Intelligent Manufacturing segment includes two major sectors: Resources & Environment and Technology & Intelligent Manufacturing.

Our revenue from the Intelligent Manufacturing segment increased by 23.2% from RMB10,355.6 million in 2022 to RMB12,755.6 million in 2023, mainly due to business growth of Easun Technology. The profit attributable to owners of the parent decreased by 22.3% from RMB1,201.9 million in 2022 to RMB934.1 million in 2023, mainly due to the disposal of Nanjing Nangang and Jianlong Shares.

Our revenue from the Intelligent Manufacturing segment decreased by 2.4% from RMB5,460.2 million in the six months ended June 30, 2023 to RMB5,331.6 million in the six months ended June 30, 2024, mainly due to a decrease in revenue of Hainan Mining. The profit attributable to owners of the parent decreased by 61.8% from RMB118.2 million in the six months ended June 30, 2023 to RMB45.1 million in the six months period ended June 30, 2024, mainly because the project acceptance inspections of several projects from Eason Technology had not been completed as of June 30, 2024, thus the corresponding profits were not recognized yet.

Hainan Mining

Hainan Mining, a joint-stock enterprise with iron ore mining as its principal business, was jointly established by the Group and Hainan Iron & Steel Company (now renamed as Hainan Haigang Group Co., Ltd.) in August 2007. In August 2010, it was changed to a joint stock company. In December 2014, Hainan Mining was listed on the SSE. Upon the completion of the acquisition of a 51% equity interest in Roc Oil Company Pty Limited ("ROC") in June 2019, the industrial depth of Hainan Mining was further consolidated, with its principal business expanding from a single segment of iron ore production to the segment of oil and gas, which is conducive to hedging the risk of performance fluctuations brought by the periodicity of single resource product. As of June 30, 2024, we held a 46.61% equity interest in Hainan Mining.

In the six months ended June 30, 2024, the total revenue of Hainan Mining amounted to RMB2,186.55 million, representing a decrease of 8.91% compared to the corresponding period in 2023, the net profit attributable to shareholders of our company amounted to RMB402.82 million, representing an increase of 33.16% compared to the corresponding period in 2023.

Hainan Mining takes iron ore business and oil and gas business as its principal businesses. In respect of iron ore production, Hainan Mining, has leveraged on its many years of experience in ore mining and processing to continuously revise and adjust its underground mining equipment, strengthen delicacy management for facilities, and has implemented the ore supply system featuring full mines, which has significantly increased its underground mining production capacity. In terms of oil and gas business, ROC is one of the leading independent companies engaged in exploration and development of upstream oil and gas in Australia. ROC operates across the full range of upstream business activities from oil and gas exploration and appraisal to development and production delivery.

In the six months ended June 30, 2024, Hainan Mining maintained stable output from its main business. The iron ore business achieved a production of 1.1414 million tonnes of finished ore, including 787.9 thousand tonnes of lump ore and 353.5 thousand tonnes of iron concentrate. The output of oil and gas business continued to grow based on the substantial increase in production in 2023, with equity production reaching 3.9926 million barrels of equivalent in the six months ended June 30, 2024, representing an increase of 48.63% as compared to the corresponding period in 2023. The growth in oil and gas production mainly comes from the Bajiaochang Gas Field. In the six months period ended June 30, 2024, the highest single-day output of the Bajiaochang Gas Field reached 2.6 million cubic meters, and the cumulative output equivalent reached 2.81 million barrels, representing an increase of 128% as compared to the corresponding period in 2023.

In the six months ended June 30, 2024, the construction of key projects of Hainan Mining underwent orderly, laying a solid foundation for the sustainable business development of different main tracks. The -120m~-360m middle range mining engineering project of Shilu iron field completed drilling of 4,809 meter throughout the period, and the overall completed progress was 64.4%. The stone suspension magnetization roasting technology transformation project of Shilu iron field has basically completed the construction and the equipment installation, and the roasting furnace system was successfully commissioned in mid-July 2024. The western area of Weizhou 10-3 oilfield in Beibu Gulf transitioned from exploration to investment and development stage in April 2024. In May 2024, the core device rotary kiln of 20,000-tonne battery grade lithium hydrogen oxide project (phase I) was completed construction, and the kiln has been ignited and baked, marking the achievement of important phased goals in project construction, with a target to be completed and put into operation within 2024. The project of Bougouni lithium mine in Mali Africa is undergoing the first phase of construction. The mining topsoil stripping and the civil engineering construction of the mineral processing plant started in July 2024. The first phase of the project is targeted to be completed and put into operation by the end of 2024. Hainan Mining entered into a memorandum of understanding with Ajlan & Bros Mining Company in Saudi Arabia in July 2024 to explore the feasibility of jointly building a lithium salt plant project in Saudi Arabia in the future.

In order to create a global resource industry ecosystem, Hainan Mining will keep leveraging our advantages in global industrial investment, actively respond to the joint construction of the “Belt and Road” initiative, focus on investment and mergers and acquisitions in the resources and energy fields, concentrate in the upstream new energy resources, high-quality non-ferrous metal resources and natural gas projects.

Wansheng

Wansheng mainly manufactures flame retardants and related products. As of June 30, 2024, we held a 29.56% equity interest in Wansheng. In the six months ended June 30, 2024, the revenue of Wansheng amounted to RMB1.386 billion, representing a decrease of 2.7% as compared to the corresponding period in 2023, and the net profit attributable to shareholders of listed company amounted to RMB75.26 million, representing a decrease of 34.94% as compared to the corresponding period in 2023, which was mainly due to a decline in gross profit per tonne of the main products in the six months ended June 30, 2024 and a decline in the price of the shares held by Wansheng through the participation in strategic placement.

Wansheng has fully committed to promoting market development. In the six months ended June 30, 2024, its relationship with regular customer was maintained stably, and the number of transaction customers remained at more than 2,000, with more than 400 new customers developed by its business units. Flame retardants manufactured by Wansheng maintained its leading position in the world, with sales volume reaching 55,600 tonnes, representing an increase of 9.15% as compared to the corresponding period in 2023; sales volume of coating additives reached 11,300 tonnes, representing an increase of 41.74% as compared to the corresponding period in 2023; sales volume of amine additives and catalysts reached 14,200 tonnes, representing an increase of 28.13% as compared to the corresponding period in 2023. Meanwhile, Wansheng's material and intermediate business production capacity was gradually released, with sales volume reaching 18,100 tonnes, representing an increase of 6.76% as compared to the corresponding period in 2023.

In addition, Wansheng focused on R&D and enhanced its innovation capabilities. In the six months ended June 30, 2024, Wansheng applied for three invention patents and six utility model patents, and obtained seven authorized invention patents and eight utility model patents. As of June 30, 2024, Wansheng held a total of 77 invention patents, 74 utility model patents, 7 software copyrights and 74 applications of patents (including 65 invention patents and 9 utility model patents).

Wansheng will strive to adhere to its strategic goal of "deepening and cultivating its core business with good ecosystem strategy," leverage its competitive advantages and extend its industrial chain of its core business of flame retardants. At the same time, Wansheng will accelerate the expansion and development of its businesses, actively engage in its strategic businesses, continue to maintain its market share, and explore the growth of performance. Wansheng will focus on accelerating the implementation of new productions and construction of new projects and technological renovation projects, enlarge and consolidate its base and foundation of development. In addition, Wansheng will continue to adhere to its development strategy and meet the market demand, while developing and implementing a number of innovative projects with high technology and profit margins, so as to accelerate the commercialization of the technology achievement and inject a new impetus for growth.

Eason Technology

Established in 1974, FFT is one of the world's largest providers of intelligent manufacturing solutions. In July 2018, Easun Technology was established. In May 2019, Shanghai FFT Automation Technology Co., Ltd., the predecessor of Easun Technology, acquired 100% equity interest in FFT and became an integrated solutions provider for the automobile industry. Easun Technology completed introduction of strategic investors in early 2021. In July 2021, the first phase of factory construction of FFT global headquarters in Jiading District, Shanghai was completed. As of June 30, 2024, we held a 79.76% equity interest in Easun Technology.

In the six months ended June 30, 2024, the new overseas orders of Easun Technology amounted to RMB3.99 billion, which remained stable compared with the corresponding period in 2023. Among them, the orders in the US market increased significantly, where new orders amounted to RMB750 million, representing an increase over 100% as compared to the corresponding period in 2023.

Easun Technology will enhance the profitability and competitiveness of its main automotive business, expand its business scale and market share, fully utilize its own automation technology accumulation and expand automation customers in other industries. Meanwhile, Easun Technology will keep investing in R&D and global supply chain construction to expand its existing proprietary technologies and standard product including laser, vision, lightweight fixture. Easun Technology will also accelerate the development of industrial digitization business and provide customers with complete smart factory solutions.

RECENT DEVELOPMENTS

Sustainability-linked Syndicated Loan

On October 2, 2024, we successfully completed a sustainability-linked syndicated loan totaling US$888 million with participation of 25 domestic and foreign banks. The syndicated loan is among one of the largest of its kind for Chinese privately owned enterprises in 2024.

The syndicate of banks involved in arranging the loan includes Bank of China (Macau), Bank of China (Shanghai), Banco Comercial Portugues, Bank of East Asia, BNP Paribas, Commerzbank, Hang Seng Bank, HSBC, Natixis, Qatar National Bank, Shanghai Commercial Bank and Standard Chartered Bank, with participation from a consortium of reputable financial institutions.

These loan facilities are not only participated by our long-term banking partners, but also attract new banks to establish relationships with us. The newly completed syndicated loan has attracted new lenders from China, Italy, Luxembourg, Japan, France, Thailand, Brunei and United Arab Emirates, with Bank of Beijing, Intesa Sanpaolo, MUFG and Societe Generale among the notable new participants. This demonstrates the strong support from both Chinese and foreign banks.

DIRECTORS AND SENIOR MANAGEMENT

Our Company's Board consists of 15 directors, three of whom is non-executive directors, five of whom are independent non-executive directors. The following table sets forth certain information concerning the directors and senior management of our Group.

DIRECTORS

Name	Age	Position
Mr. Guo Guangchang	56	Chairman and Executive Director
Mr. Wang Qunbin	54	Co-Chairman and Executive Director
Mr. Chen Qiyu	51	Co-CEO and Executive Director
Mr. Xu Xiaoliang	50	Co-CEO and Executive Director
Mr. Gong Ping	48	CFO, Executive President and Executive Director
Mr. Huang Zhen	52	Chief Growth Officer, Executive President and Executive Director
Mr. Pan Donghui	54	Chief Human Resources Officer, Executive President and Executive Director
Mr. Yu Qingfei	57	Non-Executive Director
Mr. Li Shupei	42	Non-Executive Director
Mr. Li Fuhua	53	Non-Executive Director
Mr. Zhang Shengman	66	Independent Non-Executive Director
Mr. Zhang Huaqiao	60	Independent Non-Executive Director
Mr. David T. Zhang	61	Independent Non-Executive Director
Dr. Lee Kai-Fu	62	Independent Non-Executive Director
Ms. Tsang King Suen Katherine	66	Independent Non-Executive Director

SENIOR MANAGEMENT

Name	Age	Position
Ms. Sze Mei Ming	46	Company Secretary of our Company

EXECUTIVE DIRECTORS

Guo Guangchang, aged 56, is an Executive Director and Chairman of the Company and the founder of the Group. As of the date of this Offering Circular, he has also been a director of both Fosun Holdings and Fosun International Holdings (the direct and indirect controlling shareholders of the Company, respectively). As of the date of this Offering Circular, Mr. Guo has been the honorary chairman of The Zhejiang Chamber of Commerce, Shanghai, etc. Mr. Guo was honored, among others, the "Lifetime Achievement Award" by the 8th World Chinese Economic Summit, the "Lifetime Achievement Award" at the 16th CNBC Asia Business Leaders Award Ceremony, and the "50 Most Influential Business Leaders in China 2023" by Fortune China etc. Mr. Guo received a bachelor's degree in philosophy in 1989 and a master's degree in business administration in 1999, both from Fudan University.

Wang Qunbin, aged 54, is an Executive Director and Co-Chairman of the Company, and the founder of the Group. Mr. Wang was a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE) and Sinopharm (listed on the Hong Kong Stock Exchange). Mr. Wang was awarded "Asia Pacific Outstanding Entrepreneur Awards" by Enterprise Asia and "Best Asian Corporate Director" at the Asian Excellence Recognition Awards by *Corporate Governance Asia*, etc., and was named one of "China's 50 Top-performing Corporate Leaders" by *Harvard Business Review*. Mr. Wang received a bachelor's degree in genetic engineering from Fudan University in 1991.

Chen Qiyu, aged 51, is an Executive Director and Co-CEO of the Company. Mr. Chen joined the Group in 1994 and as of the date of this Offering Circular, he has also been a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), a non-executive director and chairman of Henlius (listed on the Hong Kong Stock Exchange), a non-executive director and vice chairman of Sinopharm (listed on the Hong Kong Stock Exchange), a director of Gland Pharma (listed on the BSE Limited and National Stock Exchange of India Limited with stock code GLAND) and various companies within the Group. Mr. Chen was a director of Sanyuan Foods (listed on the SSE) and a co-chairman of New Frontier Health Corporation (delisted from the NYSE in January 2022). As of the date of this Offering Circular, Mr. Chen is the chairman of China Medical Pharmaceutical Material Association, a vice chairman of China Pharmaceutical Innovation and Research Development Association, the honorary chairman and chief supervisor of Shanghai Biopharmaceutics Industry Association, a member of the 14th Shanghai Standing Committee of the Chinese People's Political Consultative Conference, etc. Mr. Chen was awarded "Asia's Best CEO" by Corporate Governance Asia, etc. Mr. Chen received a bachelor's degree in genetics from Fudan University in 1993 and an EMBA degree from China Europe International Business School in 2005.

Xu Xiaoliang, aged 50, is an Executive Director and Co-CEO of the Company. Mr. Xu joined the Group in 1998, and as of the date of this Offering Circular, he has also been a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), an executive director and chairman of FTG (listed on the Hong Kong Stock Exchange), a director of Yuyuan (listed on the SSE), Shanghai Foyo Culture & Entertainment Co., Ltd. (delisted from the NEEQ in April 2021) and various companies within the Group. Mr. Xu was a non-independent director of Hainan Mining (listed on the SSE), a non-executive director and vice chairman of Zhaojin Mining Industry Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code 01818, "**Zhaojin Mining**"), and a director of Shanghai Resource Property Consulting Co., Ltd. (delisted from the NEEQ in December 2020, "**Resource Property**"). As of the date of this Offering Circular, Mr. Xu is a deputy to the 16th Shanghai Municipal People's Congress and the chairman of the Shanghai International Fashion Federation. Mr. Xu was awarded the "Asia's Best CEO" by Corporate Governance Asia, the "Shanghai 4 May Youth Medal" and "Shanghai Top Ten Youth Business People", etc. Mr. Xu received a master's degree in business administration from the East China Normal University in 2002 and received an EMBA degree from Fudan University in 2019.

Gong Ping, aged 48, is an Executive Director, Executive President and CFO of the Company. Mr. Gong joined the Group in 2011 and as of the date of this Offering Circular, he has also been a director of Yuyuan (listed on the SSE and he resigned as the director in January 2024) and various companies within the Group. As of the date of this Offering Circular, he used to serve as a senior assistant to president of the Group, the general manager of Corporate Development Department and the CEO of Fosun Hive. He was the chairman of Paris Realty Fund SA (listed on the Euronext Paris with stock code PAR), a non-executive director of Shanghai Zendai Property Limited (listed on the Hong Kong Stock Exchange with stock code 00755) and Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE), and a director of Shanghai Bailian Group Co., Ltd. (listed on the SSE with stock code 600827) and Resource Property (delisted from the NEEQ in December 2020). Prior to joining the Group, Mr. Gong worked at Pudong branch and the headquarters of Bank of Shanghai as well as the PRC headquarters of Standard Chartered Bank. Mr. Gong also served as a global strategist at the headquarters of Samsung Group in Korea, carrying out special assignments across various sectors including financial services, technology and real estate worldwide. As of the date of this Offering Circular, Mr. Gong has been a council member of Shanghai Association for Youth Entrepreneurship and Employment. Mr. Gong graduated from Fudan University in 1998 with a bachelor's degree in international finance, and then obtained his master's degree in finance from Fudan University in 2005. Mr. Gong also received his master's degree in business administration from International Institute for Management Development (IMD) in Lausanne, Switzerland in 2008.

Huang Zhen, aged 52, is an Executive Director, Executive President and Chief Growth Officer of the Company. Mr. Huang joined the Group in 2017 and as of the date of this Offering Circular, Mr. Huang is also the chairman of Yuyuan (listed on the SSE with stock code 600655) and Lanvin Group (listed on the NYSE), a non-executive director of FTG (listed on the Hong Kong Stock Exchange), a director of Shede Spirits (listed on the SSE), Shanghai Resource Property (delisted from NEEQ in December 2020), Shanghai Bailian Group Co., Ltd. (listed on the SSE), Sanyuan Foods (listed on the SSE) and various companies within the Group. Mr. Huang was a non-executive director of Zhaojin Mining (listed on the Hong Kong Stock Exchange) and a director of Jinhui Liquor (listed on the SSE). Before joining the Group, Mr. Huang was the deputy general manager of Shanghai Jahwa United Co., Ltd., and the general manager of Shanghai Herborist Cosmetics Co., Ltd., etc. Mr. Huang has been a member of the 14th Shanghai Committee of the Chinese People's Political Consultative Conference, a member of the 3rd Shanghai Huangpu District Standing Committee of the Chinese People's Political Consultative Conference, the chairman of Shanghai Huangpu District Federation of Industry and Commerce, the president of Shanghai Huangpu District Chamber of Commerce, the vice chairman of China Gold Association and Gems & Jewelry Trade Association of China, etc. Mr. Huang was awarded "Leading Figures of Shanghai Industry and Commerce," "Top Ten Economic Figures in China's Circulation Industry" and "National Outstanding Commercial Entrepreneur," etc. Mr. Huang received a bachelor's degree in economics from Shanghai University of Finance and Economics in 1994 and an MBA degree from Webster University (USA) in 1998.

Pan Donghui, aged 54, is an Executive Director, Executive President and Chief Human Resources Officer of the Company. Mr. Pan was appointed as the Executive Director of the Company in March 2023. Mr. Pan joined the Group in 1994 and as of the date of this Offering Circular, he has also been a non-executive director of Fosun Pharma (listed on the Hong Kong Stock Exchange and the SSE) and FTG (listed on the Hong Kong Stock Exchange) and a director of Shanghai Foyo (delisted from NEEQ in April 2021) and various companies within the Group. Mr. Pan also served as a director of Shanghai Ganglian E-Commerce Holdings Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code 300226). Mr. Pan obtained a bachelor's degree in engineering from Shanghai Jiaotong University in 1991, and a master's degree in business administration from the University of Southern California in the United States in 2009.

NON-EXECUTIVE DIRECTORS

Yu Qingfei, aged 57, has been a Non-Executive Director of the Company since December 2020. Mr. Yu has management experience in banking and insurance industries for over 30 years and has been qualified as a lawyer in China since 1993. As of the date of this Offering Circular, Mr. Yu has also been the chairman of Zhongrong Life Insurance Co., Ltd. Mr. Yu worked in Guizhou Branch of Industrial and Commercial Bank of China Limited and successively served as the general manager of Legal Affairs Department, the general manager of Risk Management Department of the Guiyang Branch, the head of Guiyang Fushui Sub-branch, the head of Guiyang Yunyan Sub-branch, the deputy head of the Guiyang Branch and the head of the Zunyi Branch. Mr. Yu obtained his bachelor's degree in law from Southwest University of Political Science & Law in 1989 and obtained his master's degree in engineering from Yunnan University in 2015.

Li Shupei, aged 42, has been a Non-Executive Director of the Company since November 2022. As of the date of this Offering Circular, Mr. Li has also been a deputy head of the equity investment center and the head of research and development department of the equity center of China Everwin Asset Management Co., Ltd. and a non-executive director of Ronshine China Holdings Limited (listed on the Hong Kong Stock Exchange). Mr. Li has joined China Everwin Asset Management Co., Ltd. since 2018, and served as a macro strategist and non-bank financial analyst and first level researcher at the securities investment department of China Life Asset Management Company Limited from 2015 to 2018. From 2010 to 2015, Mr. Li served as a macro analyst, strategist and vice president at the research and development department of CSC Financial Co., Ltd. (listed on the Hong Kong Stock Exchange and the SSE). Mr. Li graduated from Zhengzhou University with a bachelor's degree in management in 2005, and graduated from Nankai University with a master's degree in economics in 2007 and a doctor's degree in economics in 2010, respectively.

Li Fuhua, aged 53, has been a Non-Executive Director of the Company since February 2023. As of the date of this Offering Circular, Mr. Li has also been the financial director, the head of finance and the general manager of the planning and finance department of AEON Life Insurance Co., Ltd. ("**AEON Life Insurance**"), the head of finance of AEON Insurance Asset Management Co., Ltd., a director of Shanghai Zhuli and an executive director of Wangjin Holdings (Dalian) Co., Ltd. From 1993 to 1997, Mr. Li served as the accounting supervisor of the financial department of Jinan silk factory of Shandong Provincial Silk Corporation. From 1997 to 2000, he served as the financial supervisor and financial manager of the financial department of China Ping An Life Insurance Co., Ltd. ("**Ping An Life Insurance**") Jinan Branch. From 2000 to 2002, he served as the director of the financial department and the project manager of financial enterprise resource planning (ERP) of Ping An Life Insurance. From 2002 to 2004, he was the director of the financial management office of the financial planning department of Ping An Insurance (Group) Company of China, Ltd. (listed on the Hong Kong Stock Exchange with stock code 02318 and the SSE with stock code 601318). From 2004 to 2008, he served as the assistant general manager of the financial department of Taikang Life Insurance Co., Ltd. ("**Taikang Life Insurance**"). From 2009 to 2013, he served as the deputy general manager of the financial department of Taikang Life Insurance. From 2013 to 2017, he served as the general manager of the accounting department of AEON Life Insurance. Mr. Li graduated from Shandong College of Finance (currently known as Shandong University of Finance and Economics) with a bachelor's degree in accountancy in 1998. Mr. Li holds certificates of qualification of Senior International Finance Manager and International Certified Management Accountant.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman, aged 66, has been an Independent Non-Executive Director of the Company since December 2006. As of the date of this Offering Circular, Mr. Zhang has also been a non-executive director of Seazen Group Limited (listed on the Hong Kong Stock Exchange, formerly known as Future Land Development Holdings Limited) and an independent non-executive director of China Lilang Limited (listed on the Hong Kong Stock Exchange) and Green Economy Development Limited (listed on the Hong Kong Stock Exchange). Mr. Zhang worked in the PRC Ministry of Finance as a deputy director and vice secretary from 1987 to 1992. From 1993 to 2005, Mr. Zhang served as an executive director for China, vice president and chief secretary, senior vice director, managing director and chairman of the operations committee, the sanctions committee and the corporate committee on fraud and corruption policy of the World Bank. Mr. Zhang joined Citigroup Inc. (listed on the New York Stock Exchange with stock code C) in February 2006, and up to May 2016 once served as the chairman of the Public Sector Group, chairman and president of Asia Pacific. Mr. Zhang received a bachelor's degree in English literature in 1978 from Fudan University and a master's degree in public administration in 1986 from University of the District of Columbia. Mr. Zhang completed the Harvard Advanced Management Program in 1997.

Zhang Huaqiao, aged 60, has been an Independent Non-Executive Director of the Company since March 2012. As of the date of this Offering Circular, Mr. Zhang has also been an independent non-executive director of Zhong An Group Limited (formerly known as Zhong An Real Estate Limited), Logan Group Company Limited (listed on the Hong Kong Stock Exchange), Luye Pharma Group Ltd. (listed on the Hong Kong Stock Exchange), Radiance Holdings (Group) Company Limited (listed on the Hong Kong Stock Exchange) and Haitong International Securities Group Limited (delisted from the Hong Kong Stock Exchange in January 2024), all of which are listed on the Hong Kong Stock Exchange. From July 1986 to January 1989, Mr. Zhang was employed at the People's Bank of China and from June 1999 to April 2006, Mr. Zhang worked at the Equities Department of UBS AG, Hong Kong Branch at which he first served as the head of China research and later became co-head of China research. Mr. Zhang was the chief operating officer from March 2006 to September 2008 and an executive director from May 2006 to September 2008 of Shenzhen Investment Limited (listed on the Hong Kong Stock Exchange). From September 2008 to June 2011, he was deputy head of China Investment Banking at UBS Securities Asia Limited. Mr. Zhang was also a non-executive director of Boer Power Holdings Limited (listed on the Hong Kong Stock Exchange), an independent non-executive director of Yancoal Australia Ltd. (listed on the Australian Stock Exchange with stock code YAL), Wanda Hotel Development Company Limited (listed on the Hong Kong Stock Exchange), China Huirong Financial Holdings Limited (listed on the Hong Kong Stock Exchange), Sinopec Oilfield Service Corporation (listed on the SSE and on the Hong Kong Stock Exchange), and China Rapid Finance Limited (listed on the New York Stock Exchange), and a non-executive director, executive director and chairman of China Smartpay Group Holdings Limited (listed on the Hong Kong Stock Exchange). Mr. Zhang graduated from the Graduate School of the People's Bank of China with a master's degree in economics in 1986; and from the Australian National University with a master's degree in economics in 1991.

David T. Zhang, aged 61, has been an Independent Non-Executive Director of the Company since June 2012. As of the date of this Offering Circular, Mr. Zhang has also been a senior corporate partner in the Hong Kong office of Kirkland & Ellis International LLP, a leading international law firm, from which he retired in January 2024. Admitted to the practice of law in the State of New York, USA and based in Hong Kong, Mr. Zhang specializes in securities offerings and M&A transactions. He has extensive experience representing Chinese issuers and leading investment banks in US initial public offerings, Hong Kong initial public offerings and other Rule 144A and Regulation S offerings of equity, debt and convertible securities. Mr. Zhang has represented a number of leading private equity funds, multinational corporations and sovereign wealth funds in connection with their investments and M&A transactions in the Greater China region and Southeast Asia. In addition, Mr. Zhang has successfully guided China-based companies listed in the Unites States and Hong Kong through complex mission-critical moments, counselling leaders and boards of directors on high-stakes matters at the intersection of litigation, regulatory enforcement, reputation and public policy. Mr. Zhang has been rated as a top capital markets attorney by *Chambers Global, Legal 500 Asia Pacific, IFLR1000 and Chambers Asia Pacific*. Prior to joining Kirkland & Ellis International LLP in August 2011, Mr. Zhang was a partner of Latham & Watkins LLP, a leading international law firm, for eight years. Mr. Zhang graduated from Beijing Foreign Studies University in 1981 and received his J.D. degree from Tulane University Law School in 1991.

Lee Kai-Fu, aged 62, has been an Independent Non-Executive Director of the Company since March 2017. As of the date of this Offering Circular, Dr. Lee has also been a co-founder and the managing partner of Sinovation Ventures Development Funds, the chairman and CEO of Innovation Works Limited, a director of Sinovation Ventures (Beijing) Enterprise Management Co., Ltd., a non-executive director of Meitu, Inc. (listed on the Hong Kong Stock Exchange) and the chairman and non-executive director of Qingdao Ainnovation Technology Group Co., Ltd (listed on the Hong Kong Stock Exchange). Dr. Lee has also been a director of various companies in the internet, artificial intelligence and other industries. From 1988 to 1990, Dr. Lee worked at Carnegie Mellon University, where he served as an assistant professor; between July 1990 and April 1996, Dr. Lee worked at Apple Inc. (listed on NASDAQ), serving as a vice president from December 1995; from July 1998 to July 2005, Dr. Lee was the vice president of Microsoft Corporation (listed on NASDAQ); from July 2005 to September 2009, Dr. Lee was the president of Google China of Google Inc. (listed on NASDAQ), and he was responsible for launching the Google China R&D Centre. Dr. Lee was also an independent director of LightInTheBox Holding Co., Ltd. (listed on the NYSE), an independent non-executive director of Shangri-La Asia Limited (listed on the Hong Kong Stock Exchange) and Hon Hai Precision Industry Co., Ltd. (listed on the Taiwan Stock Exchange). Dr. Lee received his bachelor of arts degree and Ph.D. in computer science from Columbia University in 1983 and Carnegie Mellon University in 1988, respectively, as well as Honorary Doctorate Degrees from both the City University of Hong Kong and Carnegie Mellon University in 2010 and 2015, respectively.

Tsang King Suen Katherine, aged 66, has been an Independent Non-Executive Director of the Company since December 2020. Ms. Tsang is the founder of Max Giant Capital. As of the date of this Offering Circular, Ms. Tsang has also been an executive director and chief executive officer of HK Acquisition Corporation (listed on the Hong Kong Stock Exchange) and an independent non-executive director of Budweiser Brewing Company APAC Limited (listed on the Hong Kong Stock Exchange), Fidelity Emerging Markets Limited (listed on the London Stock Exchange) and China CITIC Bank International Limited. Ms. Tsang was an independent non-executive director of Baoshan Iron & Steel Co., Ltd. (listed on the SSE) from May 2006 to April 2012, the chairperson of Greater

China of Standard Chartered Bank from August 2009 to August 2014, an independent non-executive director of Gap Inc. (listed on the New York Stock Exchange) from August 2010 to May 2018. As of the date of this Offering Circular, Ms. Tsang has been a member of the Advisory Council for China of the City of London, an honorary board member of Shanghai Jiao Tong University and the member of Finance and Investment Committee of The Boys' and Girls' Clubs Association of Hong Kong. Ms. Tsang was a member of the World Economic Forum's Global Agenda Council on China from 2009 to 2012 and a member of Sotheby's Asia Advisory Board from November 2011 to October 2014. Ms. Tsang graduated from University of Alberta, Canada with a bachelor's degree in Commerce in 1978.

SENIOR MANAGEMENT OF THE COMPANY

Sze Mei Ming, aged 46, is the Company Secretary, Senior Assistant to the President, Deputy Chief Risk Officer and General Manager of Office of Board Secretary of the Company. Ms. Sze joined the Group in 2007, and has been the Company Secretary of the Company since March 2009. Ms. Sze holds a bachelor's degree in Arts from the University of Hong Kong, a bachelor's degree in laws from the University of London and a master's degree in Chinese and Comparative Law from the City University of Hong Kong. Ms. Sze has experience in the company secretarial industry for more than twenty years and is a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute, and awarded with the dual designations of Chartered Secretary and Chartered Governance Professional. As of the date of this Offering Circular, Ms. Sze was a member of The Mainland China Technical Consultation Panel of The Hong Kong Chartered Governance Institute.

BOARD COMMITTEES

Audit Committee

Our Audit Committee comprises four Independent Non-Executive Directors, namely, Mr. Zhang Shengman (Chairman), Mr. David T. Zhang, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine. The main duties of the Audit Committee include reviewing the financial statements and reports and considering any significant or unusual items raised by our Company's staff responsible for the accounting and financial reporting function or external auditors before submission to the Board; reviewing the relationship with the external auditors by reference to their work performance, fees and terms of engagement, and making recommendations to the Board on the appointment, re-appointment and removal of external auditors and reviewing the adequacy and effectiveness of our Company's financial reporting system, risk management and internal control system (including ensuring the adequacy of resources, qualification and experience of staff of our Company's accounting, internal audit and financial reporting function, their training programs and budget) and associated procedures.

Remuneration Committee

Our Remuneration Committee comprises five members, namely, Mr. Zhang Huaqiao (Chairman), Mr. Zhang Shengman, Mr. David T. Zhang, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine, all of whom are Independent Non-Executive Directors.

The primary duties of our Remuneration Committee include making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management after assessing their performance, as well as on the remuneration policy and structure for all Directors and senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which will be determined by reference to the performance of the individual and our Company as well as market practice and conditions.

Nomination Committee

Our Nomination Committee comprises five members, namely Mr. David T. Zhang (Chairman), Mr. Zhang Shengman, Mr. Zhang Huaqiao, Dr. Lee Kai-Fu and Ms. Tsang King Suen Katherine, all of whom are Independent Non-Executive Directors.

The main duties of the Nomination Committee include reviewing the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board on a regular basis and making recommendations to the Board regarding any proposed changes; identifying individuals suitably qualified to become Board members and nominating and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of Independent Non-Executive Directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for Directors.

Environmental, Social and Governance Committee

Our Environmental, Social and Governance Committee comprises five members, namely Dr. Lee Kai-Fu (Chairman), Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang and Ms. Tsang King Suen Katherine and the majority of them are Independent Non-Executive Directors.

The Environmental, Social and Governance Committee was established to assist the Board in providing direction on and overseeing the development and implementation of the environmental, social and governance ("ESG") initiatives of the Group, including (i) corporate sustainability initiatives; (ii) environmental protection initiatives; and (iii) philanthropic and community investment initiatives.

The main duties of the Environmental, Social and Governance Committee include the following:

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

Corporate Governance and Internal Controls

We are committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. As a company listed on the Hong Kong Stock Exchange, we applied the principles of and fully complied with all code provisions of the CG Code set out in Appendix 14 of the Listing Rules. Our Company regularly reviews its corporate governance practices to ensure compliance with the CG Code. Our Board evaluates and supervises risk management by means of our corporate governance and financial, business and audit controls.

COMPENSATION OF DIRECTORS

Our Directors receive compensation in the form of salaries, performance-related bonuses, allowances and benefits-in-kind, including our contribution to the pension plan on their behalf. For the years ended December 31, 2022 and 2023, the aggregate remuneration of our Directors was RMB174.9 million and RMB164.7 million, respectively.

PRINCIPAL SHAREHOLDERS

The following table sets forth, to the best of our knowledge, certain share ownership information as of June 30, 2024 with respect to the holders of record of our share capital.

Name	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	6,009,415,397[2]	73.35%
Fosun International Holdings[1]	6,009,415,397[2][3]	73.35%

Notes:

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

(2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings and, therefore, Fosun International Holdings is deemed, or taken to be interested in the shares owned by Fosun Holdings for the purpose of the SFO. Mr. Guo Guangchang, Mr. Li Tao and Ms. Law Tsz Kwan Iris are directors of Fosun Holdings and Fosun International Holdings.

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

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To fund our investment in and the operations of our business segments and finance our working capital requirements, we and our subsidiaries have entered into financing agreements with various financial institutions. As of June 30, 2024, our total interest bearing bank and other borrowings amounted to RMB222,309.5 million and we had a total of RMB145,239.0 million unutilized banking facilities. In addition, we have incurred, and will continue to incur, indebtedness from time to time for general corporate purposes, including but not limited to refinancing of existing indebtedness and funding our operations in the ordinary course of business. Set forth below is a summary of our major interest bearing bank and other borrowings by our Company and each of our business segments.

MATERIAL INDEBTEDNESS OF FOSUN INTERNATIONAL

Banking Facilities

Our Company has from time to time entered into loan facility agreements with various offshore financial institutions, including but not limited to China Merchants Bank, Ping An Bank, The Hongkong and Shanghai Banking Corporation Limited, Bank of East Asia, Standard Chartered Bank, Hang Seng Bank Limited, Citibank (Hong Kong) Limited and etc. These loans typically are used for project financing or working capital for general corporate purpose.

The interest rates under these term loan facilities are typically specified as a fixed margin percentage plus HIBOR, EURIBOR, SOFR, or lender's cost of funds, as agreed with the relevant financial institutions. Our Company's payment obligations under these term loan facilities typically rank at least *pari passu* with other unsecured and unsubordinated claims. Except for short-term or annually renewable loan facilities, these term loan facilities are subject to various customary covenants, including (i) minimum amount of the consolidated tangible net worth and (ii) ratio of consolidated net borrowings (deducting marketable securities) to consolidated tangible net worth (adding back minority interests).

If our Company fails to satisfy these financial ratios, it, among other things, cannot incur additional indebtedness and will trigger the event of default under these loan agreements.

Guarantees by Fosun International

Our Company has also given guarantees under various loan agreements with financial institutions. Consequently, our Company is subject to various customary covenants, including satisfying certain financial tests and notifying the relevant financial institutions under certain circumstances.

MATERIAL INDEBTEDNESS OF OUR SUBSIDIARIES

Certain of our subsidiaries have entered into loan agreements, including PRC loan agreements and offshore loan agreements, with various banks and financial institutions, including but not limited to China Development Bank, Industrial and Commercial Bank of China, Bank of China, Shanghai Pudong Development Bank, China Merchants Bank, Ping An Bank, Ming Sheng Bank, China Construction Bank, China Citic Bank, Bank of Shanghai, the Export-Import Bank of China, Hongkong and Shanghai Banking Corporation Limited, Bank of East Asia, Standard Chartered Bank, Natixis Bank and Citibank. These loans typically are for financing the construction of our projects, working capital, property development or trading activities and have terms ranging from three months to twenty-four years.

As of June 30, 2024, the outstanding loans and other borrowings for our consolidated subsidiaries were as follows:

Borrowers	Amount outstanding as of June 30, 2024		
	Total	Short-term	Long-term
	(RMB in millions)		
Fosun High Technology	27,775.9	24,221.9	3,554.0
Fosun Pharma	32,183.2	22,383.9	9,799.3
Forte	43,513.9	22,809.2	20,704.6
Hainan Mining	2,260.5	1,945.2	315.4
Other consolidated subsidiaries	82,657.8	24,790.5	57,867.4
Total	188,391.3	96,150.7	92,240.6

Some of our borrowings are secured by our assets and properties, including land and buildings, plant and machinery, investment properties, completed properties for sale and properties under development and shares of subsidiaries and associates. As of June 30, 2024, of the RMB188,391.3 million, RMB83,708.9 million was secured by properties or other assets.

Loans and Other Borrowings Incurred by Fosun High Technology

As of June 30, 2024, Fosun High Technology, on a non-consolidated basis, had total outstanding debt obligations of RMB27,775.9 million. These loans mostly bear interest at floating rates, the resulting effective rates of which range generally from 1.00% to 7.00% per annum, and have a term between three months and five years.

Covenants

Some of the PRC term loans incurred by Fosun High Technology are under bank facilities with a term of typically one year. These bank facility agreements contain customary covenants, including, but not limited to the following:

- without the prior consent of the lenders, the borrower may not undertake any restructuring or reorganization, transfer any equity, sell, transfer, lend, lease out or otherwise dispose of a material part of its assets, substantially increase the indebtedness, provide guarantees in favor of any third party, grant a security interest in its material assets, or make offshore investments;

- a change of control may not occur in the borrower;

- the borrower must comply with certain financial covenants by observing certain financial ratios specified under the relevant loan facilities, including debt ratio, current ratio and return on assets;

- without the written approval of the lenders, the borrower may not change its articles of association or scope of business in any material manner;

- the borrower must disclose to the lenders any transaction between Fosun High Technology and any of its affiliates with transaction value equal to or more than 10% of its net assets; and

- lenders may ask for additional collateral or guarantees if they reasonably believe that the borrower's security and guarantees for the PRC term loan in question may be adversely affected.

Most of the above bank facilities are generally renewable upon expiration. Fosun High Technology may be subject to prepayment penalties under some of these facilities if it elects to terminate a facility before its expiration date.

Loans and Other Borrowings Incurred by Fosun Pharma and its Subsidiaries

As of June 30, 2024, Fosun Pharma together with its subsidiaries, on a consolidated basis, had total outstanding debt obligations of RMB32,183.2 million under its term loans, including PRC term loans and offshore term loans. These loans mostly bear interest at floating rates, the resulting effective rates of which range from 0.10% to 7.04% per annum, and have a term between three months and eleven years.

Covenants for PRC Term Loans

Some of the PRC term loans incurred by Fosun Pharma and its subsidiaries contain customary covenants, including but not limited to the following:

- without the prior consent of the lenders, the borrower may not undertake any restructuring or reorganization, transfer any equity, sell, transfer, lend, lease out or otherwise dispose of a material part of its assets, substantially increase its indebtedness, provide guarantees in respect of indebtedness of any third party, grant security interests over its material assets, or make investments to third parties;

- lenders may require early repayment of the borrower's PRC term loans upon the occurrence of any event that materially and adversely affects the lenders' rights; and

- lenders may demand additional collateral or guarantees if they reasonably believe that the security and guarantees for the PRC term loans in question may be adversely affected.

Covenants for Offshore Term Loans

Some of the offshore term loans incurred by Fosun Pharma's subsidiaries contain customary covenants, including but not limited to the following:

- the borrower shall meet certain financial tests before it incurs additional debt;

- the borrower shall not create or permit to exist any security interest over certain assets; and

- the borrower shall ensure that obligations under the loans will rank at least *pari passu* with other present and future similar obligations.

Loans and Other Borrowings Incurred by Forte and its Subsidiaries

As of June 30, 2024, Forte together with its subsidiaries, on a consolidated basis, had total outstanding debt obligations of RMB43,513.9 million. A majority of these loans are project loans to finance the construction of our projects. These loans generally bear interest at floating rates, the resulting effective rates of which range from 1.00% to 12.15% per annum, and have a term between three month and fifteen years.

Guarantees and Security

Term loans incurred by Forte and its subsidiaries in the amount of RMB28,696.3 million were secured by, among other things, their land use rights, investment properties, buildings and properties under development, with an aggregate net book value of RMB71,335.2 million as of June 30, 2024.

Customer Guarantees

Forte acts as the guarantor for mortgages secured by properties that it sells. Its obligation as a guarantor generally expires upon the delivery of the relevant certificates on the underlying property to the bank. As of June 30, 2024, Forte had approximately RMB5,233.1 million of customer guarantees outstanding.

Covenants

Some of the term loans incurred by Forte and its subsidiaries contain customary covenants. Among others, Forte and its subsidiaries may not, without the prior consent of the lenders, undertake any restructuring or reorganization, transfer any equity, sell, transfer, lend, lease out or otherwise dispose of a material part of its assets, substantially increase their indebtedness, provide guarantees in favor of any third party, grant security interests in their material assets, or make investments to third parties.

CORPORATE BONDS AND ENTERPRISE BONDS

On November 27, 2019, Yuyuan issued five-year domestic corporate bonds with a principal amount of RMB600,000,000 and an effective interest rate of 4.95% per annum. Interest is paid annually in arrears and the maturity date is November 27, 2024.

On February 20, 2020, Yuyuan issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 3.60% per annum. On February 20, 2023, Yuyuan repurchased their bonds with a par value of RMB1,699,100,000. Interest is paid annually in arrears and the maturity date is February 20, 2025.

On April 21, 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB300,000,000 and an effective interest rate of 4.58% per annum. Interest is paid annually in arrears and the maturity date is April 21, 2025.

On August 7, 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 4.56% per annum. On August 7, 2023, Fosun High Technology repurchased their bonds with a par value of RMB1,890,000,000. Interest is paid annually in arrears and the maturity date is August 7, 2025.

On November 2, 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 4.87% per annum. On November 2, 2023, Fosun High Technology repurchased their bonds with a par value of RMB1,255,000,000. As of June 30, 2024, third-party investors held a par value of RMB263,700,000 of the bonds. Interest is paid annually in arrears and the maturity date is November 2, 2025.

On June 4, 2021, Fosun Insurance Portugal issued five-year domestic corporate bonds with a par value of EUR500,000,000 and an effective interest rate of 4.25% per annum. Interest is paid at the maturity date which is September 4, 2026.

On March 15, 2022, Fosun High Technology issued three-year offshore corporate bonds with a par value of US$150,000,000 and an effective interest rate of 3.24% per annum. Interest is paid semi-annually in arrears and the maturity date is March 15, 2025.

On March 21, 2022, Yuyuan issued three-year domestic corporate bonds with a par value of RMB550,000,000 and an effective interest rate of 4.95% per annum. On March 21, 2024, Yuyuan completed the repurchase of such bonds with a par value of RMB550,000,000, with RMB412,400,000 subsequently being resold. Interest is paid annually in arrears and the maturity date is March 21, 2025.

On May 29, 2024, Fosun Insurance Portugal issued EUR500,000,000 7.75% perpetual subordinated bonds. Interest is paid semi-annually in arrears.

MEDIUM-TERM NOTES

Fosun High Technology Medium-Term Notes

On September 22, 2020, Fosun High Technology completed an offering of RMB1,000 million principal amount of five-year medium-term notes with an effective interest rate of 5.01% per annum. On September 22, 2023, Fosun High Technology repaid in advance with a par value of RMB990,000,000. Interest is paid annually in arrears and the maturity date is September 22, 2025.

On October 27, 2023, Fosun High Technology issued two-year medium-term notes with a par value of RMB700,000,000 and an effective interest rate of 6.8% per annum. Interest is paid annually in arrears and the maturity date is October 27, 2025.

Fosun Pharma Medium-Term Notes

On March 9, 2022, Fosun Pharma issued four-year medium-term notes with a par value of RMB500,000,000 and an interest rate of 3.50% per annum. Interest is payable annually in arrears and the maturity date is March 9, 2026. As of June 30, 2024, the book value of the medium-term notes is RMB240,000,000 with an interest rate of 4.20%.

SHORT-TERM AND SUPER SHORT-TERM COMMERCIAL PAPERS

On April 18, 2024, Fosun High Technology issued super short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 5.18% per annum. Interest is payable on the maturity date which is January 13, 2025.

On May 29, 2024, Fosun High Technology issued super short-term commercial papers with a par value of RMB500,000,000 and an effective interest rate of 4.50% per annum. Interest is payable on the maturity date which is February 23, 2025.

On June 14, 2024, Fosun High Technology issued super short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 4.00% per annum. Interest is payable at the maturity date which is March 11, 2025.

On June 27, 2024, Fosun High Technology issued super short-term commercial papers with a par value of RMB600,000,000 and an effective interest rate of 4.35% per annum. Interest is payable at the maturity date which is March 24, 2025.

On July 10, 2024, Fosun High Technology issued super short-term commercial papers with a par value of RMB800,000,000 and an effective interest rate of 4.35% per annum. Interest is payable at the maturity date which is April 6, 2025.

On July 15, 2024, Yuyuan issued super short-term commercial papers with a par value of RMB600,000,000 and an effective interest rate of 3.8% per annum. Interest is payable at the maturity date which is April 11, 2025.

On August 5, 2024, Yuyuan issued super short-term commercial papers with a par value of RMB300,000,000 and an effective interest rate of 3.93% per annum. Interest is payable at the maturity date which is January 22, 2025.

On August 20, 2024, Yuyuan issued super short-term commercial papers with a par value of RMB300,000,000 and an effective interest rate of 4.1% per annum. Interest is payable at the maturity date which is February 14, 2025.

On September 13, 2024, Fosun High Technology issued super short-term commercial papers with a par value of RMB500,000,000 and an effective interest rate of 4.5% per annum. Interest is payable at the maturity date which is June 10, 2025.

On September 23, 2024, Yuyuan issued super short-term commercial papers with a par value of RMB300,000,000 and an effective interest rate of 4.2% per annum. Interest is payable at the maturity date which is March 17, 2025.

PRIVATE PLACEMENT BONDS

On November 22, 2021, Napier TMK, a subsidiary of Yuyuan, issued three-year private placement bonds with a par value of JPY1,500,000,000 and the effective interest rate is 12.69% per annum. Interest is paid quarterly in arrears and the maturity date is November 22, 2024.

On April 1, 2022, Tekabo TMK, a subsidiary of Fosun Management Holdings Limited, issued private placement bonds with a par value of JPY700,000,000 and the effective interest rate is 1.69% per annum. Interest is paid quarterly in arrears and the maturity date is April 1, 2027.

On August 14, 2024, Yuyuan issued private placement notes secured by assets with a par value of RMB940,000,000 and an effective interest rate of 4.3% per annum. Interest is payable at the maturity date which is August 14, 2027.

EXCHANGEABLE BONDS

On March 29, 2022, Fosun High Technology issued 3-year exchangeable bonds (the "Exchangeable Bonds") with a par value of RMB2 billion. The Exchangeable Bonds are convertible into ordinary shares of Hainan Mining. The Exchangeable Bonds bear a fixed annual interest rate of 1%. The initial conversion price is RMB10.26 per share. The bondholders can convert the Exchangeable Bonds into the shares of Hainan Mining at the prevailing conversion price during the period from September 29, 2022 to March 24, 2025 (the "Conversion Period"). The Exchangeable Bonds are secured by 336,000,000 shares of Hainan Mining A shares hold by the Group. The maturity date of the Exchangeable Bonds is March 28, 2025. On the maturity date Fosun High Technology will redeem the outstanding Exchangeable Bonds at 109% of the par value, excluding the interest in the third year. During the Conversion Period, if the closing price of Hainan Mining's A Shares is not less than 130% (inclusive 130%) of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, or if the total unconverted amount is less than RMB30 million, Fosun High Technology has the right to redeem all or part of the outstanding Exchangeable Bonds at par value plus accrued interest. Within six months before the maturity date of the Exchangeable Bonds, if the closing price of Hainan Mining's A Shares is less than 70% of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, the bondholders have the right to sell all or part of the Exchangeable Bonds at par value plus accrued interest to the issuer. As of June 30, 2024, the prevailing conversion price of the Exchangeable Bonds was RMB10.02 per share. On September 20, 2024, Fosun High Technology held a board meeting and passed a resolution to adjust the conversion price to RMB7.60 per share, with the adjustment taking effect on September 30, 2024.

SENIOR NOTES

October 2020 Notes

On October 19, 2020 and December 8, 2020, Fortune Star (BVI) Limited issued US$700,000,000 aggregate principal amount of 5.95% Senior Notes due 2025. As of the date of this Offering Circular, we have a total of US$700 million principal amount of the October 2020 Notes outstanding.

Parent Guarantee

The obligations pursuant to the October 2020 Notes are guaranteed by the Company. The Company guarantees the due and punctual payment of the principal of, any premium, and interest on, and all other amounts payable under, the October 2020 Notes.

Interest

The October 2020 Notes bear an interest rate of 5.95% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the October 2020 Indenture contains certain covenants restricting the Company from, among other things:

- creating liens; and
- effecting a consolidation or merger.

Events of Default

The October 2020 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the October 2020 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the October 2020 Indenture. If an event of default occurs and is continuing, the trustee under the October 2020 Indenture or the holders of at least 25% of the outstanding October 2020 Notes may declare the principal of the October 2020 Notes plus any accrued and unpaid interest and premium to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding October 2020 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the October 2020 Notes is October 19, 2025. At any time and from time to time on and after October 19, 2023, we may redeem the October 2020 Notes, in whole or in part, at the following redemption prices (expressed as a percentage of principal amount of the October 2020 Notes to be redeemed) plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the twelve-month period beginning on October 19 of the years indicated below:

Period	Redemption Price
2023	102%
2024 and thereafter	101%

At any time prior to October 19, 2023, we may redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the October 2020 Notes plus any premium, accrued and unpaid interest to the redemption date.

At any time and from time to time prior to October 19, 2023, we may redeem up to 35% of the aggregate principal amount of the October 2020 Notes at a redemption price of 100% of the principal amount of the October 2020 Notes plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

We may acquire the October 2020 Notes by means other than a redemption, whether by tender offers, open market purchases, negotiated transactions or otherwise, in accordance with applicable laws, so long as such acquisition does not otherwise violate the terms of the October 2020 Indenture.

January 2021 Notes

On January 27, 2021, Fortune Star (BVI) Limited issued US$500,000,000 aggregate principal amount of 5.05% Senior Notes due 2027. As of the date of this Offering Circular, we have a total of US$500.0 million principal amount of the January 2021 Notes outstanding.

Parent Guarantee

The obligations pursuant to the January 2021 Notes are guaranteed by the Company. The Company guarantees the due and punctual payment of the principal of, any premium, and interest on, and all other amounts payable under, the January 2021 Notes.

Interest

The January 2021 Notes bear an interest rate of 5.05% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the January 2021 Indenture contains certain covenants restricting the Company from, among other things:

- creating liens; and

- effecting a consolidation or merger.

Events of Default

The January 2021 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the January 2021 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the January 2021 Indenture. If an event of default occurs and is continuing, the trustee under the January 2021 Indenture or the holders of at least 25% of the outstanding January 2021 Notes may declare the principal of the January 2021 Notes plus any accrued and unpaid interest and premium to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding January 2021 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the January 2021 Notes is January 27, 2027. At any time and from time to time on and after January 27, 2025, we may redeem the January 2021 Notes, in whole or in part, at the following redemption prices (expressed as a percentage of principal amount of the January 2021 Notes to be redeemed) plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the twelve-month period beginning on January 27 of the years indicated below:

Period	**Redemption Price**
2025	102%
2026 and thereafter	101%

At any time prior to January 27, 2025, we may redeem the January 2021 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the January 2021 Notes plus any premium, accrued and unpaid interest to the redemption date.

At any time and from time to time prior to January 27, 2025, we may redeem up to 35% of the aggregate principal amount of the January 2021 Notes at a redemption price of 100% of the principal amount of the January 2021 Notes plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

We may acquire the January 2021 Notes by means other than a redemption, whether by tender offers, open market purchases, negotiated transactions or otherwise, in accordance with applicable laws, so long as such acquisition does not otherwise violate the terms of the January 2021 Indenture.

May 2021 Notes

On May 18, 2021, Fortune Star (BVI) Limited issued US$500,000,000 aggregate principal amount of 5.0% Senior Notes due 2026. As of the date of this Offering Circular, we have a total of US$500.0 million principal amount of the May 2021 Notes outstanding.

Parent Guarantee

The obligations pursuant to the May 2021 Notes are guaranteed by the Company. The Company guarantees the due and punctual payment of the principal of, any premium, and interest on, and all other amounts payable under, the May 2021 Notes.

Interest

The May 2021 Notes bear an interest rate of 5.0% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the May 2021 Indenture contains certain covenants restricting the Company from, among other things:

- creating liens; and
- effecting a consolidation or merger.

Events of Default

The May 2021 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the May 2021 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the May 2021 Indenture. If an event of default occurs and is continuing, the trustee under the May 2021 Indenture or the holders of at least 25% of the outstanding May 2021 Notes may declare the principal of the May 2021 Notes plus any accrued and unpaid interest and premium to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding May 2021 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the May 2021 Notes is May 18, 2026. At any time and from time to time on and after May 18, 2024, we may redeem the May 2021 Notes, in whole or in part, at the following redemption prices (expressed as a percentage of principal amount of the May 2021 Notes to be redeemed) plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the twelve-month period beginning on May 18 of the years indicated below:

Period	Redemption Price
2024	102%
2025 and thereafter	101%

At any time prior to May 18, 2024, we may redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the May 2021 Notes plus any premium, accrued and unpaid interest to the redemption date.

At any time and from time to time prior to May 18, 2024, we may redeem up to 35% of the aggregate principal amount of the May 2021 Notes at a redemption price of 100% of the principal amount of the May 2021 Notes plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

We may acquire the May 2021 Notes by means other than a redemption, whether by tender offers, open market purchases, negotiated transactions or otherwise, in accordance with applicable laws, so long as such acquisition does not otherwise violate the terms of the May 2021 Indenture.

July 2021 Notes

On July 2, 2021 Fortune Star (BVI) Limited issued €500,000,000 aggregate principal amount of 3.95% Senior Notes due 2026. As of the date of this Offering Circular, we have a total of €500 million principal amount of the July 2021 Notes outstanding.

Parent Guarantee

The obligations pursuant to the July 2021 Notes are guaranteed by the Company. The Company guarantees the due and punctual payment of the principal of, any premium, and interest on, and all other amounts payable under, the July 2021 Notes.

Interest

The July 2021 Notes bear an interest rate of 3.95% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the July 2021 Indenture contains certain covenants restricting the Company from, among other things:

- permitting its subsidiaries to guarantee certain indebtedness of the Company and Fortune Star (BVI) Limited;
- creating liens; and
- effecting a consolidation or merger.

Events of Default

The July 2021 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the July 2021 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the July 2021 Indenture. If an event of default occurs and is continuing, the trustee under the July 2021 Indenture or the holders of at least 25% of the outstanding July 2021 Notes may declare the principal of the July 2021 Notes plus any accrued and unpaid interest and premium to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding July 2021 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the July 2021 Notes is October 2, 2026. At any time prior to October 2, 2026, we may redeem the July 2021 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the July 2021 Notes, plus a premium and any accrued and unpaid interest to the redemption date.

At any time and from time to time prior to October 2, 2026, we may redeem up to 35% of the aggregate principal amount of the July 2021 Notes at a redemption price of 100% of the principal amount of the July 2021 Notes plus any accrued and unpaid interest with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

We may acquire the July 2021 Notes by means other than a redemption, whether by tender offers, open market purchases, negotiated transactions or otherwise, in accordance with applicable laws, so long as such acquisition does not otherwise violate the terms of the July 2021 Indenture.

OTHER BORROWINGS

In March 2020, FTG issued asset-backed securities which were backed by the Atlantis Sanya hotel and water park as mortgages with a coupon rate of 5%, and pledged the 100% equity interest in Hainan Atlantis and operating revenue of Atlantis Sanya as collateral. The principal and interest of the prioritized level shall be repaid semi-annually in 48 installments in 24 years. The coupon rates of the securities of the prioritized level are subject to adjustments by FTG and the holders have the rights, at their option, to require FTG to redeem at an interval of every three years within the terms of the securities. The fund raised by FTG from the third party investors was recorded as other borrowings amounted to RMB6,315,460,000 (December 31, 2023: RMB5,482,044,000) as of June 30, 2024.

In 2023, the Group issued three tranches of asset-backed securities (quasi-REITs) with a coupon rate of 4.5%, which were backed by certain properties in the Bund Financial Center in Shanghai as mortgage. The interest shall be paid quarterly in 18 years. The holders have the rights, at their option, to require the Group to redeem at an interval of every three years within the terms of the securities. The fund raised by the Group from the third party investor which was recorded as other borrowings amounted to RMB2,912,000,000 (December 31, 2023: RMB2,912,000,000) as of June 30, 2024.

Such other borrowings bear interest at rates ranging from 0% to 12.2% (as of December 31, 2023: 0% to 12.2%) per annum.

DESCRIPTION OF THE NOTES

For purposes of this "Description of the Notes," the term "Notes" refers to the Notes, the term "Issuer" refers only to Fortune Star (BVI) Limited and any successor obligor to the Notes, and the term "Parent Guarantor" refers only to Fosun International Limited and not to any of its subsidiaries. The Parent Guarantor's guarantee of the Notes is referred to as the "Parent Guarantee."

The Notes are to be issued under an indenture (the "Indenture"), to be dated as of the Original Issue Date, among the Issuer, the Parent Guarantor as guarantor, and The Bank of New York Mellon, London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in London at 160 Queen Victoria Street, London, EC4V 4LA, United Kingdom, as trustee (the "Trustee", which expression shall include its successor(s) and all persons for the time being the trustee under the Indenture). The Notes will be guaranteed by the Parent Guarantor. From time to time, the Parent Guarantor may elect to cause any of its Subsidiaries to Guarantee the Notes.

The following is a summary of certain provisions of the Indenture, the Notes and the Parent Guarantee. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes and the Parent Guarantee. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection during normal business hours on or after the Original Issue Date during normal business hours (being between 9:00 a.m. to 3:00 p.m. from Monday to Friday (other than public holidays) at the Corporate Trust Office of the Trustee currently located at The Bank of New York Mellon, London Branch, 160 Queen Victoria Street, London EC4V 4LA, United Kingdom, upon prior written request and proof of holding and identity to the satisfaction of the Trustee.

BRIEF DESCRIPTION OF THE ISSUER

The Issuer:

- is a wholly owned subsidiary incorporated solely for purposes of issuing the Notes and the Existing Indebtedness; and

- has no operating activities other than acting as issuer of the Notes and the Existing Indebtedness.

See "Risk Factors—Risks Relating to the Notes and the Parent Guarantee—The Issuer and the Parent Guarantor are dependent upon cash flow from other members of the group to meet their obligations on the Notes and the Parent Guarantee, respectively."

BRIEF DESCRIPTION OF THE NOTES

The Notes are:

- general obligations of the Issuer;
- senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- unsecured obligations, ranking at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law), including the Existing Indebtedness;
- guaranteed by the Parent Guarantor on a senior basis, subject to the limitations described below under the caption "—The Parent Guarantee" and in "Risk Factors—Risks Relating to the Notes and the Parent Guarantee";
- effectively subordinated to all secured obligations (if any) of the Issuer, to the extent of the assets serving as security therefor; and
- effectively subordinated to all secured obligations (if any) of the Parent Guarantor, to the extent of the assets serving as security therefor.

The Notes will mature on May 19, 2028 unless earlier redeemed or repurchased pursuant to the terms thereof and the Indenture.

The Notes will bear interest at 8.50% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrear on May 19 and November 19 of each year (each an "Interest Payment Date"), commencing May 19, 2025. Interest on the Notes will be paid to Holders at the close of business on May 4 or November 4 immediately preceding an Interest Payment Date (each a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. If interest shall be calculated for a period of less than a full semi-annual period, interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months. So long as the Notes are held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Notes will be made to the person shown as the holder in the register of the Notes at the close of business of the relevant clearing system on the Clearing System Business Date before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

Except as described under "—Optional Redemption," "—Redemption for Taxation Reasons" and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Issuer).

In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no interest on the Notes shall accrue for the period after such date.

The Indenture allows additional Notes to be issued from time to time (the "Additional Notes") having the same terms and conditions as the Notes (including the benefit of the Parent Guarantee) in all respects (or in all respects except for the issue date, the issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions), subject to certain limitations described under "—Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued.

The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by wire transfer by the Issuer at the office or agency of the Issuer maintained for that purpose in London, United Kingdom (which initially will be the specified office of the Paying Agent currently located at The Bank of New York Mellon, London Branch, 160 Queen Victoria Street, London EC4V 4LA, United Kingdom), and the Notes may be presented for registration of transfer or exchange at such office or agency; provided that, if the Notes are in definitive form and the Issuer is acting as its own paying agent at the option of the Issuer, payment of interest may be made by check mailed (at the expense of the Issuer) to the address of the Holders as such address appears in the Note register maintained by the Registrar or by wire transfer. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

THE PARENT GUARANTEE

The Parent Guarantee:

- is a general obligation of the Parent Guarantor;

- is senior in right of payment to all future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee;

- is effectively subordinated to the secured obligations (if any) of the Parent Guarantor, to the extent of the assets serving as security therefor; and

- is an unsecured obligation, ranking at least *pari passu* with all unsecured, unsubordinated indebtedness of the Parent Guarantor (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law).

The Parent Guarantor is a holding company that does not have significant operations. Under the Indenture, the Parent Guarantor will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. The Parent Guarantor will (1) agree that its obligations under the Parent Guarantee will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive its right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Parent Guarantee. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Parent Guarantee will be reinstated with respect to such payments as though such payment had not been made. All payments under the Parent Guarantee are required to be made in U.S. dollars.

If the Parent Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Parent Guarantor, and, depending on the amount of such indebtedness, the Parent Guarantor's ability on the Parent Guarantee could be reduced to zero.

As of June 30, 2024, the Parent Guarantor had consolidated borrowings of RMB222,309.5 million.

Release of the Parent Guarantee

The Parent Guarantee may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "—Defeasance—Defeasance and Discharge"; or
- upon a satisfaction and discharge as described under "—Satisfaction and Discharge."

No release of the Parent Guarantor from the Parent Guarantee shall be effective against the Trustee or the Holders until the Issuer has delivered to the Trustee an Officers' Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

FURTHER ISSUES

Subject to the covenants described below and in accordance with the terms of the Indenture, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Parent Guarantee) in all respects (or in all respects except for the issue date, the issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "Further Issue") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes.

OPTIONAL REDEMPTION

At any time and from time to time on or after November 19, 2026, the Issuer may at its option redeem the Notes, in whole or in part, at the following redemption prices (expressed as a percentage of principal amount of the Notes to be redeemed) plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the twelve-month period beginning on November 19 of the years indicated below:

Period	Redemption Price
2026	104.250%
2027 and thereafter	102.125%

At any time prior to November 19, 2026, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor the Paying Agent shall be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to November 19, 2026, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Parent Guarantor in an Equity Offering at a redemption price of 100% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Issuer and the Parent Guarantor may acquire Notes by means other than a redemption, whether by tender offers, open market purchases, negotiated transactions or otherwise, in accordance with applicable laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Selection and Notice

The Issuer will give not less than 30 days' nor more than 60 days' notice of any redemption to the Holders, the Trustee and the Agents. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

(1) if the Notes are listed on any national securities exchange and/or held through any clearing systems, in compliance with the requirements of the national securities exchange on which the Notes are listed and/or in compliance with the requirements of the clearing systems through which the Notes are held; or

(2) if the Notes are not listed on any national securities exchange and/or held through any clearing systems, on a pro rata basis by lot or such other method as the Trustee in its sole and absolute discretion shall deem to be fair and appropriate, unless otherwise required by law.

Any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, including any related Equity Offering or a Change of Control. In addition, if such redemption is subject to the satisfaction of one or more conditions precedent, the related notice shall describe each such condition, and if applicable, shall state that, in the Issuer's discretion, the date of redemption may be delayed until such time as any or all such conditions shall be satisfied or waived (*provided* that in no event shall such date of redemption be delayed to a date later than 60 days after the date on which such notice was mailed), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the date of redemption, or by the date of redemption as so delayed.

A Note of US$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

REPURCHASE OF NOTES UPON A CHANGE OF CONTROL TRIGGERING EVENT

Not later than 30 days following a Change of Control Triggering Event, the Issuer or the Parent Guarantor will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Issuer and the Parent Guarantor have agreed in the Indenture that they will timely repay all indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture.

Notwithstanding this agreement of the Issuer and the Parent Guarantor, it is important to note that if the Issuer or the Parent Guarantor is unable to repay (or cause to be repaid) all of the indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it will continue to be prohibited from purchasing the Notes. In that case, the failure of either the Issuer or the Parent Guarantor to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain debt instruments of the Parent Guarantor and its Subsidiaries. Future debt of the Parent Guarantor or its Subsidiaries may also (1) prohibit the Issuer or the Parent Guarantor from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require the repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Issuer or the Parent Guarantor to purchase the Notes could cause a default under other indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Issuer or the Parent Guarantor. The ability of the Issuer or the Parent Guarantor to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Issuer's and the Parent Guarantor's then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors—Risks Relating to the Notes and the Parent Guarantee—We may not be able to repurchase the Notes upon a Change of Control Triggering Event and we may not be able to repurchase the Existing Indebtedness upon a change of control triggering event as defined thereunder."

The phrase "all or substantially all," as used with respect to the assets of the Parent Guarantor in the definition of "Change of Control", will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Parent Guarantor has occurred.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Issuer or the Parent Guarantor purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred and shall not be liable to any person for any failure to do so.

NO MANDATORY REDEMPTION OR SINKING FUND

There will be no mandatory redemption or sinking fund payments for the Notes.

ADDITIONAL AMOUNTS

All payments of principal of, and premium (if any) and interest on the Notes or under the Parent Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer, the Parent Guarantor or a Surviving Person is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, if applicable, the PRC (each, as applicable, a "Relevant Jurisdiction"), or the jurisdiction through which payments are made, unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, will pay such additional amounts ("Additional Amounts") as will result in receipt by each Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction or the jurisdiction through which payments are made, other than merely holding such Note or the receipt of payments thereunder or under the Parent Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(iii) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, the Parent Guarantor or a Surviving Person, addressed to the Holder, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction or the jurisdiction through which payments are made, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction or the jurisdiction through which payments are made, unless such Note could not have been presented for payment elsewhere;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, duty, assessment or governmental charge;

(c) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(d) any combination of taxes, duties, assessments or governmental charges referred to in the preceding clauses (a), (b) and (c); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction or the jurisdiction through which payments are made, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under the Parent Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

REDEMPTION FOR TAXATION REASONS

The Notes may be redeemed, at the option of the Issuer, the Parent Guarantor or a Surviving Person, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable), the Trustee and the Agents, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer, the Parent Guarantor or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is proposed and becomes effective, or an official position is announced (i) with respect to the Issuer or the Parent Guarantor, on or after the Original Issue Date, or (ii) with respect to any Surviving Person, on or after the date such Surviving Person becomes a Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Issuer, the Parent Guarantor or a Surviving Person, as the case may be; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Notwithstanding anything to the contrary herein, the Issuer, the Parent Guarantor or a Surviving Person may not redeem the Notes in the case that Additional Amounts are payable in respect of PRC withholding tax at the rate applicable in the PRC as of the date of the Offering Circular to payments by PRC resident enterprises to non-PRC resident enterprises.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Issuer, the Parent Guarantor or a Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

(1) an Officers' Certificate stating that such change, amendment or stating of an official position referred to in this section under the caption "—Redemption for Taxation Reasons" has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, the Parent Guarantor or such Surviving Person, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change, amendment or stating of an official position referred to in this section under the caption "—Redemption for Taxation Reasons."

The Trustee is entitled to conclusively rely on and accept such Officers' Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

CERTAIN COVENANTS

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Liens

The Parent Guarantor will not, and will not permit any of its Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien (other than the Permitted Liens) of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, to secure any Relevant Indebtedness of the Issuer or the Parent Guarantor, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness of the Issuer or the Parent Guarantor, unless the Notes or the Parent Guarantee are equally and ratably secured by such Lien.

Provision of Financial Statements and Reports

(1) So long as any of the Notes remain outstanding, the Parent Guarantor will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized stock exchange on which the Parent Guarantor's Common Stock are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; *provided* that if at any time the Common Stock of the Parent Guarantor ceases to be listed for trading on a recognized stock exchange, the Parent Guarantor will file with the Trustee and furnish to the Holders:

    (a) as soon as they are available, but in any event within 120 calendar days after the end of the fiscal year of the Parent Guarantor, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally recognized firm of independent accountants; and

    (b) as soon as they are available, but in any event within 90 calendar days after the end of the second financial quarter of the Parent Guarantor, copies of its financial statements (on a consolidated basis and in the English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally recognized firm of independent accountants.

(2) In addition, so long as any of the Notes remain outstanding, the Parent Guarantor will provide to the Trustee as soon as possible and in any event within 30 days after the Parent Guarantor becomes aware or should reasonably become aware of the occurrence of a Default or an Event of Default, an Officers' Certificate setting forth the details of the Default or the Event of Default, and the action which the Parent Guarantor proposes to take with respect thereto.

In case of clause (2) above, the Trustee shall be entitled to rely conclusively on the Officers' Certificate without further investigation.

EVENTS OF DEFAULT

The following events will be defined as "Events of Default" in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon any required repurchase, acceleration, redemption or otherwise;

(2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 days;

(3) default in the performance or breach of the provisions of the covenants described under "—Consolidation, Merger and Sale of Assets" or the failure by the Issuer or the Parent Guarantor, as applicable, to make or consummate an Offer to Purchase in the manner described under the caption "—Repurchase of Notes upon a Change of Control Triggering Event";

(4) the Parent Guarantor or any Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any indebtedness for or in respect of moneys borrowed of the Issuer, the Parent Guarantor (including, for the avoidance of doubt, Existing Indebtedness) or any Significant Subsidiary (other than Entrusted Loans) having an outstanding principal amount of US$30.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such indebtedness of all such Persons, whether such indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;

(6) one or more final judgments or orders for the payment of money are rendered against the Issuer, the Parent Guarantor or any Significant Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$30.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Issuer's, the Parent Guarantor's or such Significant Subsidiary's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Issuer, the Parent Guarantor or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Parent Guarantor or any Significant Subsidiary or for any substantial part of the property and assets of the Issuer, the Parent Guarantor or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer, the Parent Guarantor or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Issuer, the Parent Guarantor or any Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Parent Guarantor or any Significant Subsidiary or for all or substantially all of the property and assets of the Issuer, the Parent Guarantor or any Significant Subsidiary or (c) effects any general assignment for the benefit of creditors; or

(9) the Parent Guarantor denies or disaffirms its obligations under the Parent Guarantee or, except as permitted by the Indenture, the Parent Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Issuer, the Parent Guarantor or any Significant Subsidiary (or a group of Subsidiaries that constitutes a Significant Subsidiary), the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee may on behalf of the Holders of Notes waive all past defaults (other than a Default or an Event of Default (i) in respect of the payment of principal, premium or interest, if any, on the Notes; or (ii) in respect of a covenant or provision of the Notes or the Indenture which under "—Amendments and Waiver" cannot be waived without the consent of 90% in principal amount of the outstanding Notes; in each case of (i) and (ii), which may only be waived with the consent of the Holders of at least 90% of the principal amount of the Notes then outstanding) and rescind and annul a declaration of acceleration and its consequences if the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon. In addition, the Trustee will not be required to act on the direction of the Holders unless it is indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee shall not be liable to any person for having acted on instruction or direction provided to it by Holders with respect to the Indenture and the Notes.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper and that is not inconsistent with any such direction received from Holders.

A Holder of Notes may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity and/or security and/or prefunding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;

(4) the Trustee does not comply with the written request within 60 days after receipt of the written request and the offer of indemnity and/or security and/or prefunding satisfactory to it; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the written request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holders of not less than 90% principal amount of the Notes then outstanding. No one or more of the Holders of the Notes shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under the Indenture, except in the manner expressly provided in the Indenture and for the equal and ratable benefit of all of the Holders.

Officers of the Parent Guarantor must certify in an Officers' Certificate in a form satisfactory to the Trustee, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Parent Guarantor and its Subsidiaries and the Parent Guarantor's and its Subsidiaries' performance under the Indenture and that the Parent Guarantor has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Parent Guarantor will also be obligated to notify the Trustee of any default or defaults in the performance of any covenants or agreements under the Indenture. See "—Provision of Financial Statements and Reports."

Neither the Trustee nor any Agent is obligated to do anything to ascertain whether any Event of Default or Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so, and each of the Trustee and the Agents may assume that no such Default or Event of Default has occurred and that the Issuer and the Parent Guarantor are performing all of their respective obligations under the Indenture and the Notes unless the Agent or the Responsible Officer of the Trustee has received written notice of the occurrence of such event or facts establishing that an Event of Default or Default has occurred or that the Issuer and the Parent Guarantor are not performing all of their respective obligations under the Indenture and the Notes.

CONSOLIDATION, MERGER AND SALE OF ASSETS

(a) The Parent Guarantor will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Parent Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of the Cayman Islands, Hong Kong or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Parent Guarantor under the Indenture and the Parent Guarantee, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Parent Guarantee, as the case may be, shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) the Parent Guarantor delivers to the Trustee (x) an Officers' Certificate and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

(4) the Issuer shall execute and deliver a supplemental indenture to the Indenture confirming that the Parent Guarantee shall apply to the obligations of the Issuer or the Surviving Person in accordance with the Notes and the Indenture; and

(5) no Rating Decline shall have occurred.

(b) The foregoing provisions would not necessarily afford Holders protection in the event of highly leveraged or other transactions involving the Parent Guarantor that may adversely affect Holders.

NO PAYMENTS FOR CONSENTS

The Parent Guarantor will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or the Parent Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, any payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or the Parent Guarantee in connection with an exchange offer, the Parent Guarantor and any of its Subsidiaries may exclude (i) Holders or beneficial owners of the Notes that are not "qualified institutional buyers" as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), (ii) Holders or beneficial owners of the Notes that are located in the U.S. or are "U.S. Persons" as defined in Regulation S under the Securities Act, and (iii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Parent Guarantor or any such Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of any jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Parent Guarantor in its sole discretion.

DEFEASANCE

Defeasance and Discharge

The Indenture will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

(1) the Issuer (a) has deposited with the Trustee (or its agent), in trust, cash in U.S. dollars and/or cash equivalents consisting of non-callable U.S. dollar-denominated government securities that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the

principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

(2) the Issuer has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and

(3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Parent Guarantor or any of its Subsidiaries is a party or by which the Parent Guarantor or any of its Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, the Parent Guarantee will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3)(x) and (5) under the first paragraph under "—Consolidation, Merger and Sale of Assets" and all the covenants described herein under "—Certain Covenants", clause (3) under "Events of Default" with respect to clause (3)(x) and (5) under the first paragraph under "—Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, clause (4) under "Events of Default" with respect to such other covenants and clauses (5) and (6) under "Events of Default" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of cash in U.S. dollars, cash equivalents consisting of non-callable U.S. dollar-denominated government securities or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of cash in U.S. dollars and/or cash equivalents consisting of non-callable U.S. dollar-denominated government securities on deposit with the Trustee (or its agent) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer will remain liable for such payments.

SATISFACTION AND DISCHARGE

The Indenture will be discharged and will cease to be of further effect as to all outstanding Notes, when:

(1) either:

(a) all Notes that have been authenticated and issued (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust by the Issuer and thereafter repaid to the Issuer) have been delivered to the Registrar for cancellation; or

(b) all Notes that have not been delivered to the Registrar for cancellation have become due and payable pursuant to a notice of redemption or otherwise or will become due and payable within one year, and the Issuer or the Parent Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or its agent) as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable U.S. dollar-denominated government securities, or a combination thereof, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Registrar for cancellation, for principal of, premium, if any, and interest, if any, on, the Notes to the date of maturity or redemption, as the case may be;

(2) in respect of clause 1(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or the Parent Guarantor is a party or by which the Issuer or the Parent Guarantor is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other indebtedness, and in each case the granting of Liens to secure such borrowings);

(3) the Issuer or the Parent Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

AMENDMENTS AND WAIVER

Amendments Without Consent of Holders

The Indenture, the Notes or the Parent Guarantee may be amended, without the consent of any Holder, to:

(1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes or the Parent Guarantee;

(2) comply with the provisions described under "—Consolidation, Merger and Sale of Assets";

(3) evidence and provide for the acceptance of appointment by a successor Trustee;

(4) release the Parent Guarantor from the Parent Guarantee as provided or permitted by the terms of the Indenture;

(5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(6) add any guarantee or any collateral to secure the Notes or the Parent Guarantee;

(7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;

(9) to conform the text of the Indenture, the Notes or the Parent Guarantee to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a *verbatim* recitation of a provision of Indenture, the Notes or the Parent Guarantee, which intent may be evidenced by an Officers' Certificate to that effect; or

(10) make any other change that does not materially and adversely affect the rights of any Holder.

Amendments With Consent of Holders

The Indenture, the Notes or the Parent Guarantee may be amended, and the compliance by the Issuer and the Parent Guarantor with any provision thereof may be waived, with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes; *provided*, however, that no such modification, amendment or waiver may, without the consent of Holders of not less than 90% in aggregate principal amount of the outstanding Notes:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;

(5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(7) release the Parent Guarantor from the Parent Guarantee, except as provided in the Indenture;

(8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(9) amend, change or modify the Parent Guarantee in a manner that adversely affects the Holders;

(10) reduce the amount payable upon an Offer to Purchase in the manner described under the caption "—Repurchase of Notes upon a Change of Control Triggering Event";

(11) change the redemption date or the redemption price of the Notes from that stated under the captions "—Optional Redemption" or "—Redemption for Taxation Reasons";

(12) amend, change or modify the obligation of the Issuer or the Parent Guarantor to pay Additional Amounts; or

(13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or the Parent Guarantee in a manner which adversely affects the Holders.

UNCLAIMED MONEY

Claims against the Issuer or the Parent Guarantor for the payment of principal, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

NO PERSONAL LIABILITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS, DIRECTORS OR EMPLOYEES

No recourse for the payment of the principal, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer or the Parent Guarantor in the Indenture, or in any of the Notes or the Parent Guarantee, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Issuer or the Parent Guarantor, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes or the Parent Guarantee. Such waiver may not be effective to waive liabilities under U.S. federal securities laws.

JUDGMENT CURRENCY

Any payment on account of an amount that is payable in U.S. dollars (the "Required Currency"), which is made to or for the account of any Holder of the Notes or the Trustee in lawful currency of any other jurisdiction (the "Judgment Currency"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or the Parent Guarantor, shall constitute a discharge of the Issuer's or the Parent Guarantor's obligation, if any, under the Indenture and the Notes or the Parent Guarantee, as the case may be, only to the extent of the amount of the Required Currency with such Holder or the Trustee, as the case may be, could purchase in London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such Holder or the Trustee, as the case may be, the Issuer and the Parent Guarantor shall indemnify and hold harmless the Holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

CONCERNING THE TRUSTEE AND THE AGENTS

The Bank of New York Mellon, London Branch will be appointed as Trustee under the Indenture and as paying agent (the "Paying Agent", including any successor) and The Bank of New York Mellon SA/NV, Dublin Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability and operating through its branch in Dublin at Riverside II, Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2, Ireland, will be appointed as registrar (the "Registrar", including any successor) and transfer agent (the "Transfer Agent", including any successor, and together with the Paying Agent and the Registrar, the "Agents") with regard to the Notes. Except during the continuance of an Event of Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless the requisite number of Holders have instructed the Trustee in writing and offered to the Trustee security and/or indemnity and/or prefunding satisfactory to it against any loss, liability or expense.

The Indenture contains provisions setting out the rights of the Trustee, the Agents and other persons such as delegates and co-trustees for the benefit and protection of such parties.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer or the Parent Guarantor, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Parent Guarantor and its Affiliates; *provided*, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

Neither the Trustee nor the Agents shall be responsible for the performance by any other person appointed by the Issuer in relation to the Notes and, unless notified in writing to the contrary, shall assume that the same are being duly performed. Neither the Trustee nor the Agents shall be liable to any Holder or any other person for any action taken by the Trustee or the Agents in accordance with the written instructions of the Holders. Each of the Trustee and the Agents shall be entitled to conclusively rely on any written direction of the Holders which has been duly given by the Holders of the requisite principal amount of the Notes outstanding.

Neither the Trustee nor the Agents shall be deemed to have knowledge of any Event of Default or Default unless the Responsible Officer of the Trustee or the Agents has been notified in writing of such Event of Default or Default.

Furthermore, each Holder, by accepting the Notes will agree, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

BOOK-ENTRY; DELIVERY AND FORM

The Notes will be represented by one global note in registered form without interest coupons attached (the "Global Note"). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

GLOBAL NOTE

Ownership of beneficial interests in the Global Note (the "book-entry interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "—Individual Definitive Notes," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

For so long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "Holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Issuer, the Parent Guarantor, the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note representing the Notes is exchanged for definitive certificates, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note representing the Notes is exchanged for definitive certificates, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.

PAYMENTS ON THE GLOBAL NOTE

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "—Additional Amounts."

Under the terms of the Indenture, the Issuer, the Agents and the Trustee will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Parent Guarantor, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- any action or failure to take any action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

REDEMPTION OF GLOBAL NOTE

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, however, that no book-entry interest of US$200,000 principal amount, or less, as the case may be, will be redeemed in part.

ACTION BY OWNERS OF BOOK-ENTRY INTERESTS

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

TRANSFERS

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

GLOBAL CLEARANCE AND SETTLEMENT UNDER THE BOOK-ENTRY SYSTEM

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

INFORMATION CONCERNING EUROCLEAR AND CLEARSTREAM

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the Parent Guarantor, the Trustee, the Agents or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

INDIVIDUAL DEFINITIVE NOTES

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with "—Events of Default" and the Issuer has received a written request from a Holder, the Issuer will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

NOTICES

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in mails (if intended for the Issuer or the Parent Guarantor) addressed to the Issuer or the Parent Guarantor at its registered office, or by electronic means in accordance with the terms of the Indenture. Notices and other communications may also be sent via electronic means in accordance with the terms of the Indenture; (if intended for the Trustee) addressed to the Trustee at the Corporate Trust Office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

CONSENT TO JURISDICTION; SERVICE OF PROCESS

Each of the Issuer and the Parent Guarantor will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, the Parent Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Fosun Management (US) Inc. at 28 Liberty Street, 44th Floor, New York, NY 10005, USA as agent for receipt of service of process in any such suit, action or proceeding.

GOVERNING LAW

Each of the Notes, the Parent Guarantee and the Indenture will provide that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

DEFINITIONS

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"*Affiliate*" means, with respect to any Person, whether now or in the future, as of the date on which, or any time during the period for which, the determination of affiliation is being made, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"*Applicable Premium*" means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present values at such redemption date of (x) the redemption price of such Note on November 19, 2026 (such redemption price being set forth in the table appearing under the caption "—Optional Redemption"), plus (y) all required remaining scheduled interest payments due on such Note through November 19, 2026 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

"*Business Day*" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in London, Hong Kong or New York City are authorized by law or governmental regulation to close.

"*Capital Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) the merger, amalgamation or consolidation of the Parent Guarantor with or into another Person (other than one or more of the Permitted Holders) or the merger or amalgamation of another Person with or into the Parent Guarantor, or the sale of all or substantially all the assets of the Parent Guarantor to another Person;

(2) the Permitted Holders are the beneficial owners of less than 40% of the total voting power of the Voting Stock of the Parent Guarantor;

(3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Parent Guarantor greater than such total voting power held beneficially by the Permitted Holders;

(4) individuals who on the Original Issue Date constituted the board of directors of the Parent Guarantor, together with any new directors whose nomination for election or whose election to the board of directors was approved by the Permitted Holders or a vote of at least a majority of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Parent Guarantor then in office; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor.

"*Change of Control Triggering Event*" means the occurrence of both a Change of Control and, provided that the Notes are rated by at least one Rating Agency, a Rating Decline.

"*Clearstream*" means Clearstream Banking S.A.

"*Common Stock*" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Corporate Trust Office*" means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which shall initially be located at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom, attention: Global Corporate Trust—Fortune Star (BVI) Limited and shall include a reference to the Specified Corporate Trust Office, facsimile: +44 207 964 2509.

"*Default*" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"*Dollar Equivalent*" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"*Equity Offering*" means (i) any underwritten primary public offering or private placement of Common Stock of the Parent Guarantor after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Parent Guarantor beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Parent Guarantor at the same price as the public offering or private placing price; *provided* that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Parent Guarantor being no less than US$25.0 million (or the Dollar Equivalent thereof).

"*Entrusted Loans*" means borrowings by a PRC Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Subsidiary to the lending bank as security for such borrowings, *provided* that, such borrowings are not reflected on the consolidated balance sheet of the Parent Guarantor.

"*Euroclear*" means Euroclear Bank SA/NV.

"*Exchange Equity Securities*" means any shares or equivalent in equity issued by any person other than the Issuer and the Parent Guarantor, and shall include any depositary or other receipts or certificates representing any such shares or equivalent.

"*Existing Indebtedness*" means, to the extent outstanding, the October 2020 Notes, the January 2021 Notes, the May 2021 Notes and the July 2021 Notes.

"*Fitch*" means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.

"*GAAP*" means Hong Kong Financial Reporting Standards as in effect from time to time. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with GAAP applied on a consistent basis.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided* that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Holder*" means the Person in whose name a Note is registered in the Note register.

"*Investment Grade*" means (1) a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, (2) a rating of "Aaa", or "Aa", "A" or "Baa", as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's, or any of its successors or assigns, (3) a rating of "AAA", "AA", "A", "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or any of its successors or assigns, or (4) the equivalent ratings of any Rating Agency or Rating Agencies, as the case may be, which shall have been designated by the Parent Guarantor as having been substituted for S&P, Moody's or Fitch or any of them, as the case may be.

"*Issuer*" means Fortune Star (BVI) Limited, a wholly owned subsidiary of the Parent Guarantor.

"*January 2021 Notes*" means the 5.05% Senior Notes due 2027 of the Issuer, guaranteed by the Parent Guarantor as the parent guarantor.

"*July 2021 Notes*" means the 3.95% Senior Notes due 2026 of the Issuer, guaranteed by the Parent Guarantor as the parent guarantor.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"*May 2021 Notes*" means the 5.0% Senior Notes due 2026 of the Issuer, guaranteed by the Parent Guarantor as the parent guarantor.

"*Moody's*" means Moody's Investors Service, Inc. and its successors.

"*Net Cash Proceeds*" means, with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"*October 2020 Notes*" means the 5.95% Senior Notes due 2025 of the Issuer, guaranteed by the Parent Guarantor as the parent guarantor.

"*Offer to Purchase*" means an offer to purchase Notes by the Issuer or the Parent Guarantor from the Holders commenced by the Issuer or the Parent Guarantor mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

(1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Issuer or the Parent Guarantor defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof.

No later than 9.00 a.m. (London time) on the date which is one Business Day prior to the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor shall pay or cause to be paid to the account of the Paying Agent money sufficient to pay the purchase price of the Notes or portions thereof so accepted. On the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor, as the case may be, shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Issuer or the Parent Guarantor, as the case may be. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Registrar shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof. The Issuer or the Parent Guarantor will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer or the Parent Guarantor will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer or the Parent Guarantor is required to repurchase Notes pursuant to an Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Parent Guarantor and its Subsidiaries which the Issuer or the Parent Guarantor in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer or the Parent Guarantor to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"*Officer*" means one of the directors or officers of the Issuer or the Parent Guarantor, as the case may be.

"*Officers' Certificate*" means a certificate signed by two Officers; provided that, with respect to the Officers' Certificate required to be delivered by the Issuer or the Parent Guarantor under the Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in the Issuer or the Parent Guarantor at the time such certificate is required to be delivered.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably acceptable to the Trustee.

"*Original Issue Date*" means November 19, 2024.

"*Permitted Holders*" means any or all of the following:

(1) Messrs. Guo Guangchang and Wang Qunbin;

(2) any estate and spouse or immediate family member of any Person specified in clause (1) or any legal representative of any of the foregoing;

(3) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Person specified in clause (1); and

(4) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% by Persons specified in clauses (1) and (2).

"*Permitted Liens*" means Liens (including extensions and renewals thereof) arising from Relevant Indebtedness (or any refinancing thereof) incurred for the purpose of financing (or refinancing) all or any part of the acquisition or cost of design, development, construction, installation or improvement of any real or personal property, plant or equipment.

"*Person*" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Preferred Stock*" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*PRC*" means the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan.

"*PRC Subsidiary*" means a Subsidiary organized under the laws of the PRC.

"*Rating Agencies*" means (1) S&P, (2) Moody's, (3) Fitch and (4) if S&P, Moody's, Fitch or any of them shall not make a rating of the Notes publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Parent Guarantor, which shall be substituted for S&P, Moody's, Fitch or any of them, as the case may be.

"*Rating Category*" means (1) with respect to S&P, any of the following categories: "BB", "B", "CCC", "CC", "C" and "D" (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: "Ba", "B", "Caa", "Ca", "C" and "D" (or equivalent successor categories); (3) with respect to Fitch, any of the following categories: "BB", "B", "CCC", "CC", "C" and "D" (or equivalent successor categories); and (4) the equivalent of any such category of S&P, Moody's or Fitch used by another Rating Agency or Rating Agencies, as the case may be. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P; "1", "2" and "3" for Moody's and "+" and "-" for Fitch; or the equivalent gradations for another Rating Agency or Rating Agencies, as the case may be) shall be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB", as well as from "B+" to "B", will constitute a decrease of one gradation).

"*Rating Date*" means (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Parent Guarantor or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under the caption "—Consolidation, Merger and Sale of Assets", that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"*Rating Decline*" means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Parent Guarantor or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below, or (2) in connection with actions contemplated under the caption "—Consolidation, Merger and Sale of Assets", the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(a) in the event the Notes are rated by each of Moody's, S&P and Fitch on the Rating Date as Investment Grade, the rating of the Notes by any Rating Agency shall be below Investment Grade;

(b) in the event the Notes are rated by any, but not all, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any such Rating Agency shall be below Investment Grade; or

(c) in the event the Notes are rated below Investment Grade by all Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"*Relevant Indebtedness*" means any present or future indebtedness issued outside of the PRC that is in the form of, or represented or evidenced by any bonds, notes, debentures, debenture stocks, loan stock certificates or other securities (but excluding any indebtedness that confers on holders the right to exchange such indebtedness for, or convert such indebtedness into, or otherwise purchase, subscribe or acquire, any Exchange Equity Securities), which are, or intended to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market and has a final maturity of one year or more from its date of incurrence or issuance.

"*Responsible Officer*" means, when used with respect to the Trustee, any managing director, vice president, trust associate, relationship manager, transaction manager, client service manager, any trust officer or any other officer located at the Specified Corporate Trust Office who customarily performs functions similar to those performed by any persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and in each such case, who shall have direct responsibility for the day to day administration of the Indenture.

"*S&P*" means S&P Global Ratings and its affiliates.

"*Significant Subsidiary*" means any Subsidiary, or group of Subsidiaries, that would, taken together, be a "significant subsidiary" as defined in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the Indenture.

"*Specified Corporate Trust Office*" means The Bank of New York Mellon, Hong Kong Branch located at Level 26, Three Pacific Place, 1 Queen's Road East, Hong Kong; Attention: Corporate Trust—Fortune Star (BVI) Limited; Email: honctrmta@bny.com.

"*Stated Maturity*" means, (1) with respect to any indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such indebtedness is due and payable as set forth in the documentation governing such indebtedness and (2) with respect to any scheduled installment of principal of or interest on any indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such indebtedness.

"*subsidiary*" means, with respect to any Person, any corporation, association or other business entity (1) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other subsidiaries of such Person, (2) which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to applicable GAAP; or (3) which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to applicable GAAP.

"*Subsidiary*" means any subsidiary of the Parent Guarantor.

"*Treasury Rate*" means, as of any redemption date, the yield to maturity as of the earlier of (a) such redemption date or (b) the date on which such Notes are defeased or satisfied and discharged, of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days prior to such date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to November 19, 2026; provided, however, that if the period from the redemption date to November 19, 2026 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such Treasury Rate shall be obtained by the Issuer.

"*Treasury Regulations*" means the regulations issued by U.S. Internal Revenue Service under the Internal Revenue Code of 1986, as such regulations may be amended from time to time.

"*Voting Stock*" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

PLAN OF DISTRIBUTION

Deutsche Bank AG, Singapore Branch, BNP Paribas, China CITIC Bank International Limited, Fosun International Securities Limited, The Hongkong and Shanghai Banking Corporation Limited, Natixis and Standard Chartered Bank are acting as joint global coordinators, joint bookrunners and joint lead managers of the offering, and Crédit Agricole Corporate and Investment Bank, CMB International Capital Limited and ICBC International Securities Limited are acting as joint bookrunners and joint lead managers of the offering. Subject to the terms and conditions stated in the purchase agreement dated the date of this Offering Circular, each Initial Purchaser named below has severally agreed to purchase, and we have agreed to sell to such Initial Purchaser, the principal amount of the Notes set forth opposite such Initial Purchaser's name, subject to further adjustments to be agreed among the Initial Purchasers.

Initial Purchaser	**Principal Amount of the Notes**
Deutsche Bank AG, Singapore Branch	US$48,000,000
BNP Paribas	US$36,000,000
China CITIC Bank International Limited	US$36,000,000
Fosun International Securities Limited	US$36,000,000
The Hongkong and Shanghai Banking Corporation Limited	US$36,000,000
Natixis	US$36,000,000
Standard Chartered Bank	US$36,000,000
Crédit Agricole Corporate and Investment Bank	US$12,000,000
CMB International Capital Limited	US$12,000,000
ICBC International Securities Limited	US$12,000,000
Total	US$300,000,000

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The Initial Purchasers must purchase all the Notes if they purchase any of the Notes. The Company or any of its subsidiaries or affiliates may from time to time purchase a portion of the Notes.

The Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this Offering Circular only outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S. See "Transfer Restrictions." The price at which the Notes are offered may be changed at any time without notice. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Initial Purchaser or such affiliate on behalf of the Issuer in such jurisdiction.

The Notes and the Parent Guarantee have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the benefit of, U.S. persons except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States or to, or for the benefit of, U.S. persons by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act.

Approval-in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Notes.

Deutsche Bank AG, Singapore Branch may engage in stabilizing transactions, syndicate covering transactions and penalty bids to the extent permitted by applicable laws and regulations. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit Deutsche Bank AG, Singapore Branch (as stabilizing manager) to reclaim a selling concession from a dealer when the Notes originally sold by such dealer are purchased in a stabilizing transaction or a covering transaction to cover short positions. Neither the Company nor the Initial Purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Company nor the Initial Purchasers makes any representation that Deutsche Bank AG, Singapore Branch (as stabilizing manager) will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this Offering Circular, which will be the fifth business day following the date of the pricing of the Notes.

The Initial Purchasers or their affiliates have performed commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The Initial Purchasers or their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of business for which they may receive customary fees and reimbursement of expenses. We may enter into hedging or other derivative transactions as part of our risk management strategy with one or more of the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

In connection with this offering of the Notes, the Initial Purchaser(s) and/or their affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Initial Purchasers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

We and the Parent Guarantor have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

SELLING RESTRICTIONS

General

No action has been taken or will be taken in any jurisdiction by the Company or the Initial Purchasers that would permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes and the Parent Guarantee have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefits of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in compliance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

The Notes may not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Initial Purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to UK Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression retail investor means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct—Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Company, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Company, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Company or any CMI (including its group companies) and inform the Initial Purchasers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer, the Company. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Initial Purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to project.leap@list.db.com, asia_syndicate@bnpparibas.com, ficc@fosunhn.net, hk_syndicate_omnibus@hsbc.com.hk, Project.Leap.2024@natixis.com and synhk@sc.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that it and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Company relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Initial Purchasers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Initial Purchaser with such evidence within the timeline requested.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the "FIEL"), and disclosure under the FIEL has not been made with respect to the Notes. Accordingly, the Notes may not be offered or sold, directly or indirectly in Japan or to, or for the account of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan, except pursuant to any exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and other applicable provisions of Japanese laws and regulations. As used in this paragraph, "resident of Japan" means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

Each Initial Purchaser has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

PRC

The Initial Purchasers have acknowledged that this Offering Circular does not constitute a public offer of the Notes, whether by way of sale or subscription, in the PRC. The Initial Purchasers have represented and agreed that, except to the extent consistent with applicable laws and regulations in the PRC, the Notes are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to the laws and regulatory requirements in the PRC, with the exception to the extent consistent with applicable laws and regulations in the PRC, the Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

British Virgin Islands

Each of the Initial Purchasers has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands laws.

This Offering Circular does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

TRANSFER RESTRICTIONS

Because of the following restrictions, we encourage you to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

The Notes are subject to restrictions on transfer as summarized below. By purchasing the Notes, you will be deemed to have made the following acknowledgements, representations to, and agreements with, us and the Initial Purchasers:

1. You understand and acknowledge that:

   - the Notes have not been registered under the Securities Act or any other applicable securities laws;

   - the Notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws;

   - the Notes are being offered and sold only to non-U.S. persons outside the United States in offshore transactions in reliance on Rule 903 of Regulation S under the Securities Act; and

   - unless so registered, the Notes may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 4 below.

2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing the Notes in an offshore transaction in accordance with Regulation S.

3. You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offering of the Notes, other than the information contained in this Offering Circular. You represent that you are relying only on this Offering Circular in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes including an opportunity to ask questions of and request information from us.

4. You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:

   (a) to us;

   (b) under a registration statement that has been declared effective under the Securities Act;

   (c) outside the United States in compliance with Rule 903 or 904 under the Securities Act; or

   (d) under any other available exemption from the registration requirements of the Securities Act,

   subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and in compliance with applicable state and other securities laws.

5. You also acknowledge that:

   - the above restrictions on resale will apply from the closing date until the date that is 40 days after the closing date (the "Resale Restriction Period"), and will not apply after the Resale Restriction Period ends;

   - we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of the Notes under clause 4(d) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee; and

   - each Note will contain a legend substantially to the following effect:

     THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE ISSUE DATE HEREOF (THE "RESALE RESTRICTION TERMINATION DATE"), ONLY (A) TO FORTUNE STAR (BVI) LIMITED (THE "ISSUER"), (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

6. You acknowledge that we, the Initial Purchasers, the Trustee, the Transfer Agent and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you will promptly notify us, the Transfer Agent and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

7. You also acknowledge that this Offering Circular has not been registered as a prospectus with the MAS under the SFA. Accordingly, you have represented, warranted and agreed that you have not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will you circulate or distribute, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

TAXATION

The following summary of certain BVI and Hong Kong tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Notes.

BRITISH VIRGIN ISLANDS

The Issuer does not constitute a tax resident in any jurisdiction.

The Issuer and all interest and other amounts paid by the Issuer in respect of the Notes to persons who are not resident in the BVI and any capital gains realized with respect to the Notes by persons who are not resident in the BVI are exempt from all provisions of the Income Tax Act in the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the BVI with respect to the Notes.

All instruments relating to transfers of property to or by the Issuer and all instruments relating to transactions in respect of the Notes and all instruments relating to other transactions relating to the business of the Issuer are exempt from payment of stamp duty in the BVI. This assumes that the Issuer does not hold an interest in real estate in the BVI.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Issuer or its members.

The BVI enacted the Economic Substance (Companies and Limited Partnerships) Act, 2018 (the "**ES Act**"), which became effective on January 1, 2019, and the Rules on Economic Substance in the Virgin Islands, containing rules and guidance relating to the interpretation of the ES Act and how the International Tax Authority (the "ITA") will carry out its obligations, were released on 9 October 2019, and were further updated on February 10, 2020. The Issuer is required to report to the ITA on a periodic basis to enable the ITA to monitor compliance with the economic substance requirements, if it is carrying on one or more relevant activities. If this is the case, it may be required to adopt adequate economic substance in the BVI.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "FSIE Amendments"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

PRC

For a discussion of certain PRC tax consequences that may apply if the Company were treated as a PRC tax resident see "Risk Factors—Risks Relating to China—We may be treated as a PRC resident enterprise for PRC tax purposes, which may subject us to PRC income taxes on our worldwide income and may result in PRC withholding taxes on payments on the Notes and PRC tax on a sale of the Notes."

RATINGS

The Notes are expected to be rated "BB-" by S&P Global Ratings.

ISSUANCE OF FOREIGN DEBT

The Notes will be issued pursuant to an approval received from the NDRC obtained by Fosun High Technology in relation to issuance of debt securities outside China. We will report relevant information and documents relating to the issue of the Notes and our main operational indicators to the NDRC within 10 PRC working days after the issue date of the Notes in accordance with such approval.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Jingtian & Gongcheng as to matters of PRC law, by Sidley Austin as to matters of the United States federal and New York law and Hong Kong law, and by Harney Westwood & Riegels as to matters of BVI laws. Certain legal matters will be passed upon for the Initial Purchasers by Jia Yuan Law Office as to matters of PRC law and by Linklaters as to matters of the United States federal and New York law.

INDEPENDENT AUDITORS

The consolidated financial information as of and for the years ended December 31, 2022 and 2023 set forth herein is derived from the consolidated statements of financial position of Fosun International Limited and its subsidiaries as of December 31, 2023, the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of Fosun International Limited and its subsidiaries for the year ended December 31, 2023 included in this Offering Circular, which have been audited by Ernst & Young, independent auditors, as stated in their report and in our annual report for the year ended December 31, 2023.

The unaudited consolidated financial information as of and for the six months ended June 30, 2023 and 2024 set forth herein is derived from our unaudited condensed consolidated financial statements for the six months ended June 30, 2024, which have been reviewed by Ernst & Young, our independent auditors, and are included elsewhere in this offering circular, and should be read in conjunction with such unaudited condensed consolidated financial statements, including the notes thereto.

GENERAL INFORMATION

CONSENTS

We have obtained all necessary consents, approvals and authorizations in the BVI and Hong Kong in connection with the issue and performance of the Notes and the Parent Guarantee. The entering into of the Indenture and the issue of the Notes have been authorized by a resolution of the Issuer's board of directors dated October 21, 2024 and the executive committee of the Company dated October 21, 2024.

LITIGATION

Save as disclosed in this Offering Circular, none of the Issuer and the Company is involved in any legal, governmental or arbitration proceedings during the last 12 months which may have, or have had in the recent past a significant effect on the financial position or profitability of the Issuer or the Company, nor so far as the Issuer or the Company is aware, no such governmental, legal or arbitration proceedings are pending or threatened.

NO MATERIAL ADVERSE CHANGE

Except as disclosed in this Offering Circular, there has been no material adverse change in the prospects of the Company since June 30, 2024 nor any significant change in the financial or trading position of the Company since June 30, 2024.

DOCUMENTS AVAILABLE

For so long as any of the Notes are outstanding, electronic copies of the articles of association of the Issuer and Articles of Association of the Company may be obtained during normal business hours on any weekday (except public holidays) at the principal office of the Company.

For so long as any of the Notes are outstanding, copies of the Indenture may be inspected free of charge at all reasonable times during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) by the holders of the Notes at the Corporate Trust Office of the Trustee being as of the date of this Offering Circular at Level 26, Three Pacific Place, 1 Queen's Road East, Hong Kong, following prior written request and proof of identity and holding to the satisfaction of the Trustee. For so long as any of the Notes are outstanding, electronic copies of our audited financial statement for the last financial year, if any, may be obtained during normal business hours on any weekday (except public holidays) at the principal office of the Company.

CLEARING SYSTEMS AND SETTLEMENT

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream under the Common Code number 292295774 and the International Securities Identification Number for the Notes is XS2922957746. Only Notes evidenced by the Global Note have been accepted for clearance through Euroclear and Clearstream.

LISTING

Approval-in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US$200,000.

GLOSSARY OF TERMS

This glossary contains certain conventions and technical terms we use when referring to our business. The English names of PRC companies are directly translated from their Chinese names and are furnished for ease of reference only, and should any inconsistencies between the Chinese names and the English names exist, the Chinese names shall prevail. The subsidiaries and investees listed thereunder are not meant to be exhaustive. The technical terms may not correspond to standard industry definitions.

COMPANIES

Our Group/the Group	Our Company and its subsidiaries

Holding Companies

Our Company/ the Company/ Fosun International	復星國際有限公司 (Fosun International Limited)
Financial Holdings	復星金融控股有限公司 (Fosun Financial Holdings Limited)
Gold Holdings	復星黃金控股有限公司 (Fosun Gold Holdings Limited)
Industrial Holdings	復星產業控股有限公司 (Fosun Industrial Holdings Limited)
Property Holdings	復星地產控股有限公司 (Fosun Property Holdings Limited)
Fosun High Technology	上海復星高科技(集團)有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.)

Portfolio Companies

Fosun Insurance Portugal	Fidelidade and its subsidiaries
Fidelidade	Fidelidade—Companhia de Seguros, S.A.
Fidelidade Assistência	Fidelidade Assistência—Companhia de Seguros, S.A. (formerly known as Cares—Companhia de Seguros, S.A.)
Multicare	Multicare-Seguros de Saúde, S.A.
Yong'an P&C Insurance	永安財產保險股份有限公司 (Yong'an Property Insurance Company Limited)
Pramerica Fosun Life Insurance	復星保德信人壽保險有限公司 (Pramerica Fosun Life Insurance Co., Ltd.)

Peak Reinsurance	Peak Reinsurance Company Limited
Industrial Investment	上海復星產業投資有限公司 (Shanghai Fosun Industrial Investment Co., Ltd.)
HAL	Hauck & Aufhäuser Privatbankiers AG (formerly known as Hauck & Aufhäuser Privatbankiers KGaA)
Fosun Finance Company	上海復星高科技集團財務有限公司 (Shanghai Fosun High Technology Group Finance Co., Ltd.)
Fosun Hani Securities	Fosun Hani Securities Limited
Resource Property	上海策源置業顧問股份有限公司 (Shanghai Resource Property Consulting Co., Ltd.)
Forte	復地(集團)股份有限公司 (Shanghai Forte Land Co., Ltd.)
Forte Entities	A group of companies which comprise Forte, its subsidiaries, joint ventures and associates
Fosun Pharma	上海復星醫藥(集團)股份有限公司 (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.), a company whose A shares are listed on the SSE with stock code 600196, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 02196
Fosun United Health Insurance	復星聯合健康保險股份有限公司 (Fosun United Health Insurance Co., Ltd.)
Luz Saúde	Luz Saúde, S.A. (formerly known as ESPÍRITO SANTO SAÚDE—SGPS, SA)
BabyTree	BabyTree Group, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01761
St Hubert	St Hubert SAS
Sanyuan Foods	北京三元食品股份有限公司 (Beijing Sanyuan Foods Co., Ltd.), a company whose shares are listed on the SSE with stock code 600429
YaoPharma	重慶藥友製藥有限責任公司 (YaoPharma Co., Ltd.)
Guilin Pharma	桂林南藥股份有限公司 (Guilin Pharmaceutical Co., Ltd.)

Henlius	上海復宏漢霖生物技術股份有限公司 (Shanghai Henlius Biotech, Inc.), a company whose shares are listed on the Hong Kong Stock Exchange with stock code 02696
Gland Pharma	Gland Pharma Limited, a company whose shares are listed on the National Stock Exchange of India Limited and BSE Limited with stock code GLAND
Sinopharm	國藥控股股份有限公司 (Sinopharm Group Co., Ltd.), a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01099
Sinopharm Investment	國藥產業投資有限公司 (Sinopharm Industrial Investment Co., Ltd.)
Shanghai Fosun Pharmaceutical	上海復星醫藥產業發展有限公司 (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)
Atlantis Sanya	A tourism destination of FTG on the Haitang Bay National Coast of Sanya, Hainan Province, PRC
Club Med	Club Med SAS
FTG	Fosun Tourism Group, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01992
Thomas Cook	Thomas Cook Group plc
Tom Tailor	TOM TAILOR Holding SE
Yuyuan	上海豫園旅遊商城(集團)股份有限公司 (Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.), a company whose shares are listed on the SSE with stock code 600655
Hainan Mining	海南礦業股份有限公司 (Hainan Mining Co., Ltd.), a company whose shares are listed on the SSE with stock code 601969
Intuitive Fosun	Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (直觀復星醫療器械技術(上海)有限公司), an associate of Fosun Pharma
ROC	Roc Oil Company Pty Limited

Parent Companies

Fosun Holdings	復星控股有限公司 (Fosun Holdings Limited)
Fosun International Holdings	Fosun International Holdings Ltd.

TECHNICAL TERMS

Insurance Sector

reinsurance	the practice of sharing or spreading of an insured risk of an insurer, or the reinsured, by ceding part of the risk to another insurer, or the reinsurer. The reinsurer, in consideration of a premium paid to it, agrees to indemnify the reinsured for part or all of the liability assumed by the insured under a contract or contracts of insurance which the reinsured has issued

Asset Management Sector

AUM	Asset under management refers to the asset we manage or with respect to which we have control, including capital we have the right to call from our investors pursuant to their capital commitments to various funds

Hive Property Business

BOC	building ownership certificate
GFA	gross floor area
LURC	land usage rights certificate
REC	real estate title certificate
sq.m.	square meter(s)

Health Segment

clinical trial	systematic research conducted with patients or healthy volunteers to prove or reveal the effects and undesirable reactions of a test drug and/or the pattern of absorption, distribution, metabolism and excretion in relation to a test drug for the purpose of confirming the therapeutic value and safety of the test drug

first-to-market chemical generic drug	the first chemical generic drug that receives approval to be launched, following the expiry of the patent of an innovative drug
generic drugs	drugs which use the same active ingredients as the original products and are generally available in the same strengths and dosage forms as the original
influenza	highly infectious respiratory disease. The disease is caused by certain strains of the influenza virus. When the virus is inhaled, it attacks cells in the upper respiratory tract, causing typical flu symptoms such as fatigue, fever and chills, a hacking cough, and body aches
innovative drugs	new chemical or biochemical drugs that are different from existing drugs or therapies to treat diseases
National Medical Insurance Drugs Catalogue	a catalogue of the list of pharmaceutical products under the National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Drugs Catalogue (國家基本醫療保險、工傷保險和生育保險藥品目錄(2009年版)) issued by the Ministry of Labor and Social Security of the PRC in 2009, as amended, supplemented or otherwise modified from time to time
non-prescription	a drug that may be bought by consumers over the counter without prescription
prescription drug	drugs which may only be prescribed by qualified medical practitioners
Provincial Medical Insurance Drugs Catalogue	the basic medical insurance, work injury insurance and maternity insurance drugs catalogue, issued by the local agency of human resources and social security of a province, municipality or autonomous region
WHO	World Health Organization

Other

Articles of Association	the current articles of association of the Company with the latest amendments made on June 17, 2008
Board	the board of Directors
CG Code	Corporate Governance Code contained in Appendix 14 of the Listing Rules

COVID-19	Coronavirus disease 2019
Director(s)	the director(s) of the Company
EUR, Euro or €	the euro, the lawful currency of the Eurozone
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
JPY	Japanese yen, the lawful currency of Japan
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Macau	the Macau Special Administrative Region of the People's Republic of China
NEEQ	National Equities Exchange and Quotations
NFRA	National Financial Regulatory Administration, the national regulatory authority of China in relation to the finance and insurance industries
PRC or China	the People's Republic of China, for purposes of this Offering Circular, the reference to PRC or China do not include Hong Kong, Macau or Taiwan
R&D	research and development
RMB	Renminbi, the lawful currency of the PRC
SFO	Securities and Futures Ordinance of Hong Kong
Share(s)	the share(s) of the Company
SSE	the Shanghai Stock Exchange
USD or US$	the United States dollars, the lawful currency of the United States

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Page references included in the consolidated financial statements for the year ended December 31, 2023 set forth above refer to pages in such consolidated financial statements as appeared in our annual reports for the years ended December 31, 2023. Page references included in the interim condensed consolidated financial statements for the six months ended June 30, 2024 set forth above refer to pages in such interim condensed consolidated financial statements as appeared in our interim report for the six months ended June 30, 2024.

Independent review report

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

Introduction
We have reviewed the interim financial information set out on pages 1 to 63, which comprises the condensed consolidated statement of financial position of Fosun International Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review
We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
17 October 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
TOTAL REVENUE	3	**97,838,439**	97,064,648
Revenue		**79,626,055**	78,847,395
Insurance revenue		**18,212,384**	18,217,253
Cost of sales		**(55,249,386)**	(54,776,033)
Insurance service expense		**(14,734,177)**	(15,185,907)
Net service expense from reinsurance contracts held		**(1,338,930)**	(1,198,247)
Financial expenses from insurance contracts issued		**(459,014)**	(432,410)
Financial income from reinsurance contracts held		**96,005**	52,418
Other income and gains	3	**7,603,404**	10,682,571
Selling and distribution expenses		**(9,512,721)**	(10,398,121)
Administrative expenses		**(13,240,885)**	(13,718,503)
Other expenses		**(3,135,749)**	(1,937,351)
Finance costs	4	**(6,459,543)**	(6,152,526)
Share of profits of:			
Joint ventures		**166,457**	377,185
Associates		**2,038,747**	2,618,088
PROFIT BEFORE TAX	5	**3,612,647**	6,995,812
Tax	6	**(1,109,922)**	(2,422,830)
PROFIT FOR THE PERIOD		**2,502,725**	4,572,982
Attributable to:			
Owners of the parent		**720,117**	1,359,746
Non-controlling interests		**1,782,608**	3,213,236
		2,502,725	4,572,982
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF OF THE PARENT	7		
Basic			
– For profit for the period (RMB)		**0.09**	0.17
Diluted			
– For profit for the period (RMB)		**0.09**	0.17

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**2,502,725**	4,572,982
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Finance reserve for insurance contracts issued	**(841,220)**	(1,220,738)
Income tax effect	**25,809**	319,193
	(815,411)	(901,545)
Finance reserve for reinsurance contracts held	**23,941**	72,748
Income tax effect	**(9,519)**	(16,304)
	14,422	56,444
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**38,695**	1,317,690
Changes in allowance for expected credit losses	**196,633**	77,781
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	**(73,898)**	(37,662)
Income tax effect	**(73,716)**	(426,960)
	87,714	930,849
Fair value adjustments of hedging instruments in cash flow hedges	**37,620**	(78,992)
Income tax effect	**(10,205)**	22,168
	27,415	(56,824)
Fair value adjustments of hedging of a net investment in a foreign operation	**(117,651)**	(140,750)
Income tax effect	**30,326**	44,336
	(87,325)	(96,414)
Share of other comprehensive income of associates	**408,414**	18,149
Reclassification adjustment for associates disposed of during the period	**548,375**	–
Share of other comprehensive loss of joint ventures	**(150,839)**	–
Exchange differences on translation of foreign operations	**(1,212,474)**	2,741,778
Reclassification adjustment for a foreign operation disposed of during the period	**(65,457)**	–
Net other comprehensive (loss)/gain that may be reclassified to profit or loss in subsequent periods	**(1,245,166)**	2,692,437

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME (Continued)		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Revaluation difference upon transfer from owner-occupied property to investment property	**–**	(8,849)
Income tax effect	**–**	3,487
	–	(5,362)
Actuarial reserve relating to employee benefits	**367,633**	24,490
Income tax effect	**(250,306)**	(7,203)
	117,327	17,287
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	**58,737**	1,278
Income tax effect	**4,395**	(980)
	63,132	298
Share of other comprehensive loss of associates	**(216,591)**	(217,284)
Share of other comprehensive loss of joint ventures	**(1,046)**	–
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(37,178)**	(205,061)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(1,282,344)**	2,487,376
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,220,381**	7,060,358
Attributable to:		
Owners of the parent	**7,249**	2,712,456
Non-controlling interests	**1,213,132**	4,347,902
	1,220,381	7,060,358

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	**30 June 2024 RMB'000 (Unaudited)**	31 December 2023 RMB'000 (Audited)
ASSETS			
Cash and bank balances		**109,553,892**	92,459,644
Reverse repurchase agreements		**5,768,098**	6,844,927
Loans and advances to customers		**15,493,838**	16,097,595
Trade and notes receivables	8	**14,597,106**	14,414,166
Inventories		**26,920,793**	26,233,846
Completed properties for sale		**15,245,029**	16,598,108
Properties under development		**45,082,640**	46,776,244
Contract assets and other assets		**400,023**	229,266
Due from related companies		**19,488,757**	18,015,068
Prepayments, other receivables and other assets		**34,617,005**	31,953,684
Assets classified as held for sale		**218,991**	2,906,203
Placements with and loans to banks and other financial institutions		**475,897**	473,054
Derivative financial instruments		**4,102,925**	3,615,676
Financial assets at fair value through profit or loss		**52,073,580**	52,941,186
Finance lease receivables		**312,513**	699,545
Reinsurance contract assets		**8,617,394**	9,117,577
Insurance contract assets		**1,827,746**	1,803,797
Debt investments at fair value through other comprehensive income		**76,066,083**	72,473,645
Debt investments at amortised cost		**28,341,234**	29,400,296
Policyholder account assets in respect of unit-linked contracts		**31,346,389**	29,442,770
Equity investments designated at fair value through other comprehensive income		**1,649,031**	2,696,542
Property, plant and equipment	9	**53,639,077**	55,226,701
Investment properties		**93,115,328**	93,340,801
Right-of-use assets		**22,049,257**	23,852,435
Exploration and evaluation assets		**552,831**	542,140
Mining rights		**1,302,913**	1,311,399
Oil and gas assets		**1,922,791**	1,974,760
Intangible assets		**36,545,966**	36,790,363
Investments in joint ventures		**12,511,706**	12,584,076
Investments in associates		**68,881,955**	68,254,580
Goodwill		**29,332,580**	29,547,898
Deferred tax assets		**9,834,658**	9,769,597
Total assets		**821,888,026**	808,387,589

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
LIABILITIES			
Deposits from customers		**86,131,302**	82,216,087
Assets sold under agreements to repurchase		**1,065,091**	188,063
Accounts payable to brokerage clients		**782,453**	990,853
Financial liabilities at fair value through profit or loss		**6,890,404**	6,697,408
Liabilities directly associated with the assets classified as held for sale		**80,327**	79,178
Trade and notes payables	10	**25,174,779**	26,407,670
Contract liabilities		**19,505,761**	19,865,129
Tax payable		**12,535,354**	13,148,210
Due to banks and other financial institutions		**3,804,832**	1,103,458
Derivative financial instruments		**4,693,808**	4,039,509
Accrued liabilities and other payables		**72,575,538**	74,582,013
Due to related companies		**2,394,445**	2,199,034
Interest-bearing bank and other borrowings	11	**222,309,504**	211,923,910
Reinsurance contract liabilities		**3,114,759**	3,103,216
Insurance contract liabilities		**60,458,430**	62,811,295
Investment contract liabilities		**36,766,981**	37,583,333
Financial liabilities for unit-linked contracts		**31,346,389**	29,442,770
Due to the holding company		**366,490**	244,358
Deferred income		**1,230,474**	1,243,012
Deferred tax liabilities		**21,435,814**	21,944,245
Total liabilities		**612,662,935**	599,812,751
NET ASSETS		**209,225,091**	208,574,838
EQUITY			
Equity attributable to owners of the parent			
Share capital		**37,372,529**	37,286,880
Treasury shares		**(249,766)**	(326,634)
Other reserves		**87,727,206**	87,976,542
		124,849,969	124,936,788
Non-controlling interests		**84,375,122**	83,638,050
Total equity		**209,225,091**	208,574,838

Guo Guangchang
Director

Gong Ping
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent										
	Issued capital RMB'000	Treasury shares RMB'000	Other deficits RMB'000	Surplus reserve RMB'000	Fair value reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2023 (audited)	37,286,880	(326,634)	(443,540)	18,339,142	(6,123,527)	8,926,756	69,354,854	(2,077,143)	124,936,788	83,638,050	208,574,838
Total comprehensive income/(loss) for the period	–	–	–	–	754,735	(275,606)	720,117	(1,191,997)	7,249	1,213,132	1,220,381
Distributions to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(1,781,014)	(1,781,014)
Transfer from retained profits	–	–	–	201,032	–	–	(201,032)	–	–	–	–
Disposal of subsidiaries (note 13(a))	–	–	–	–	–	–	–	–	–	(160,727)	(160,727)
Final dividend declared	–	–	–	–	–	–	(282,138)	–	(282,138)	–	(282,138)
Share of other reserve of associates	–	–	–	–	–	40,324	–	–	40,324	(5,895)	34,429
Share of other reserve of joint ventures	–	–	–	–	–	(12,651)	–	–	(12,651)	(7,571)	(20,222)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(328,791)	–	–	(328,791)	(401,887)	(730,678)
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	188,726	–	–	188,726	1,182,784	1,371,510
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	254,018	254,018
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	(138,027)	(138,027)
Deemed disposal of partial interests in subsidiaries	–	–	–	–	–	49,503	–	–	49,503	337,153	386,656
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	303,010	–	–	303,010	207,208	510,218
Repurchase and cancellation of shares of the Company	–	901	–	–	–	–	(127,002)	–	(126,101)	–	(126,101)
Equity-settled share-based payments of the Company**	85,649	75,967	–	–	–	(87,566)	–	–	74,050	–	74,050
Equity-settled share-based payments of subsidiaries	–	–	–	–	–	–	–	–	–	37,898	37,898
At 30 June 2024 (unaudited)	37,372,529	(249,766)	(443,540)*	18,540,174*	(5,368,792)*	8,803,705*	69,464,799*	(3,269,140)*	124,849,969	84,375,122	209,225,091

* These reserve accounts comprise the consolidated other reserves of RMB87,727,206,000 in the interim condensed consolidated statement of financial position.

** According to the share award scheme of the Company, 20,907,500 shares were vested during the period.

	Attributable to owners of the parent										
	Issued capital RMB'000	Treasury shares RMB'000	Other deficits RMB'000	Surplus reserve RMB'000	Fair value reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2022	37,146,381	(353,338)	(443,540)	16,763,784	(8,531,305)	9,989,782	69,848,546	(3,686,588)	120,733,722	78,341,297	199,075,019
Total comprehensive income/(loss) for the period	–	–	–	–	517,667	(710,248)	1,359,746	1,545,291	2,712,456	4,347,902	7,060,358
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	135,198	135,198
Distributions to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(2,449,759)	(2,449,759)
Transfer from retained profits	–	–	–	1,215,754	–	–	(1,215,754)	–	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(273,877)	(273,877)
Final dividend declared	–	–	–	–	–	–	(101,481)	–	(101,481)	–	(101,481)
Share of other reserve of associates	–	–	–	–	–	(104,472)	–	–	(104,472)	(2,215)	(106,687)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	171,370	–	–	171,370	(269,049)	(97,679)
Deemed acquisition of additional interest in subsidiaries	–	–	–	–	–	(19,080)	–	–	(19,080)	15,542	(3,538)
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	168	–	–	168	1,262	1,430
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	42,913	42,913
Deemed disposal of partial interests in subsidiaries	–	–	–	–	–	47	–	–	47	413	460
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	(128,691)	–	–	(128,691)	(58,262)	(186,953)
Repurchase and cancellation of shares of the Company	–	2,797	–	–	–	–	(72,209)	–	(69,412)	–	(69,412)
Equity-settled share-based payments of the Company*	–	158,160	–	–	–	(46,283)	–	–	111,877	–	111,877
Equity-settled share-based payments of subsidiaries	–	–	–	–	–	–	–	–	–	103,053	103,053
At 30 June 2023 (unaudited)	37,146,381	(192,381)	(443,540)	17,979,538	(8,013,638)	9,152,593	69,818,848	(2,141,297)	123,306,504	79,934,418	203,240,922

* According to the share award scheme of the Company, 20,359,760 shares were vested during the period for the six months ended 30 June 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June 2024 RMB'000 (Unaudited)	 2023 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**12,298,803**	17,156,501
Tax paid		**(1,649,991)**	(1,994,427)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**10,648,812**	15,162,074
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment, intangible assets, exploration and evaluation assets and oil and gas assets		**(4,486,210)**	(4,669,796)
Prepayments for addition of right-of use-assets		**(134,006)**	(33,331)
Increase of investment properties		**(690,873)**	(256,317)
Purchase of financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income and debt investments at amortised cost		**(98,060,217)**	(100,359,773)
Decrease in deposits of derivative financial instruments		**163,867**	26,705
Proceeds from disposal of financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income and debt investments at amortised cost		**96,850,650**	106,974,605
Proceeds from disposal of items of property, plant and equipment, intangible assets, non-current assets held for sale, investment properties and oil and gas assets		**4,047,128**	3,884,414
Repayment of deposits received and related interests from disposal of equity investment		**–**	(8,298,959)
Disposal of subsidiaries	13(a)	**280,742**	9,038,142
Proceeds from disposal or partial disposal of associates and joint ventures		**276,520**	656,959
Acquisition of subsidiaries		**(41,980)**	(1,159,456)
Investment in associates and joint ventures		**(584,745)**	(662,563)
Dividends and interest received from financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income, debt investments at amortised cost, associates and joint ventures		**2,691,332**	2,376,660
Decrease in pledged bank balances and time deposits with original maturity of more than three months		**1,894,475**	538,545
Prepayments for proposed acquisitions of long-term assets		**(2,321)**	(2,223)
Prepayment received from disposal of equity investment		**–**	9,948,959
Interest received		**390,137**	362,777
NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES		**2,594,499**	18,365,348

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling shareholders of subsidiaries	**941,880**	212,891
New bank and other borrowings	**85,998,303**	52,026,413
Principal portion of lease payments	**(2,073,349)**	(1,726,712)
Repayment of bank and other borrowings	**(71,781,668)**	(59,306,967)
Distribution paid to non-controlling shareholders of subsidiaries	**(1,342,288)**	(1,710,839)
Acquisition of additional interests in subsidiaries	**(726,613)**	(100,211)
Interest paid	**(6,081,958)**	(5,981,960)
Disposal of partial interests in subsidiaries without losing control	**1,371,510**	1,430
Dividend paid to shareholders	**(11,320)**	–
Increase in restricted cash	**(1,527,063)**	(4,521,881)
Settlement of financial liabilities at fair value through profit or loss	**(849,260)**	–
Repurchase of shares	**(126,101)**	(69,412)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**3,792,073**	(21,177,248)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**17,035,384**	12,350,174
Cash and cash equivalents at beginning of the period	**73,218,495**	85,473,432
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**90,253,879**	97,823,606
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
CASH AND BANK BALANCES AT END OF THE PERIOD	**109,553,892**	114,680,038
Less: Pledged bank balances and term deposits with original maturity of more than three months	**(17,492,693)**	(13,975,737)
Required reserve deposits	**(455,084)**	(666,082)
Restricted presale proceeds of properties	**(1,352,236)**	(2,214,613)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**90,253,879**	97,823,606

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 (the "Period") has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

As at 30 June 2024, the Group had the assets expected to be recovered in no more than twelve months of RMB329,854,539,000, and liabilities expected to be settled in no more than twelve months of RMB344,588,060,000. The liabilities expected to be settled in no more than twelve months exceeded assets expected to be recovered in no more than twelve months by RMB14,733,521,000. Having taken into account the unused financing facilities and the expected cash flows from operating, investing and financing activities, the directors consider that it is appropriate to prepare the financial information on a going concern basis.

The financial information relating to the year ended 31 December 2023 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Companies Registry (Hong Kong) as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2023. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

1.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information and the adoption of the hedge accounting requirements of HKFRS 9.

Adoption of the revised HKFRSs

Amendments HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

1.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

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

(a) Amendments to HKFRS 16

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any significant impact on the financial position or performance of the Group.

(b) Amendments to HKAS 1

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. The amendments did not have any significant impact on the interim condensed consolidated financial information.

Adoption of hedge accounting requirements of HKFRS 9

As of 1 January 2018, the Group has applied HKFRS 9, except for hedge accounting. As HKFRS 9 includes an accounting policy choice to continue to use hedge accounting requirements under HKAS 39, the Group elected to continue applying hedge accounting in accordance with HKAS 39.

The Group decided to start applying hedge accounting requirements of HKFRS 9 prospectively from 1 January 2024. The adoption of the hedge accounting requirements of HKFRS 9 has had no significant impact on the financial position or performance of the Group.

2. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on reportable operating segment profit or loss, which is measured consistently with the Group's profit or loss after tax. The head office and corporate expenses are allocated to each reportable segments based on their respective utilization of internal resources. Certain interest bearing bank and other borrowings which are managed on the group basis are allocated to each reportable segments based on their respective utilization of the financing.

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2024 (unaudited)

	Health	Happiness	Wealth		Intelligent Manufacturing		
			Insurance	Asset Management		Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	22,656,506	43,037,370	18,457,483	8,355,453	5,331,627	–	97,838,439
Inter-segment sales	603,978	134,764	149	134,150	13	(873,054)	–
Total revenue	23,260,484	43,172,134	18,457,632	8,489,603	5,331,640	(873,054)	97,838,439
Segment results:							
Profit before tax	2,088,678	1,223,742	1,933,052	(1,845,306)	260,844	(48,363)	3,612,647
Tax	(421,234)	(791,591)	(202,861)	377,733	(71,969)	–	(1,109,922)
Profit/(loss) for the period	1,667,444	432,151	1,730,191	(1,467,573)	188,875	(48,363)	2,502,725
Other segment information:							
Interest and dividend income	212,523	163,991	2,203,621	135,392	109,369	(67,623)	2,757,273
Other income and gains (excluding interest and dividend income)	118,264	2,196,414	1,793,119	732,590	8,692	(2,948)	4,846,131
Impairment losses recognised in the statement of profit or loss, net	(58,211)	(184,706)	(195,179)	(452,726)	(102,380)	–	(993,202)
Finance costs	(865,003)	(1,869,050)	(825,541)	(2,784,161)	(158,527)	42,739	(6,459,543)
Share of profits and losses of							
– Joint ventures	(105,580)	149,508	128,973	(6,444)	–	–	166,457
– Associates	991,953	6,403	36,741	1,114,671	(62,646)	(48,375)	2,038,747

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2023 (unaudited)

	Health	Happiness	Wealth		Intelligent Manufacturing		
			Insurance	Asset Management		Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	23,487,639	42,856,443	18,442,375	6,817,982	5,460,209	–	97,064,648
Inter-segment sales	349,929	145,182	1	174,706	–	(669,818)	–
Total revenue	23,837,568	43,001,625	18,442,376	6,992,688	5,460,209	(669,818)	97,064,648
Segment results:							
Profit before tax	2,436,449	2,140,433	1,547,080	563,701	424,599	(116,450)	6,995,812
Tax	(649,880)	(598,501)	(314,705)	(735,319)	(124,425)	–	(2,422,830)
Profit/(loss) for the period	1,786,569	1,541,932	1,232,375	(171,618)	300,174	(116,450)	4,572,982
Other segment information:							
Interest and dividend income	208,974	122,303	1,853,392	253,364	62,211	(67,773)	2,432,471
Other income and gains (excluding interest and dividend income)	723,396	3,713,940	1,366,816	2,165,909	287,096	(7,057)	8,250,100
Impairment losses recognised in the statement of profit or loss, net	(161,520)	(229,993)	(63,409)	(137,172)	(17,407)	–	(609,501)
Finance costs	(739,474)	(1,826,629)	(981,214)	(2,532,523)	(156,832)	84,146	(6,152,526)
Share of profits and losses of							
– Joint ventures	(95,841)	418,312	(403)	55,117	–	–	377,185
– Associates	1,167,779	108,749	21,993	1,536,146	(152,226)	(64,353)	2,618,088

2. OPERATING SEGMENT INFORMATION *(Continued)*

Total segment assets and liabilities as at 30 June 2024 and 31 December 2023 are as follows:

Segment assets:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Health	**128,689,377**	126,769,676
Happiness	**194,362,261**	196,770,992
Wealth		
Insurance	**187,758,842**	186,423,719
Asset Management	**279,129,927**	267,558,352
Intelligent Manufacturing	**40,912,928**	39,712,256
Eliminations*	**(8,965,309)**	(8,847,406)
Total consolidated assets	**821,888,026**	808,387,589

Segment liabilities:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Health	**62,832,943**	63,099,770
Happiness	**138,900,642**	142,680,236
Wealth		
Insurance	**174,510,160**	169,893,918
Asset Management	**221,205,970**	210,060,098
Intelligent Manufacturing	**21,282,171**	19,886,009
Eliminations*	**(6,068,951)**	(5,807,280)
Total consolidated liabilities	**612,662,935**	599,812,751

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

Revenue from external customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Chinese Mainland	**51,965,319**	52,978,625
Portugal	**11,850,498**	10,953,963
Other countries and regions	**34,022,622**	33,132,060
Total revenue	**97,838,439**	97,064,648

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

3. TOTAL REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Total Revenue		
Revenue from contracts with customers		
– Sale of goods	**54,029,245**	56,358,102
– Rendering of services	**22,351,895**	20,323,211
	76,381,140	76,681,313
Revenue from other sources		
– Insurance revenue	**18,212,384**	18,217,253
– Rental income	**1,115,431**	1,043,832
– Interest income	**2,376,578**	1,423,755
	21,704,393	20,684,840
Others		
– Less: Government surcharges	**(247,094)**	(301,505)
Total	**97,838,439**	97,064,648

3. TOTAL REVENUE, OTHER INCOME AND GAINS *(Continued)*

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

Disaggregated revenue information

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

For the six months ended 30 June 2024 (unaudited)

Segments:

	Health	Happiness	Wealth		Intelligent Manufacturing	
			Insurance	Asset Management		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Type of goods or services						
Sale of goods	**16,113,089**	**30,053,815**	**572**	**2,528,227**	**5,333,542**	**54,029,245**
Rendering of services	**6,582,867**	**12,769,856**	**245,009**	**2,713,730**	**40,433**	**22,351,895**
Total	**22,695,956**	**42,823,671**	**245,581**	**5,241,957**	**5,373,975**	**76,381,140**
Timing of revenue recognition						
Goods transferred at a point in time	**16,113,089**	**30,053,815**	**572**	**2,528,227**	**5,333,542**	**54,029,245**
Services transferred over time	**6,582,867**	**12,769,856**	**245,009**	**2,713,730**	**40,433**	**22,351,895**
Total	**22,695,956**	**42,823,671**	**245,581**	**5,241,957**	**5,373,975**	**76,381,140**

For the six months ended 30 June 2023 (unaudited)

Segments:

	Health	Happiness	Wealth		Intelligent Manufacturing	
			Insurance	Asset Management		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Type of goods or services						
Sale of goods	17,573,828	30,796,758	778	2,539,341	5,447,397	56,358,102
Rendering of services	5,964,524	12,052,691	225,049	2,033,230	47,717	20,323,211
Total	23,538,352	42,849,449	225,827	4,572,571	5,495,114	76,681,313
Timing of revenue recognition						
Goods transferred at a point in time	17,573,828	30,796,758	778	2,539,341	5,447,397	56,358,102
Services transferred over time	5,964,524	12,052,691	225,049	2,033,230	47,717	20,323,211
Total	23,538,352	42,849,449	225,827	4,572,571	5,495,114	76,681,313

3. TOTAL REVENUE, OTHER INCOME AND GAINS *(Continued)*

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Interest income	**578,165**	449,025
Dividends and interest from financial assets	**2,179,108**	1,983,446
Rental income	**391,292**	269,372
Government grants	**324,595**	496,360
Fee income relating to investment contracts	**614,869**	446,760
Others	**604,566**	630,798
Subtotal	**4,692,595**	4,275,761
Gains		
Gain on disposal of subsidiaries (note 13(a))	**2,001,951**	1,734,873
Gain on deemed disposal of associates	**2,979**	88,560
Gain on partial disposal/disposal of associates	**–**	315,853
Gain on bargain purchase of subsidiaries	**–**	1,491
Gain on disposal of items of property, plant and equipment	**33,956**	248,695
Gain on disposal of items of intangible assets	**49,629**	431,826
Gain on disposal of joint ventures	**–**	5,133
Gain on disposal of investment properties	**37,090**	–
Gain on fair value adjustment of investment properties	**–**	1,731,019
Gain on fair value adjustment of financial assets at fair value through profit or loss	**–**	1,849,360
Gain on reversal of impairment of debt investments at amortised cost	**777**	–
Exchange gains, net	**784,427**	–
Subtotal	**2,910,809**	6,406,810
Other income and gains	**7,603,404**	10,682,571

4. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Total interest expenses (excluding lease liabilities)	**6,309,323**	5,914,278
Incremental interest on other long term payables	**26,789**	19,175
Interest on lease liabilities	**465,656**	397,931
Less: Interest capitalised, in respect of bank and other borrowings	**(558,130)**	(546,961)
Interest expenses, net	**6,243,638**	5,784,423
Interest on discounted bills	**4,394**	6,690
Bank charges and other finance costs	**211,511**	361,413
Total finance costs	**6,459,543**	6,152,526

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of sales	**55,249,386**	54,776,033
Insurance service expense	**14,734,177**	15,185,907
Depreciation of items of property, plant and equipment (note 9)	**2,068,031**	1,874,681
Depreciation of items of right-of-use assets	**1,643,676**	1,533,030
Amortisation of:		
Mining rights	**7,719**	8,127
Intangible assets	**1,136,724**	1,052,014
Oil and gas assets	**342,129**	257,145
Impairment of financial assets and contract assets, net:		
– Impairment of receivables	**102,198**	59,114
– Provision for impairment of debt investments measured at fair value through other comprehensive income	**196,633**	77,781
– Provision for impairment of loans and advances to customers	**35,579**	110,732
– (Reversal of)/provision for impairment of debt investments at amortised cost	**(777)**	350
– Impairment of finance lease receivables	**91,153**	25,464
– Impairment of prepayments and other assets	**–**	10,486
Provision for inventories	**141,255**	68,320
Provision for impairment of investments in associates	**262,869**	61,284
Provision for impairment of completed properties for sale	**46,855**	18,452
Provision for impairment of intangible assets	**21,416**	87,891
Provision for impairment of property under development	**87,718**	89,627
Provision for impairment of items of property, plant and equipment (note 9)	**6,511**	–
Provision for impairment of goodwill	**1,792**	–
Loss/(gain) on partial disposal/disposal of associates	**286,097**	(315,853)
Loss/(gain) on fair value adjustment of investment properties	**178,357**	(1,731,019)
Loss/(gain) on fair value adjustment of financial assets at fair value through profit or loss	**50,962**	(1,849,360)
Loss on disposal of debt investments at fair value through other comprehensive income	**105,237**	123,850
Exchange (gain)/loss, net	**(784,427)**	24,162
Loss on derivative financial instruments	**330,801**	303,933

6. TAX

The major components of tax expenses for the six months ended 30 June 2024 and 2023 are as follows:

	Notes	For the six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current – Portugal, Hong Kong and others	(1)	**689,644**	647,845
Current – Chinese Mainland			
– Income tax in Chinese Mainland for the period	(2)	**1,257,409**	662,246
– LAT in Chinese Mainland for the period	(3)	**(389,274)**	246,794
Deferred tax		**(447,857)**	865,945
Tax expenses for the period		**1,109,922**	2,422,830

Notes:

(1) Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

The provision for income tax of Peak Reinsurance Company Limited, incorporated in Hong Kong, is based on a preferential rate for insurance companies of 8.25% (six months ended 30 June 2023: 8.25%).

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma"), which were incorporated in Israel, is based on a preferential rate of 6% (six months ended 30 June 2023: 6%).

The provision for income tax of Fidelidade – Companhia de Seguros, S.A. and its subsidiaries which was incorporated in Portugal, is based on a rate of 31.5% (six months ended 30 June 2023: 31.5%).

The provision for income tax of Club Med Holding and its subsidiaries which were incorporated in France acquired by the Group is based on a rate of 25.83% (six months ended 30 June 2023: 25.83%).

The provision for income tax of Hauck Aufhäuser Lampe Privatbank AG and its subsidiaries which were incorporated in Germany is based on a rate of 31.83% (six months ended 30 June 2023: 31.88%).

The provision for income tax of Gland Pharma Limited, which was incorporated in India, is based on a statutory rate of 25.17% (six months ended 30 June 2023: 25.17%).

(2) The provision for Chinese Mainland current income tax is based on a statutory rate of 25% (six months ended 30 June 2023: 25%) of the assessable profits of the Group as determined in accordance with the Enterprise Income Tax Law of the PRC which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Chinese Mainland, which were taxed at preferential rates of 0% to 20%.

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

During the period, the prepaid LAT of the Group amounted to RMB95,092,000(six months ended 30 June 2023: RMB108,671,000).

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 RMB24,692,000 (six months ended 30 June 2023: RMB176,967,000) in respect of the sales of properties in the period in accordance with the requirements set forth in the relevant PRC tax laws and regulations. During the period, unpaid LAT provision in the amount of RMB509,058,000 was reversed to the interim condensed consolidated statement of profit or loss based on the latest discussion and filing progress with local tax authorities or the completion of the clearance with local tax authorities by certain subsidiaries of the Group (six months ended 30 June 2023: RMB38,844,000).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the share award scheme, and the weighted average number of ordinary shares of 8,136,799,651 (six months ended 30 June 2023: 8,178,773,321) in issue during the period.

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

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**720,117**	1,359,746
Less: Cash dividends distributed to share award scheme	**(1,077)**	(343)
Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**719,040**	1,359,403
Cash dividends distributed to the share award scheme	**1,077**	343
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**720,117**	1,359,746

	Number of shares For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**8,136,799,651**	8,178,773,321
Effect of dilution – weighted average number of ordinary shares:		
– Share award scheme	**12,383,289**	12,724,816
– Share option scheme*	**–**	125
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**8,149,182,940**	8,191,498,262
Basic earnings per share (RMB)	**0.09**	0.17
Diluted earnings per share (RMB)	**0.09**	0.17

* For the period ended 30 June 2024, the potential ordinary shares of the share option scheme are excluded from the calculation of diluted earnings per share, because the exercise price of the share option scheme is higher than the average market price of the ordinary shares of the Company.

8. TRADE AND NOTES RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	**14,034,968**	13,676,040
Notes receivable	**562,138**	738,126
Total	**14,597,106**	14,414,166

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	**11,122,742**	10,477,833
91 to 180 days	**1,108,889**	1,124,775
181 to 365 days	**1,390,407**	1,655,346
1 to 2 years	**577,552**	614,929
2 to 3 years	**249,373**	223,907
Over 3 years	**246,741**	235,918
Subtotal	**14,695,704**	14,332,708
Less: Provision for impairment of trade receivables	**660,736**	656,668
Total	**14,034,968**	13,676,040

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

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

At 30 June 2024, the Group's trade and notes receivables with a carrying amount of approximately RMB272,996,000 (31 December 2023: RMB283,253,000) were pledged to secure interest-bearing bank and other borrowings and other liabilities as set out in note 11 to the interim condensed consolidated financial information.

9. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Carrying value at beginning of the period (audited)	**55,226,701**	45,668,203
Additions	**3,054,478**	3,234,846
Acquisition of subsidiaries	**–**	1,368,513
Transfer from investment properties	**–**	639,195
Disposal of subsidiaries (note 13(a))	**(1,584,650)**	(433,511)
Disposals	**(267,724)**	(261,397)
Transfer to investment properties	**–**	(824,865)
Provision for impairment (note 5)	**(6,511)**	–
Depreciation charge for the period (note 5)	**(2,068,031)**	(1,874,681)
Exchange realignment	**(715,186)**	685,679
Carrying value at end of the period (unaudited)	**53,639,077**	48,201,982

As at 30 June 2024, the Group's property, plant and equipment with a net carrying value of RMB12,364,730,000 (31 December 2023: RMB12,865,916,000) were pledged as security for interest-bearing bank and other borrowings as set out in note 11 to the interim condensed consolidated financial information.

10. TRADE AND NOTES PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	**21,420,203**	23,231,106
Notes payable	**3,754,576**	3,176,564
Total	**25,174,779**	26,407,670

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	**13,060,516**	16,121,038
91 to 180 days	**2,463,591**	2,102,846
181 to 365 days	**3,025,741**	1,798,814
1 to 2 years	**629,066**	907,245
2 to 3 years	**808,801**	701,168
Over 3 years	**1,432,488**	1,599,995
Total	**21,420,203**	23,231,106

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

11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bank loans:	(1)		
Guaranteed		**2,222,590**	446,816
Secured		**79,210,049**	72,556,104
Unsecured		**81,836,394**	84,668,628
		163,269,033	157,671,548
Corporate bonds and enterprise bonds	(2)	**12,045,588**	8,283,265
Private placement bond	(3)	**410,242**	458,714
Senior notes	(4)	**19,574,120**	19,604,788
Medium-term notes	(5)	**949,175**	1,207,711
Super short-term commercial papers	(6)	**4,574,685**	3,807,844
Exchangeable Bonds	(7)	**2,051,128**	2,043,667
Other borrowings, secured	(8)	**16,834,596**	16,090,210
Other borrowings, unsecured	(8)	**2,600,937**	2,756,163
Total		**222,309,504**	211,923,910

Notes:

(1) Certain of the Group's interest-bearing bank and other borrowings and other liabilities are secured by the pledges of assets with carrying values at the end of each reporting period as follows:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Pledge of assets:		
Pledged bank balances	**8,398,963**	6,871,900
Inventories	**799,725**	797,680
Completed properties for sale	**4,065,881**	5,399,355
Properties under development	**34,931,131**	31,545,999
Financial assets at fair value through profit or loss	**9,645,998**	11,221,408
Property, plant and equipment (note 9)	**12,364,730**	12,865,916
Investment properties	**65,120,508**	66,683,282
Right-of-use assets	**1,685,956**	2,016,590
Intangible assets	**411,269**	335,698
Investment in an associate	**16,439,939**	11,323,903
Other assets	**5,992,627**	6,161,236

Apart from the above, certain interest-bearing bank borrowings and other borrowings are secured by investments in subsidiaries as at 30 June 2024, including 1,898,679,692 shares of Shanghai Yuyuan Tourist Mart (Group) Co., Ltd., 707,900,000 shares of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., and 686,000,000 shares of Hainan Mining Co., Ltd.

11. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(1) Certain of the Group's interest-bearing bank and other borrowings and other liabilities are secured by the pledges of assets with carrying values at the end of each reporting period as follows: (Continued)

As at 30 June 2024, interest-bearing bank and other borrowings amounted to RMB1,992,064,000 (31 December 2023: RMB289,984,000) were guaranteed by related parties, as further detailed in note 16, and RMB230,526,000 (31 December 2023: RMB156,832,000) as at 30 June 2024 were guaranteed by third parties.

Certain other interest-bearing bank borrowings and other liabilities were secured by other unlisted subsidiaries' shares.

The bank loans bear interest at rates ranging from 0.10% to 12.37% (31 December 2023: 0.00% to 12.37%) per annum.

Other assets include items pledged in trade and notes receivables (note 8) with a carrying amount of RMB272,996,000 (31 December 2023: RMB283,253,000), due from related companies with a carrying amount of RMB5,465,000,000 (31 December 2023: RMB5,465,000,000), finance lease receivables with a carrying amount of RMB198,173,000 (2023: RMB374,492,000), and debt investments at fair value through other comprehensive income with a carrying amount of RMB56,458,000 (2023: RMB38,491,000).

(2) Corporate bonds and enterprise bonds

On 27 November 2019, Yuyuan issued five-year domestic corporate bonds with a par value of RMB600,000,000 and an effective interest rate of 4.95% per annum. Interest is paid annually in arrears and the maturity date is 27 November 2024.

On 20 February 2020, Yuyuan issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 3.60% per annum. On 20 February 2023, Yuyuan repaid in advance with a par value of RMB1,699,100,000. Interest is paid annually in arrears and the maturity date is 20 February 2025.

On 21 April 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB300,000,000 and an effective interest rate of 4.58% per annum. Interest is paid annually in arrears and the maturity date is 21 April 2025.

On 7 August 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 4.56% per annum. On 7 August 2023, Fosun High Technology repaid in advance with a par value of RMB1,890,000,000. Interest is paid annually in arrears and the maturity date is 7 August 2025.

On 2 November 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 4.87% per annum. On 2 November 2023, Fosun High Technology repaid in advance with a par value of RMB1,255,000,000. Among the rest of enterprise and corporate bonds, the ones with a par value of RMB263,700,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 2 November 2025.

On 4 June 2021, Fosun Insurance Portugal issued five-year corporate bonds with a par value of EUR500,000,000 and an effective interest rate of 4.25% per annum. Interest is paid at the maturity date which is 4 September 2026.

On 27 July 2021, Fosun High Technology issued three-year offshore corporate bonds with a par value of USD200,000,000 and an effective interest rate of 4.42% per annum. Interest is paid semi-annually in arrears and the maturity date is 27 July 2024.

On 15 March 2022, Fosun High Technology issued three-year offshore corporate bonds with a par value of USD150,000,000 and an effective interest rate of 3.24% per annum. Interest is paid semi-annually in arrears and the maturity date is 15 March 2025.

On 21 March 2022, Yuyuan issued three-year domestic corporate bonds with a par value of RMB550,000,000 and an effective interest rate of 4.95% per annum. Interest is paid annually in arrears and the maturity date is 21 March 2025.

On 29 May 2024, Fosun Insurance Portugal issued perpetual subordinated bonds with a par value of EUR500,000,000 and a coupon rate of 7.75% per annum. Interest is paid semi-annually in arrears.

11. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(3) Private placement bonds

On 22 November 2021, Napier TMK, a subsidiary of Yuyuan, issued three-year private placement bonds with a par value of JPY1,500,000,000 and the effective interest rate is 12.69% per annum. Interest is paid quarterly in arrears and the maturity date is 22 November 2024.

On 28 March 2022, Napier TMK, a subsidiary of Yuyuan, issued thirty-one-month private placement bonds with a par value of JPY3,500,000,000 and the effective interest rate is 5.19% per annum. Interest is paid quarterly in arrears and the maturity date is 31 October 2024.

On 1 April 2022, Tekapo TMK, a subsidiary of Fosun Management Holdings Limited, issued five-year private placement bonds with a par value of JPY700,000,000 and the effective interest rate is 1.69% per annum. Interest is paid quarterly in arrears and the maturity date is 1 April 2027.

On 31 July 2023, Napier TMK, a subsidiary of Yuyuan, issued fifteen-month private placement bonds with a par value of JPY3,500,000,000 and the effective interest rate is 8.00% per annum. Interest is paid quarterly in arrears and the maturity date is 31 October 2024.

(4) Senior notes

On 2 July 2020, Fortune Star (BVI) Limited ("Fortune Star"), a subsidiary of Fosun Industrial Holdings Limited, issued four-year senior notes with a par value of USD600,000,000 and an effective interest rate of 6.99%. Among these, senior notes with a par value of USD567,723,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 2 July 2024.

On 19 October 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD400,000,000 and an effective interest rate of 6.09%. Among these, senior notes with a par value of USD380,607,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 19 October 2025.

On 8 December 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD300,000,000 and an effective interest rate of 5.56%. Interest is paid semi-annually in arrears and the maturity date is 19 October 2025.

On 27 January 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued six-year senior notes with a par value of USD500,000,000 and an effective interest rate of 5.23%. Among these, senior notes with a par value of USD486,510,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 27 January 2027.

On 18 May 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD500,000,000 and an effective interest rate of 5.20%. Among these, senior notes with a par value of USD484,200,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 18 May 2026.

On 2 July 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of EUR500,000,000 and an effective interest rate of 4.15%. Among these, senior notes with a par value of EUR493,911,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 2 October 2026.

11. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(5) Medium-term notes

On 22 September 2020, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.01% per annum. On 22 September 2023, Fosun High Technology repaid in advance with a par value of RMB990,000,000. Interest is paid annually in arrears and the maturity date is 22 September 2025.

In March 2022, Fosun Pharma issued medium-term notes in an aggregate amount of RMB500,000,000, which bear interest at 3.50% per annum. The interest is payable annually in arrears and the maturity date is 9 March 2026. As at 30 June 2024, the book value of the medium-term notes is RMB240,000,000 at an interest rate of 4.20%.

On 27 October 2023, Fosun High Technology issued two-year medium-term notes with a par value of RMB700,000,000 and an effective interest rate of 6.8% per annum. Interest is paid annually in arrears and the maturity date is 27 October 2025.

(6) Super short-term commercial papers

On 6 March 2024, Yuyuan issued super short-term commercial papers with a par value of RMB600,000,000 and an effective interest rate of 4.70% per annum. Interest is payable at the maturity date which is 2 September 2024.

On 18 March 2024, Yuyuan issued super short-term commercial papers with a par value of RMB860,000,000 and an effective interest rate of 4.85% per annum. Interest is payable at the maturity date which is 15 August 2024.

On 18 April 2024, Fosun High Technology issued super short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 5.18% per annum. Interest is payable at the maturity date which is 13 January 2025.

On 29 May 2024, Fosun High Technology issued super short-term commercial papers with a par value of RMB500,000,000 and an effective interest rate of 4.50% per annum. Interest is payable at the maturity date which is 23 February 2025.

On 14 June 2024, Fosun High Technology issued super short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 4.00% per annum. Interest is payable at the maturity date which is 11 March 2025.

On 27 June 2024, Fosun High Technology issued super short-term commercial papers with a par value of RMB600,000,000 and an effective interest rate of 4.35% per annum. Interest is payable at the maturity date which is 24 March 2025.

(7) Exchangeable Bonds

On 29 March 2022, Fosun High Technology issued three-year Exchangeable Bonds (the "Exchangeable Bonds") with a par value of RMB 2 billion. The Exchangeable Bonds are convertible into ordinary shares of Hainan Mining Co., Ltd. ("Hainan Mining"), a subsidiary of the Group which is a listed company on the Shanghai Stock Exchange. The Exchangeable Bonds bear a fixed annual interest rate of 1%. The initial conversion price is RMB10.26 per share. The bondholders can convert the Exchangeable Bonds into the shares of Hainan Mining at the prevailing conversion price during the period from 29 September 2022 to 24 March 2025 (the "Conversion Period"). The Exchangeable Bonds are secured by 336 million shares of Hainan Mining A shares held by the Group. The maturity date of the Exchangeable Bonds is 28 March 2025. On the maturity date, Fosun High Technology will redeem the outstanding Exchangeable Bonds at 109% of the par value, excluding the interest in the third year. During the Conversion Period, if the closing price of Hainan Mining's A Shares is not less than 130% (inclusive 130%) of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, or if the total unconverted amount is less than RMB 30 million, Fosun High Technology has the right to redeem all or part of the outstanding Exchangeable Bonds at par value plus accrued interest. Within six months before the maturity date of the Exchangeable Bonds, if the closing price of Hainan Mining's A Shares is less than 70% of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, the bondholders have the right to sell all or part of the Exchangeable Bonds at par value plus accrued interest to the issuer. As at 30 June 2024, the prevailing conversion price of the Exchangeable Bonds was RMB10.02 per share.

11. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(8) Other borrowings

In March 2020, Fosun Tourism Group ("FTG"), a subsidiary of the Group, issued asset-backed securities which were backed by the Atlantis Sanya hotel and water park as mortgages with a coupon rate of 5%, and the 100% equity interest in Hainan Atlantis and operating revenue of Atlantis Sanya as a pledge. The principal and interest of the prioritised level shall be repaid semi-annually in 48 instalments in 24 years. The coupon rates of the securities of the prioritised level are subject to adjustments by FTG and the holders have the rights, at their option, to require FTG to redeem at an interval of every three years within the terms of the securities. The fund raised by FTG from the third party investors was recorded as other borrowings amounting to RMB6,315,460,000 (31 December 2023: RMB5,482,044,000) as at 30 June 2024.

In 2023, the Group issued three tranches of asset-backed securities (quasi-REITs) with a coupon rate of 4.5%, which were backed by certain properties in the Bund Financial Center in Shanghai as mortgage. The interest shall be paid quarterly in 18 years. The holder have the rights, at its option, to require the Group to redeem at an interval of every three years within the terms of the securities. The fund raised by the Group from the third party investor was recorded as other borrowings amount in total to RMB2,912,000,000 as at 30 June 2024 (31 December 2023: RMB2,912,000,000).

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 0% to 12.2% (31 December 2023: 0% to 12.2%) per annum.

12. DIVIDENDS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final declared – HKD0.038 per ordinary share (2023: HKD0.014)	**282,138**	101,481

The proposed final dividend of HKD 0.038 per ordinary share for the year ended 31 December 2023 was approved by the shareholders at the annual general meeting of the Company on 6 June 2024.

The board of directors did not recommend the payment of an interim dividend in respect of the period (six months ended 30 June 2023: Nil).

13. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

The major disposal of subsidiaries during the period was as follows:

In February 2024, Shanghai Zhuli Investment Co., Ltd., a subsidiary of the Group, disposed 100% of the equity interest in Shanghai Xingjianhui Business Management Co., Ltd. to an independent third party for the consideration of RMB160,000,000.

In June 2024, Yuhai Industrial Company Limited, a subsidiary of Shanghai Yuyuan Tourist Mart (Group) Co., Ltd., disposed 99.998% of the equity interests in Kabushiki Kaisha Shinsetsu to Goudou Kaisha YCH16 for a consideration of JPY40,837,218,888 (equivalent to RMB1,826,975,499).

13. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Disposal of subsidiaries *(Continued)*

The total net assets disposed of in respect of the disposal of the subsidiaries during the period were as follows:

	30 June 2024 RMB'000 (Unaudited)
Net assets disposed of:	
Cash and bank balances	734,602
Trade and notes receivables	115,536
Inventories	22,842
Properties under development	216,762
Due from related parties	3,181
Prepayments, other receivables and other assets	72,740
Property, plant and equipment (note 9)	1,584,650
Investment properties	82,338
Right-of-use assets	704,120
Intangible asset	5,552
Deferred tax assets	51,139
Trade and notes payables	(87,668)
Contract liabilities	(185,443)
Tax payable	(42,762)
Accrued liabilities and other payables	(483,201)
Lease liabilities	(400)
Due to related parties	(240,606)
Interest-bearing bank and other borrowings	(1,827,065)
Deferred tax liabilities	(266,075)
Non-controlling interests	(160,727)
	299,515
Reclassification adjustments from other comprehensive income upon disposal	(65,457)
Net gain on disposal of subsidiaries (note 3)	2,001,951
Fair value of the retained interests in subsidiaries disposed of	(1,946)
Total	2,234,063

13. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Disposal of subsidiaries *(Continued)*

An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	30 June 2024 RMB'000 (Unaudited)
Satisfied by:	
Cash	**2,234,063**
Cash consideration	**2,234,063**
Cash and bank balances disposed of	**(734,602)**
Cash consideration received in advance for disposal of subsidiaries	**88,594**
Receipt of unreceived cash consideration for disposal as at 31 December 2023	**21,563**
Cash consideration unreceived as at 30 June 2024	**(1,328,876)**
Net inflow of cash and cash equivalents included in cash flows from investing activities	**280,742**

(b) Goodwill

(i) Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	RMB'000 (Unaudited)
Gross carrying amount	
At 1 January 2024	30,911,230
Exchange realignment	(213,526)
At 30 June 2024	30,697,704
Accumulated impairment losses	
At 1 January 2024	1,363,332
Impairment losses recognised during the period	1,792
At 30 June 2024	1,365,124
Net book value	
At 1 January 2024	29,547,898
At 30 June 2024	29,332,580

14. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	**2,190,170**	2,874,389
Properties under development	**4,482,367**	3,295,154
Investments	**5,203,654**	4,230,115
Oil and gas assets	**1,093,964**	708
Total	**12,970,155**	10,400,366

15. CONTINGENT LIABILITIES

The Group had the following contingent liabilities:

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Principal amount of the guaranteed bank loans of:			
Related parties		**1,779,608**	1,780,500
Third parties		**510,605**	338,164
Qualified buyers' mortgage loans	(1)	**5,292,742**	5,970,909
Total		**7,582,955**	8,089,573

(1) As at 30 June 2024, the Group provided guarantees of approximately RMB 5,292,742,000 (31 December 2023: RMB5,970,909,000) in favour of their customers in respect of mortgage loans provided by banks to such customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the PRC. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made for the guarantees in the interim condensed consolidated financial information.

(2) Owing to the nature of the insurance business, the insurance and finance segment of the Group is involved in legal proceedings in the ordinary course of its activity, including being the plaintiff or the defendant in litigation and arbitration proceedings. Most of such legal proceedings involve claims concerning insurance policies, which are already provisioned, and some additional losses arising therefrom will be indemnified either by reinsurers or by other recoveries, like salvages. Although the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the Group believes that any resulting liabilities will not have a material adverse effect on its financial position or operating results.

16. RELATED PARTY TRANSACTIONS

(1) During the period, the Group had the following material transactions with related parties:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Associates, joint ventures and other related parties:		
Sales of pharmaceutical products	**3,292,974**	4,501,302
Purchases of pharmaceutical products	**197,449**	301,579
Sales of other products	**39,035**	21,780
Purchases of other products	**74,953**	49,588
Rental income	**7,958**	7,414
Rental expense	**840**	1,100
Service income	**154,865**	194,571
Interest income	**164,987**	161,116
Interest expense	**7,193**	12,226
Service expense	**8,719**	13,556
Increase of deposits from related companies	**1,050,197**	1,748,178
Decrease of deposits from related companies	**1,759,363**	2,166,918
Bank loan guarantees provided	**1,779,608**	2,152,699
Loans to related parties	**209,131**	816,346
Bank loan guarantees received	**2,692,064***	295,040

In the opinion of the directors, all related party transactions as set out above were conducted on normal commercial terms.

* As at 30 June 2024, interest-bearing bank and other borrowings amounted to RMB700,000,000 (classified as secured borrowings as in Note 11) were secured by a pledge of office property held by Wuhan Fosun Hanzheng Street Property Development Co., Ltd, which is a joint venture of the Group and RMB1,992,064,000 were guaranteed by Fosun International Holdings Limited and Fosun Holdings Limited, which is the ultimate holding company and holding company of the Group.

(2) Compensation of key management personnel of the Company:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	**26,386**	35,123
Equity-settled share award scheme expense	**24,236**	37,826
Equity-settled share option scheme expense	**8,215**	10,285
Pension scheme contributions	**246**	224
Total	**59,083**	83,458

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	**30 June 2024 RMB'000 (Unaudited)**	31 December 2023 RMB'000 (Audited)
Financial assets				
Loans and advances to customers	**1,114,952**	1,042,474	**1,158,367**	1,085,197
Financial assets included in prepayments, other receivables and other assets	**1,823,099**	1,874,238	**1,823,099**	1,874,238
Derivative financial instruments	**4,102,925**	3,615,676	**4,102,925**	3,615,676
Financial assets at fair value through profit or loss	**52,073,580**	52,941,186	**52,073,580**	52,941,186
Debt investments at fair value through other comprehensive income	**76,066,083**	72,473,645	**76,066,083**	72,473,645
Debt investments at amortised cost	**28,341,234**	29,400,296	**28,362,670**	29,386,205
Financial assets included in policyholder account assets in respect of unit-linked contracts	**29,371,847**	28,143,522	**29,371,847**	28,143,522
Equity investments designated at fair value through other comprehensive income	**1,649,031**	2,696,542	**1,649,031**	2,696,542
Associates measured at fair value through profit or loss	**10,224,638**	11,247,515	**10,224,638**	11,247,515
Total	**204,767,389**	203,435,094	**204,832,240**	203,463,726
Financial liabilities				
Deposits from customers	**99,701**	85,862	**89,917**	77,810
Financial liabilities at fair value through profit or loss	**6,890,404**	6,697,408	**6,890,404**	6,697,408
Derivative financial instruments	**4,693,808**	4,039,509	**4,693,808**	4,039,509
Financial liabilities included in accrued liabilities and other payables	**9,732,424**	9,232,239	**9,732,424**	9,232,239
Due to related companies and the holding company	**364,348**	244,358	**364,348**	244,358
Interest-bearing bank and other borrowings	**105,786,567**	116,555,663	**106,747,734**	122,783,119
Financial liabilities for unit-linked contracts	**29,371,847**	28,143,522	**29,371,847**	28,143,522
Total	**156,939,099**	164,998,561	**157,890,482**	171,217,965

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and bank balances, reverse repurchase agreements, finance lease receivables, placements with and loans to banks and other financial institutions, accounts payable to brokerage clients, investment contract liabilities, trade and notes receivables, trade and notes payables, due to banks and other financial institutions, due from related companies and assets sold under agreements to repurchase, the amounts expected to be recovered or settled in no more than 12 months in loans and advances to customers, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings, deposits from customers, due to related companies and the holding company approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the financial assets included in prepayments, other receivables and other assets, financial liabilities included in accrued liabilities and other payables, and interest-bearing bank and other borrowings which are expected to be recovered or settled in more than 12 months have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the amounts due to related companies and the holding company, financial liabilities included in accrued liabilities and other payables, and interest-bearing bank and other borrowings which are expected to be recovered or settled in more than 12 months as at 30 June 2024 was assessed to be insignificant. The fair values of listed bonds and senior notes are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include commodity derivative contracts, forward currency contracts, and currency and interest rate swaps. As at 30 June 2024, the fair values of commodity derivative contracts were measured using quoted market prices of commodity future contracts, while the fair values of the forward currency contracts and the fair values of currency and interest rate swaps were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amounts of the commodity derivative contracts, forward currency contracts, and currency and interest rate swaps are the same as their fair values.

The fair values of listed equity investments without a lock-up period are based on quoted market prices. The fair values of listed equity investments with a lock-up period have been estimated based on assumptions that are supported by observable market prices and the discount for lack of marketability. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required by fair value measurement are observable, the instruments are included in level 2. If one or more of the significant inputs is not based on observable market data, the instruments are included in level 3.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, income approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial assets in Level 3.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2024:

Unobservable inputs and sensitivity analysis for Level 3 assets

The financial assets measured at fair value held by the Group which were classified in Level 3 primarily correspond to debt securities, investment funds and certain unlisted equity securities not quoted in an active market.

The fair value of debt securities, which consist of public and corporate bonds, is determined using broker quotes that cannot be corroborated with observable market transactions. Significant unobservable inputs for these bonds would include proprietary cash flow models and issuer spreads, which are comprised of credit, liquidity, and other security-specific features of the bonds. An increase (decrease) in these issuer spreads would result in a lower (higher) fair value.

The fair values of investment funds classified in Level 3 are based on net asset value (NAV) reports provided by the management of such funds.

For certain unlisted equity securities, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, etc., which requires the Group to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to earnings multiples and price to book multiples, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. An increase (decrease) in multiples would result in a higher (lower) fair value. An increase (decrease) in liquidity discount would result in a lower (higher) fair value. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

Unobservable inputs and sensitivity analysis for Level 3 liabilities

Significant unobservable valuation inputs for the share redemption option granted to non-controlling shareholders of subsidiaries included in accrued liabilities and other payables is the progress of research and development activities, net profit or EBITDA of the subsidiaries.

Significant unobservable valuation input for other financial liabilities included in accrued liabilities and other payables is fair value of net assets of subsidiaries.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets measured at fair value:

As at 30 June 2024 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Derivative financial instruments	**492,696**	**1,362,814**	**2,247,415**	**4,102,925**
Financial assets at fair value through profit or loss	**13,896,246**	**14,867,257**	**23,310,077**	**52,073,580**
Debt investments at fair value through other comprehensive income	**68,888,203**	**6,552,698**	**625,182**	**76,066,083**
Financial assets included in policyholder account assets in respect of unit-linked contracts	**27,806,050**	**591,631**	**974,166**	**29,371,847**
Equity investments designated at fair value through other comprehensive income	**1,464,072**	**110,718**	**74,241**	**1,649,031**
Associates measured at fair value through profit or loss	**477,554**	**6,572,555**	**3,174,529**	**10,224,638**
Total	**113,024,821**	**30,057,673**	**30,405,610**	**173,488,104**

As at 31 December 2023 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instruments	616,201	1,794,706	1,204,769	3,615,676
Financial assets at fair value through profit or loss	13,745,622	15,736,431	23,459,133	52,941,186
Debt investments at fair value through other comprehensive income	64,729,256	5,832,838	1,911,551	72,473,645
Financial assets included in policyholder account assets in respect of unit-linked contracts	24,054,587	140,919	3,948,016	28,143,522
Equity investments designated at fair value through other comprehensive income	2,473,230	148,807	74,505	2,696,542
Associates measured at fair value through profit or loss	585,487	6,572,744	4,089,284	11,247,515
Total	106,204,383	30,226,445	34,687,258	171,118,086

During the period, no financial assets in Level 2 as at 31 December 2023 were transferred out to Level 1 due to the end of the lock-up period for these equity investments in 2024 (Six months ended 30 June 2023: Nil).

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets measured at fair value: *(Continued)*

The movements in fair value measurements within Level 3 during the period are as follows:

	Equity investments designated at fair value through other comprehensive income RMB'000	Debt investments at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Financial assets included in policyholder account assets in respect of unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Associates measured at fair value through profit or loss RMB'000	Total RMB'000
As at 31 December 2023	74,505	1,911,551	23,459,133	3,948,016	1,204,769	4,089,284	34,687,258
Total (losses)/gains recognised in the consolidated statement of profit or loss included in other gains	–	(103,516)	429,252	(71,682)	1,079,967	(9,878)	1,324,143
Total (losses)/gains recognised in other comprehensive income	(774)	161,187	–	–	–	–	160,413
Addition	510	394,516	1,595,121	41,458	–	–	2,031,605
Decrease	–	(1,690,107)	(2,034,720)	(2,863,285)	–	(443,967)	(7,032,079)
Exchange realignment	–	(48,449)	40,808	(80,341)	(37,321)	–	(125,303)
Transfers*	–	–	(179,517)	–	–	(460,910)	(640,427)
As at 30 June 2024	74,241	625,182	23,310,077	974,166	2,247,415	3,174,529	30,405,610

* During the period, the financial assets with a fair value of RMB640,427,000 in Level 3 as at 31 December 2023 were transferred out. The transfer was based on the significant input used in the fair value measurement as a whole.

	Equity investments designated at fair value through other comprehensive income RMB'000	Debt investments at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Financial assets included in policyholder account assets in respect of unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Associates measured at fair value through profit or loss RMB'000	Total RMB'000
As at 31 December 2022	87,419	1,302,349	23,461,348	3,483,794	158,523	3,456,034	31,949,467
Total (losses)/gains recognised in the consolidated statement of profit or loss included in other gains	–	(1,394)	743,860	73,238	210,566	331,653	1,357,923
Total (losses)/gains recognised in other comprehensive income	(7,389)	43,263	–	–	–	–	35,874
Addition	–	350,228	599,827	247,570	–	–	1,197,625
Decrease	(6,704)	(344,018)	(1,516,859)	(69,864)	–	(105,690)	(2,043,135)
Exchange realignment	1,165	354,986	772,129	226,322	1,812	–	1,356,414
Transfers*	–	–	(296,083)	–	–	706,694	410,611
As at 30 June 2023	74,491	1,705,414	23,764,222	3,961,060	370,901	4,388,691	34,264,779

* During the period, the financial assets with a fair value of RMB1,741,812,000 in Level 3 as at 31 December 2022 were transferred out, and a fair value of RMB2,152,423,000 in Level 2 as at 31 December 2022 were transferred in. The transfer was based on the significant input used in the fair value measurement as a whole.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets for which fair values are disclosed:

As at 30 June 2024 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Loans and advances to customers	**–**	**–**	**1,158,367**	**1,158,367**
Financial assets included in prepayments, other receivables and other assets	**–**	**1,823,099**	**–**	**1,823,099**
Debt investments at amortised cost	**22,096,315**	**5,693,069**	**573,286**	**28,362,670**
Total	**22,096,315**	**7,516,168**	**1,731,653**	**31,344,136**

As at 31 December 2023 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Loans and advances to customers	–	–	1,085,197	1,085,197
Financial assets included in prepayments, other receivables and other assets	–	1,874,238	–	1,874,238
Debt investments at amortised cost	23,672,212	5,126,206	587,787	29,386,205
Total	23,672,212	7,000,444	1,672,984	32,345,640

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

As at 30 June 2024 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial liabilities for unit-linked contracts	**27,806,050**	**591,631**	**974,166**	**29,371,847**
Financial liabilities included in accrued liabilities and other payables	**–**	**–**	**3,176,463**	**3,176,463**
Financial liabilities at fair value through profit or loss	**6,890,404**	**–**	**–**	**6,890,404**
Derivative financial instruments	**91,247**	**1,442,907**	**3,159,654**	**4,693,808**
Total	**34,787,701**	**2,034,538**	**7,310,283**	**44,132,522**

As at 31 December 2023 (audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial liabilities for unit-linked contracts	24,054,587	140,919	3,948,016	28,143,522
Financial liabilities included in accrued liabilities and other payables	–	–	3,385,474	3,385,474
Financial liabilities at fair value through profit or loss	5,746,472	950,936	–	6,697,408
Derivative financial instruments	17,761	1,931,544	2,090,204	4,039,509
Total	29,818,820	3,023,399	9,423,694	42,265,913

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value: *(Continued)*

The movements in fair value measurements in Level 3 during the period are as follows:

As at 30 June 2024 (unaudited)

	Financial liabilities included in accrued liabilities and other payables RMB'000	Financial liabilities for unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Total RMB'000
At 1 January	**3,385,474**	**3,948,016**	**2,090,204**	**9,423,694**
Total (gains)/losses recognised in the consolidated statement of profit or loss included in other income	**(41,227)**	**(71,682)**	**68,824**	**(44,085)**
Addition	**146,139**	**41,458**	**1,057,503**	**1,245,100**
Decrease	**(313,923)**	**(2,863,285)**	**–**	**(3,177,208)**
Exchange realignment	**–**	**(80,341)**	**(56,877)**	**(137,218)**
At 30 June	**3,176,463**	**974,166**	**3,159,654**	**7,310,283**

The movements in fair value measurements in Level 3 during the last period are as follows:

As at 30 June 2023 (unaudited)

	Financial liabilities included in accrued liabilities and other payables RMB'000	Financial liabilities for unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Total RMB'000
At 1 January	2,729,160	3,483,794	968,598	7,181,552
Total (gains)/losses recognised in the consolidated statement of profit or loss included in other income	(31,020)	73,238	47,682	89,900
Addition	290,139	247,570	180,573	718,282
Decrease	–	(69,864)	–	(69,864)
Exchange realignment	–	226,322	64,382	290,704
At 30 June	2,988,279	3,961,060	1,261,235	8,210,574

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities for which fair values are disclosed:

As at 30 June 2024 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	22,305,284	84,442,450	–	106,747,734
Deposits from customers	–	–	89,917	89,917
Due to related companies and the holding company	–	364,348	–	364,348
Financial liabilities included in accrued liabilities and other payables	–	6,555,961	–	6,555,961
Total	22,305,284	91,362,759	89,917	113,757,960

As at 31 December 2023(audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	31,918,898	90,864,221	–	122,783,119
Deposits from customers	–	–	77,810	77,810
Due to related companies and the holding company	–	244,358	–	244,358
Financial liabilities included in accrued liabilities and other payables	–	5,846,765	–	5,846,765
Total	31,918,898	96,955,344	77,810	128,952,052

18. LIQUIDITY INFORMATION

The Group presents all assets and liabilities to being in order of liquidity in the consolidated statement of financial position. The Group further discloses the amounts expected to be recovered or settled no more/more than twelve months for each asset and liability line item in the table below.

As at 30 June 2024

	Total RMB'000	No more than 12 months RMB'000	More than 12 months RMB'000
ASSETS			
Cash and bank balances	109,553,892	108,943,513	610,379
Reverse repurchase agreements	5,768,098	5,768,098	–
Loans and advances to customers	15,493,838	14,378,886	1,114,952
Trade and notes receivables	14,597,106	14,597,106	–
Inventories	26,920,793	26,920,793	–
Completed properties for sale	15,245,029	15,245,029	–
Properties under development	45,082,640	41,989,440	3,093,200
Contract assets and other assets	400,023	400,023	–
Due from related companies	19,488,757	19,115,564	373,193
Prepayments, other receivables and other assets	34,617,005	28,396,139	6,220,866
Assets classified as held for sale	218,991	218,991	–
Placements with and loans to banks and other financial institutions	475,897	51,588	424,309
Derivative financial instruments	4,102,925	3,560,446	542,479
Financial assets at fair value through profit or loss	52,073,580	27,291,780	24,781,800
Finance lease receivables	312,513	141,055	171,458
Reinsurance contract assets	8,617,394	5,366,863	3,250,531
Insurance contract assets	1,827,746	1,155,001	672,745
Debt investments at fair value through other comprehensive income	76,066,083	7,505,414	68,560,669
Debt investments at amortised cost	28,341,234	6,342,345	21,998,889
Policyholder account assets in respect of unit-linked contracts	31,346,389	2,466,465	28,879,924
Equity investments designated at fair value through other comprehensive income	1,649,031	–	1,649,031
Property, plant and equipment	53,639,077	–	53,639,077
Investment properties	93,115,328	–	93,115,328
Right-of-use assets	22,049,257	–	22,049,257
Exploration and evaluation assets	552,831	–	552,831
Mining rights	1,302,913	–	1,302,913
Oil and gas assets	1,922,791	–	1,922,791
Intangible assets	36,545,966	–	36,545,966
Investments in joint ventures	12,511,706	–	12,511,706
Investments in associates	68,881,955	–	68,881,955
Goodwill	29,332,580	–	29,332,580
Deferred tax assets	9,834,658	–	9,834,658
Total assets	821,888,026	329,854,539	492,033,487

18. LIQUIDITY INFORMATION *(Continued)*

As at 30 June 2024 *(Continued)*

	Total RMB'000	No more than 12 months RMB'000	More than 12 months RMB'000
LIABILITIES			
Deposits from customers	**86,131,302**	86,031,601	99,701
Assets sold under agreements to repurchase	**1,065,091**	1,065,091	–
Accounts payable to brokerage clients	**782,453**	782,453	–
Financial liabilities at fair value through profit or loss	**6,890,404**	6,890,404	–
Liabilities directly associated with the assets classified as held for sale	**80,327**	80,327	–
Trade and notes payables	**25,174,779**	25,174,779	–
Contract liabilities	**19,505,761**	19,119,343	386,418
Tax payable	**12,535,354**	12,535,354	–
Due to banks and other financial institutions	**3,804,832**	3,804,832	–
Derivative financial instruments	**4,693,808**	4,335,808	358,000
Accrued liabilities and other payables	**72,575,538**	44,605,997	27,969,541
Due to related companies	**2,394,445**	974,223	1,420,222
Interest-bearing bank and other borrowings	**222,309,504**	116,522,937	105,786,567
Reinsurance contract liabilities	**3,114,759**	2,901,397	213,362
Insurance contract liabilities	**60,458,430**	15,968,710	44,489,720
Investment contract liabilities	**36,766,981**	3,730,519	33,036,462
Financial liabilities for unit-linked contracts	**31,346,389**	62,143	31,284,246
Due to the holding company	**366,490**	2,142	364,348
Deferred income	**1,230,474**	–	1,230,474
Deferred tax liabilities	**21,435,814**	–	21,435,814
Total liabilities	**612,662,935**	344,588,060	268,074,875
NET ASSETS	**209,225,091**	(14,733,521)	223,958,612

18. LIQUIDITY INFORMATION *(Continued)*

As at 31 December 2023

	Total RMB'000	No more than 12 months RMB'000	More than 12 months RMB'000
ASSETS			
Cash and bank balances	92,459,644	91,809,939	649,705
Reverse repurchase agreements	6,844,927	6,844,927	–
Loans and advances to customers	16,097,595	15,055,121	1,042,474
Trade and notes receivables	14,414,166	14,414,166	–
Inventories	26,233,846	26,233,846	–
Completed properties for sale	16,598,108	16,598,108	–
Properties under development	46,776,244	43,699,045	3,077,199
Contract assets and other assets	229,266	229,266	–
Due from related companies	18,015,068	17,644,106	370,962
Prepayments, other receivables and other assets	31,953,684	25,958,636	5,995,048
Assets classified as held for sale	2,906,203	2,906,203	–
Placements with and loans to banks and other financial institutions	473,054	40,798	432,256
Derivative financial instruments	3,615,676	2,884,854	730,822
Financial assets at fair value through profit or loss	52,941,186	34,483,856	18,457,330
Finance lease receivables	699,545	246,067	453,478
Reinsurance contract assets	9,117,577	5,848,156	3,269,421
Insurance contract assets	1,803,797	1,246,787	557,010
Debt investments at fair value through other comprehensive income	72,473,645	7,645,481	64,828,164
Debt investments at amortised cost	29,400,296	9,799,024	19,601,272
Policyholder account assets in respect of unit-linked contracts	29,442,770	1,019,981	28,422,789
Equity investments designated at fair value through other comprehensive income	2,696,542	–	2,696,542
Property, plant and equipment	55,226,701	–	55,226,701
Investment properties	93,340,801	–	93,340,801
Right-of-use assets	23,852,435	–	23,852,435
Exploration and evaluation assets	542,140	–	542,140
Mining rights	1,311,399	–	1,311,399
Oil and gas assets	1,974,760	–	1,974,760
Intangible assets	36,790,363	–	36,790,363
Investments in joint ventures	12,584,076	–	12,584,076
Investments in associates	68,254,580	–	68,254,580
Goodwill	29,547,898	–	29,547,898
Deferred tax assets	9,769,597	–	9,769,597
Total assets	808,387,589	324,608,367	483,779,222

18. LIQUIDITY INFORMATION *(Continued)*

As at 31 December 2023 *(Continued)*

	Total RMB'000	No more than 12 months RMB'000	More than 12 months RMB'000
LIABILITIES			
Deposits from customers	82,216,087	82,130,225	85,862
Assets sold under agreements to repurchase	188,063	188,063	–
Accounts payable to brokerage clients	990,853	990,853	–
Financial liabilities at fair value through profit or loss	6,697,408	6,697,408	–
Liabilities directly associated with the assets classified as held for sale	79,178	79,178	–
Trade and notes payables	26,407,670	26,407,670	–
Contract liabilities	19,865,129	19,540,492	324,637
Tax payable	13,148,210	13,148,210	–
Due to banks and other financial institutions	1,103,458	1,103,458	–
Derivative financial instruments	4,039,509	3,072,674	966,835
Accrued liabilities and other payables	74,582,013	46,096,804	28,485,209
Due to related companies	2,199,034	789,550	1,409,484
Interest-bearing bank and other borrowings	211,923,910	95,368,247	116,555,663
Reinsurance contract liabilities	3,103,216	2,920,479	182,737
Insurance contract liabilities	62,811,295	19,902,067	42,909,228
Investment contract liabilities	37,583,333	5,037,346	32,545,987
Financial liabilities for unit-linked contracts	29,442,770	55,777	29,386,993
Due to the holding company	244,358	–	244,358
Deferred income	1,243,012	–	1,243,012
Deferred tax liabilities	21,944,245	–	21,944,245
Total liabilities	599,812,751	323,528,501	276,284,250
NET ASSETS	208,574,838	1,079,866	207,494,972

19. EVENT AFTER THE REPORTING PERIOD

There have been no significant events since the end of the Reporting Period.

Independent auditor's report

Ernst & Young
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Quarry Bay, Hong Kong

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

Opinion

We have audited the consolidated financial statements of Fosun International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 123 to 352, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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

EY 安永

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

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of investment properties	
As at 31 December 2023, the carrying amount of investment properties, which are stated at fair value, amounted to approximately RMB93,341 million. Management engages external valuers to facilitate its determination of the fair values of all investment properties and the Group's policy is that property valuations are performed by external valuers on a regular basis. The valuation of the investment properties is highly dependent on estimates and assumptions, such as estimated rental, capitalisation rates, occupancy rates and market knowledge. The use of different estimates and assumptions could result in significantly different fair values. The Group's disclosures about the fair value measurement of investment properties are included in note 2.4 *Material accounting policies* and note 3 *Significant accounting judgements and estimates – estimation uncertainty (iv)*, which specify the policies regarding the fair value measurement of investment properties, and note 33 which specifically explains the fair value hierarchy and valuation techniques and the key inputs to the valuation of investment properties.	Amongst our audit procedures, we considered the objectivity, independence and expertise of the external valuers. We involved internal valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples, which included reference to the leasing contracts, external market rents and historical information of occupancy rates, and in respect of the capitalisation rates, our internal specialists assisted us in checking to the market data applied by real estate industry analysis. We also assessed the adequacy of the disclosures on the fair value measurement of investment properties.
Valuation of insurance contract liabilities	
The Group had significant insurance contract liabilities of RMB62,811 million as at 31 December 2023. We identified the valuation of insurance contract liabilities as a key audit matter, as it requires significant estimates and judgements. The valuation of insurance contract liabilities involves significant judgement over the appropriateness of the measurement approach, the determination of the coverage units and the uncertainty of future cash flows. Complex actuarial models and actuarial assumptions with highly judgmental nature are used to support the valuation of insurance contract liabilities. Key assumptions include discount rates, mortality, morbidity, expenses and lapse, etc. The Group's disclosures about the valuation for insurance contract liabilities are included in note 2.4 *Material accounting policies* and note 3 *Significant accounting judgements and estimates – estimation uncertainty (xiii) – (xvii)* which specifically explain the methodologies, and assumptions used in the valuation, and note 27 which disclose the details of the insurance contract liabilities recognised as at 31 December 2023.	With the support of our internal experts, we performed the following audit procedures: – Reviewed the Group's accounting policies in relation to the valuation of insurance contract liabilities. – Evaluated and tested the design and operating effectiveness of key controls over the valuation of insurance contract liabilities. – Evaluated the reasonableness of key judgements and assumptions. – Assessed the appropriateness of the valuation approaches of insurance contract liabilities. Performed independent recalculation on insurance contract liabilities of selected typical insurance products or groups of insurance contracts. – Tested the completeness and accuracy of the underlying data used in the valuation of insurance contract liabilities. – Evaluated the overall reasonableness of the insurance contract liabilities by performing movement analysis and assessing the impact of changes in key assumptions.

EY 安永

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

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

EY 安永

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is LAU Kwok Wa Lawrence.

Ernst & Young
Certified Public Accountants

Hong Kong
27 March 2024

Consolidated Statement of Profit or Loss

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
TOTAL REVENUE	*6*	**198,200,310**	182,425,773
Revenue		**161,273,854**	143,373,137
Insurance revenue		**36,926,456**	39,052,636
Cost of sales		**(113,729,199)**	(96,397,263)
Insurance service expense		**(31,070,582)**	(36,189,208)
Net service expense from reinsurance contracts held		**(2,603,567)**	(2,529,171)
Financial expenses from insurance contracts issued	*7*	**(918,876)**	(23,371)
Financial income from reinsurance contracts held	*8*	**126,071**	50,213
Other income and gains	*6*	**16,297,201**	21,806,308
Selling and distribution expenses		**(20,872,759)**	(17,629,718)
Administrative expenses		**(28,436,411)**	(25,944,682)
Other expenses		**(6,285,255)**	(9,355,608)
Finance costs	*9*	**(12,393,562)**	(10,886,682)
Share of profits of:			
Joint ventures		**2,869,750**	966,290
Associates		**6,688,586**	4,398,499
PROFIT BEFORE TAX	*10*	**7,871,707**	10,691,380
Tax	*12*	**(2,524,581)**	(7,694,818)
PROFIT FOR THE YEAR		**5,347,126**	2,996,562
Attributable to:			
Owners of the parent		**1,379,103**	(831,803)
Non-controlling interests		**3,968,023**	3,828,365
		5,347,126	2,996,562
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit/(loss) for the year (RMB)	*14*	**0.17**	(0.10)
Diluted			
– For profit/(loss) for the year (RMB)	*14*	**0.17**	(0.10)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

	2023 RMB'000	2022 RMB'000 (Restated)
PROFIT FOR THE YEAR	**5,347,126**	2,996,562
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Finance reserve for insurance contracts issued	**(2,017,279)**	4,857,146
Income tax effect	**312,680**	(1,079,232)
	(1,704,599)	3,777,914
Finance reserve for reinsurance contracts held	**103,748**	(241,273)
Income tax effect	**(20,242)**	28,667
	83,506	(212,606)
Debt investments at fair value through other comprehensive loss:		
Changes in fair value	**3,347,141**	(7,917,257)
Changes in allowance for expected credit losses	**(94,315)**	120
Reclassification adjustments for (gains)/losses on disposal included in the consolidated statement of profit or loss	**(19,975)**	1,073,493
Income tax effect	**(695,428)**	1,677,957
	2,537,423	(5,165,687)
Fair value adjustments of hedging instruments in cash flow hedges	**(104,132)**	134,453
Income tax effect	**29,376**	(24,045)
	(74,756)	110,408
Fair value adjustments of hedging of a net investment in a foreign operation	**(131,299)**	159,102
Income tax effect	**41,359**	(37,024)
	(89,940)	122,078
Share of other comprehensive income/(loss) of associates	**796,765**	(3,502,526)
Share of other comprehensive (loss)/income of joint ventures	**(51,958)**	14,952
Exchange differences on translation of foreign operations	**2,252,904**	656,793
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**3,749,345**	(4,198,674)

	Note	2023 RMB'000	2022 RMB'000 (Restated)
OTHER COMPREHENSIVE INCOME *(continued)*			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Revaluation difference upon transfer from owner-occupied property to investment property	*33*	**(32,504)**	9,003
Income tax effect		**11,234**	(1,027)
		(21,270)	7,976
Actuarial reserve relating to employee benefits		**(18,636)**	407,434
Income tax effect		**4,980**	(77,986)
		(13,656)	329,448
Equity investments designated at fair value through other comprehensive income:			
Change in fair value		**(308,035)**	(92,741)
Income tax effect		**101,482**	49,943
		(206,553)	(42,798)
Share of other comprehensive (loss)/income of associates		**(222,359)**	83,581
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		**(463,838)**	378,207
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**3,285,507**	(3,820,467)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**8,632,633**	(823,905)
Attributable to:			
Owners of the parent		**4,230,533**	(4,823,248)
Non-controlling interests		**4,402,100**	3,999,343
		8,632,633	(823,905)

Consolidated Statement of Financial Position

31 December 2023

	Notes	31 Dec 2023 RMB'000	31 Dec 2022 RMB'000 (Restated)	1 Jan 2022 RMB'000 (Restated)
ASSETS				
Cash and bank balances	15	**92,459,644**	100,564,000	96,779,519
Reverse repurchase agreements	44	**6,844,927**	–	–
Loans and advances to customers	16	**16,097,595**	16,162,944	16,793,872
Trade and notes receivables	17	**14,414,166**	13,200,451	10,618,340
Inventories	18	**26,233,846**	25,649,708	22,263,338
Completed properties for sale		**16,598,108**	15,028,738	14,781,146
Properties under development	19	**46,776,244**	62,079,128	51,208,864
Contract assets and other assets	20	**229,266**	610,268	36,125
Due from related companies	21	**18,015,068**	12,929,293	18,210,088
Prepayments, other receivables and other assets	22	**31,953,684**	35,442,321	35,480,359
Assets classified as held for sale	23	**2,906,203**	19,817,066	556,217
Placements with and loans to banks and other financial institutions		**473,054**	55,010	425,483
Derivative financial instruments	24	**3,615,676**	3,537,338	3,057,582
Financial assets at fair value through profit or loss	25	**52,941,186**	59,964,219	67,608,984
Finance lease receivables	26	**699,545**	789,562	838,689
Reinsurance contract assets	27	**9,117,577**	8,841,570	7,938,130
Insurance contract assets	27	**1,803,797**	1,775,046	6,189,854
Debt investments at fair value through other comprehensive income	28	**72,473,645**	63,534,884	80,908,414
Debt investments at amortised cost	29	**29,400,296**	25,171,823	25,984,474
Policyholder account assets in respect of unit-linked contracts	30	**29,442,770**	23,276,840	12,708,621
Equity investments designated at fair value through other comprehensive income	31	**2,696,542**	2,763,627	3,054,695
Property, plant and equipment	32	**55,226,701**	45,668,203	42,387,533
Investment properties	33	**93,340,801**	95,743,357	67,229,732
Right-of-use assets	34	**23,852,435**	21,297,657	18,608,758
Exploration and evaluation assets	35	**542,140**	584,684	411,330
Mining rights	36	**1,311,399**	480,763	496,997
Oil and gas assets	37	**1,974,760**	1,890,258	1,959,612
Intangible assets	38	**36,790,363**	34,278,110	27,116,359
Investments in joint ventures	39	**12,584,076**	9,903,075	33,395,605
Investments in associates	40	**68,254,580**	68,653,959	92,808,915
Goodwill	41	**29,547,898**	27,413,654	24,804,818
Deferred tax assets	42	**9,769,597**	9,268,677	7,947,331
Total assets		**808,387,589**	806,376,233	792,609,784

	Notes	31 Dec 2023 RMB'000	31 Dec 2022 RMB'000 (Restated)	1 Jan 2022 RMB'000 (Restated)
LIABILITIES				
Deposits from customers	43	**82,216,087**	76,935,942	71,851,392
Assets sold under agreements to repurchase	44	**188,063**	151,868	1,467,606
Accounts payable to brokerage clients		**990,853**	3,828	421,560
Placements from banks and other financial institutions		**–**	149,062	122,735
Financial liabilities at fair value through profit or loss	45	**6,697,408**	4,306,876	4,078,714
Liabilities directly associated with the assets classified as held for sale	23	**79,178**	117,467	27,151
Trade and notes payables	46	**26,407,670**	24,393,592	21,406,410
Contract liabilities	47	**19,865,129**	24,332,437	20,942,466
Tax payable		**13,148,210**	12,078,193	11,896,130
Due to banks and other financial institutions	48	**1,103,458**	1,141,108	4,375,871
Derivative financial instruments	24	**4,039,509**	3,148,743	5,740,791
Accrued liabilities and other payables	49	**74,582,013**	77,262,805	56,945,549
Due to related companies	21	**2,199,034**	5,104,219	3,836,309
Interest-bearing bank and other borrowings	50	**211,923,910**	226,919,151	237,119,485
Reinsurance contract liabilities	27	**3,103,216**	3,517,286	2,205,168
Insurance contract liabilities	27	**62,811,295**	59,205,512	70,306,631
Investment contract liabilities	51	**37,583,333**	40,765,932	47,160,507
Financial liabilities for unit-linked contracts	51	**29,442,770**	23,276,840	12,708,621
Due to the holding company	21	**244,358**	122,606	2,770,224
Deferred income	52	**1,243,012**	1,231,069	971,999
Deferred tax liabilities	42	**21,944,245**	23,136,678	16,645,826
Total liabilities		**599,812,751**	607,301,214	593,001,145
NET ASSETS		**208,574,838**	199,075,019	199,608,639
EQUITY				
Equity attributable to owners of the parent				
Share capital	53	**37,286,880**	37,146,381	36,919,889
Treasury shares		**(326,634)**	(353,338)	(254,519)
Other reserves		**87,976,542**	83,940,679	91,316,839
		124,936,788	120,733,722	127,982,209
Non-controlling interests		**83,638,050**	78,341,297	71,626,430
Total equity		**208,574,838**	199,075,019	199,608,639

Guo Guangchang
Director

Gong Ping
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

2023	Attributable to owners of the parent										
	Issued capital RMB'000 (note 53)	Treasury shares RMB'000	Other deficits RMB'000 (note 54(a))	Surplus reserve RMB'000 (note 54(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2022	37,146,381	(353,338)	(443,540)	16,958,449	(9,271,813)	6,779,196	74,457,983	(3,752,442)	121,520,876	78,108,939	199,629,815
Effect of changes in accounting policies-HKFRS17 (note 2.2)	–	–	–	(194,665)	740,508	3,210,586	(4,609,437)	65,854	(787,154)	232,358	(554,796)
At 1 January 2023 (restated)	37,146,381	(353,338)	(443,540)*	16,763,784*	(8,531,305)*	9,989,782*	69,848,546*	(3,686,588)*	120,733,722	78,341,297	199,075,019
Profit for the year	–	–	–	–	–	–	1,379,103	–	1,379,103	3,968,023	5,347,126
Other comprehensive income for the year:											
Finance reserve from insurance contracts issued, net of tax	–	–	–	–	–	(1,100,088)	–	–	(1,100,088)	(604,511)	(1,704,599)
Finance reserve from reinsurance contracts held, net of tax	–	–	–	–	–	66,392	–	–	66,392	17,114	83,506
Equity investments designated at fair value through other comprehensive income											
Changes in fair value, net of tax	–	–	–	–	(118,918)	–	–	–	(118,918)	(87,635)	(206,553)
Debt investments at fair value through other comprehensive income											
Gains on fair value adjustment, net of tax	–	–	–	–	1,989,014	–	–	–	1,989,014	604,963	2,593,977
Changes in allowance for expected credit losses	–	–	–	–	36,389	–	–	–	36,389	40,629	77,018
Reclassification adjustments for gain on disposal included in the consolidated statement of profit or loss, net of tax	–	–	–	–	(112,545)	–	–	–	(112,545)	(21,027)	(133,572)
Share of other comprehensive income of associates	–	–	–	–	665,796	–	–	–	665,796	(91,390)	574,406
Share of other comprehensive loss of joint ventures	–	–	–	–	(51,958)	–	–	–	(51,958)	–	(51,958)
Fair value adjustments of the hedging instruments in cash flow hedges, net of tax	–	–	–	–	–	(56,104)	–	–	(56,104)	(18,652)	(74,756)
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	–	–	–	–	–	–	–	(76,445)	(76,445)	(13,495)	(89,940)
Revaluation difference upon transfer from owner-occupied property to investment property, net of tax	–	–	–	–	–	(42,873)	–	–	(42,873)	21,603	(21,270)
Actuarial reserve relating to employee benefits, net of tax	–	–	–	–	–	(33,120)	–	–	(33,120)	19,464	(13,656)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	1,685,890	1,685,890	567,014	2,252,904
Total comprehensive income for the year	–	–	–	–	2,407,778	(1,165,793)	1,379,103	1,609,445	4,230,533	4,402,100	8,632,633

2023	Attributable to owners of the parent										
	Issued capital RMB'000 (note 53)	Treasury shares RMB'000	Other deficits RMB'000 (note 54(a))	Surplus reserve RMB'000 (note 54(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries (note 56(a))	–	–	–	–	–	–	–	–	–	5,138,813	5,138,813
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	1,214,308	1,214,308
Distribution paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(2,786,357)	(2,786,357)
Final 2022 dividends	–	–	–	–	–	–	(103,349)	–	(103,349)	–	(103,349)
Transfer from retained earnings	–	–	–	1,575,358	–	–	(1,575,358)	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	10,076	–	–	10,076	(23,987)	(13,911)
Share of other reserve of joint ventures	–	–	–	–	–	(45,775)	–	–	(45,775)	(29,414)	(75,189)
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	(22,423)	–	–	(22,423)	37,268	14,845
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	337,497	–	–	337,497	34,166	371,663
Fair value adjustment on the share redemption option granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	(140,852)	–	–	(140,852)	(72,374)	(213,226)
Equity-settled share-based payments of the Company (note 58)**	140,499	13,045	–	–	–	14,543	–	–	168,087	–	168,087
Equity-settled share-based payment of subsidiaries	–	–	–	–	–	–	–	–	–	158,785	158,785
Deemed acquisition of additional interests in a subsidiary	–	–	–	–	–	(19,099)	–	–	(19,099)	15,136	(3,963)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(31,200)	–	–	(31,200)	(765,592)	(796,792)
Disposal of subsidiaries (note 56(b))	–	–	–	–	–	–	–	–	–	(2,026,099)	(2,026,099)
Re-purchase of shares	–	13,659	–	–	–	–	(194,088)	–	(180,429)	–	(180,429)
At 31 December 2023	37,286,880	(326,634)	(443,540)*	18,339,142*	(6,123,527)*	8,926,756*	69,354,854*	(2,077,143)*	124,936,788	83,638,050	208,574,838

* These reserve accounts comprise the consolidated other reserves of RMB87,976,542,000 (31 December 2022: RMB83,940,679,000 (Restated)) in the consolidated statement of financial position.

** According to the share award scheme announced by the Company, during the year of 2023, the Company issued and the employee benefit trust established by the Company allotted 27,737,000 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the year, 23,786,510 shares were vested.

2022	Attributable to owners of the parent										
	Issued capital RMB'000 (note 53)	Treasury shares RMB'000	Other deficits RMB'000 (note 54(a))	Surplus reserve RMB'000 (note 54(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2021	36,919,889	(254,519)	(443,540)	16,601,416	(814,779)	6,131,977	77,084,283	(4,154,821)	131,069,906	72,143,992	203,213,898
Effect of changes in accounting policies -HKAS 38**	–	–	–	–	–	–	(82,500)	7,618	(74,882)	(19,660)	(94,542)
Effect of changes in accounting policies -HKFRS 17 (note 2.2)	–	–	–	–	(301,951)	514,609	(3,433,584)	208,111	(3,012,815)	(497,902)	(3,510,717)
At 1 January 2022 (restated)	36,919,889	(254,519)	(443,540)	16,601,416	(1,116,730)	6,646,586	73,568,199	(3,939,092)	127,982,209	71,626,430	199,608,639
Profit for the year (restated)	–	–	–	–	–	–	(831,803)	–	(831,803)	3,828,365	2,996,562
Other comprehensive income for the year (restated):											
Finance reserve from insurance contracts issued, net of tax	–	–	–	–	–	3,023,409	–	–	3,023,409	754,505	3,777,914
Finance reserve from reinsurance contracts held, net of tax	–	–	–	–	–	(197,523)	–	–	(197,523)	(15,083)	(212,606)
Equity investments designated at fair value through other comprehensive income											
Changes in fair value, net of tax	–	–	–	–	(28,533)	–	–	–	(28,533)	(14,265)	(42,798)
Debt investments at fair value through other comprehensive income											
Loss on fair value adjustment, net of tax	–	–	–	–	(5,273,994)	–	–	–	(5,273,994)	(1,033,634)	(6,307,628)
Changes in allowance for expected credit losses	–	–	–	–	(83,787)	–	–	–	(83,787)	(9,287)	(93,074)
Reclassification adjustments for loss on disposal included in the consolidated statement of profit or loss, net of tax	–	–	–	–	1,190,780	–	–	–	1,190,780	44,235	1,235,015
Share of other comprehensive loss of associates	–	–	–	–	(3,233,993)	–	–	–	(3,233,993)	(184,952)	(3,418,945)
Share of other comprehensive income of joint ventures	–	–	–	–	14,952	–	–	–	14,952	–	14,952
Fair value adjustments of the hedging instruments in cash flow hedges, net of tax	–	–	–	–	–	52,542	–	–	52,542	57,866	110,408
Fair value adjustments of hedging of a net investment in a foreign operation, net of tax	–	–	–	–	–	–	–	103,762	103,762	18,316	122,078
Revaluation difference upon transfer from owner-occupied property to investment property, net of tax	–	–	–	–	–	4,705	–	–	4,705	3,271	7,976
Actuarial reserve relating to employee benefits, net of tax	–	–	–	–	–	287,493	–	–	287,493	41,955	329,448
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	148,742	148,742	508,051	656,793
Total comprehensive income for the year	–	–	–	–	(7,414,575)	3,170,626	(831,803)	252,504	(4,823,248)	3,999,343	(823,905)

2022	Attributable to owners of the parent										
	Issued capital RMB'000 (note 53)	Treasury shares RMB'000	Other deficits RMB'000 (note 54(a))	Surplus reserve RMB'000 (note 54(b))	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	1,381,058	1,381,058
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	563,820	563,820
Distribution paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(2,784,757)	(2,784,757)
Final 2021 dividends	–	–	–	–	–	–	(2,148,152)	–	(2,148,152)	–	(2,148,152)
Transfer from retained earnings	–	–	–	162,368	–	–	(162,368)	–	–	–	
Share of other reserve of associates	–	–	–	–	–	(172,236)	–	–	(172,236)	(10,925)	(183,161)
Share of other reserve of joint ventures	–	–	–	–	–	818	–	–	818	(292)	526
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	857,549	–	–	857,549	3,561,701	4,419,250
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	25,371	–	–	25,371	4,032,131	4,057,502
Fair value adjustment on the share redemption option granted to non-controlling shareholders of subsidiaries	–	–	–	–	–	(150,693)	–	–	(150,693)	(74,755)	(225,448)
Equity-settled share-based payments of the Company (note 58)*	226,492	(142,292)	–	–	–	30,756	–	–	114,956	–	114,956
Equity-settled share-based payment of subsidiaries	–	–	–	–	–	–	–	–	–	198,378	198,378
Acquisition of additional interests in subsidiaries	–	–	–	–	–	(418,995)	–	–	(418,995)	(1,012,946)	(1,431,941)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(3,137,889)	(3,137,889)
Re-purchase of shares	–	43,473	–	–	–	–	(577,330)	–	(533,857)	–	(533,857)
At 31 December 2022 (restated)	37,146,381	(353,338)	(443,540)	16,763,784	(8,531,305)	9,989,782	69,848,546	(3,686,588)	120,733,722	78,341,297	199,075,019

* According to the share award scheme announced by the Company, during the year of 2022, the Company issued and the employee benefit trust established by the Company allotted 35,265,200 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the year, 8,626,630 shares were vested.

** In IFRIC Update March 2021, the IFRS Interpretations Committee published its agenda decision on Configuration or Customisation Costs under a Software as a Service ("SaaS") contract ("IFRIC Agenda Decision") in relation to the application of IAS 38 (which is equivalent to HKAS 38). The Group applied the IFRIC Agenda Decision in the year of 2022 and the configuration or customisation costs for SaaS contract which were previously capitalised were charged to expenses. The change in accounting policy has been accounted for retrospectively and the comparative figures for the corresponding comparative prior periods have been restated.

Consolidated Statement of Cash Flows

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**7,871,707**	10,691,380
Adjustments for:			
Depreciation of items of property, plant and equipment	*10*	**3,936,784**	3,589,760
Depreciation of right-of-use assets	*10*	**3,271,188**	2,670,621
Amortisation of intangible assets	*10*	**2,730,799**	2,229,944
Amortisation of mining rights	*10*	**16,594**	16,234
Amortisation of oil and gas assets	*10*	**601,704**	500,396
Exploration expensed and written off	*35*	**128,172**	139,480
Provision for impairment of oil and gas assets	*10*	**–**	174,145
Provision for impairment of right of use assets	*10*	**36,985**	3,882
Provision for impairment of items of property, plant and equipment	*10*	**47,256**	57,870
Provision for impairment of intangible assets	*10*	**144,525**	149,703
Provision for impairment of goodwill	*10*	**76,196**	197,511
Provision/(reversal) of impairment of debt investments at fair value through other comprehensive income	*6/10*	**94,315**	(120)
Provision for impairment of investments in associates	*10*	**904,641**	1,908,093
Provision for impairment of receivables	*10*	**299,981**	632,680
Provision for impairment of debt investments at amortised cost	*10*	**236,357**	33,453
Provision for inventories	*10*	**234,796**	472,050
Provision for impairment of completed properties for sale	*10*	**340,456**	14,259
Provision for impairment of property under development	*10*	**438,049**	–
Provision for impairment of finance lease receivables	*10*	**49,541**	13,093
Provision for impairment of loans and advances to customers	*10*	**116,241**	30,648
Gain on disposal of subsidiaries	*6*	**(1,606,965)**	(1,253,732)
Gain on bargain purchase of subsidiaries	*6*	**–**	(306,277)
Loss on disposal/partial disposal of associates	*10*	**88,739**	2,080,507
Gain on deemed disposal of associates	*6*	**(106,147)**	(35,337)
Subtotal carried forward		**19,951,914**	24,010,243

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES *(continued)*			
Subtotal carried forward		**19,951,914**	24,010,243
(Loss)/gain on disposal of right-of-use assets	*34c*	**146**	(14,132)
Gain on disposal of items of property, plant and equipment	*6*	**(336,502)**	(89,157)
Gain on remeasurement of previously held interests in step acquisitions of subsidiaries	*6*	**–**	(1,408,718)
Loss on disposal of debt investments at fair value through other comprehensive income	*10*	**341,614**	235,429
Gain on disposal of intangible assets	*6*	**(604,138)**	(330,755)
(Gain)/Loss on fair value adjustment of financial assets at fair value through profit or loss	*6/10*	**(2,068,203)**	1,767,538
Gain on fair value adjustment of investment properties	*6*	**(1,113,884)**	(8,843,358)
Loss on derivative financial instruments	*10*	**183,902**	1,198,406
COVID-19-related rent concessions from lessors	*34c*	**–**	(148,452)
Interest expenses	*9*	**12,064,164**	10,464,836
Interest income	*6*	**(1,080,357)**	(960,883)
Dividends and interest from equity investments designated at fair value through other comprehensive income	*6*	**(159,312)**	(145,737)
Dividends and interest from debt investments at fair value through other comprehensive income	*6*	**(2,453,216)**	(2,099,712)
Dividends and interest from financial assets at fair value through profit or loss	*6*	**(1,762,873)**	(1,699,729)
Share of profits and losses of associates		**(6,688,586)**	(4,398,499)
Share of profits and losses of joint ventures		**(2,869,750)**	(966,290)
Gain on disposal of joint ventures	*6*	**(311,177)**	(468,590)
Gain on disposal of assets classified as held for sale	*6*	**(733,412)**	–
Equity-settled share-based payments	*10*	**271,677**	253,790
Subtotal carried forward		**12,632,007**	16,356,230

	2023 RMB'000	2022 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES *(continued)*		
CASH INFLOW BEFORE WORKING CAPITAL CHANGES	**12,632,007**	16,356,230
Decrease in properties under development	**11,409,692**	2,791,602
Increase in completed properties held for sale	**(2,400,093)**	(261,851)
Decrease/(increase) in trade and notes receivables	**284,904**	(2,288,389)
Decrease in prepayments, other receivables and other assets	**1,169,637**	991,427
Decrease/(increase) in inventories	**2,486,062**	(4,947,679)
(Increase)/decrease in reinsurance contract asset	**(360,893)**	500,509
Increase in reverse repurchase agreements	**(6,844,927)**	–
Increase in amounts due from related companies and the holding company	**(3,701,551)**	(3,217,582)
(Increase)/decrease in loans and advances to customers	**(50,892)**	600,280
Increase in trade and notes payables	**499,582**	2,353,615
Decrease in accrued liabilities and other payables	**(962,733)**	(2,788,026)
Increase/(decrease) in assets sold under agreements to repurchase	**43,915**	(1,223,507)
Increase in deferred income	**61,497**	279,843
Decrease in amounts due to related companies and the holding company	**(675,137)**	(293,029)
Increase/(decrease) in accounts payable to brokerage clients	**987,025**	(417,732)
(Decrease)/increase in placements with and loans to banks and other financial institutions	**(418,044)**	370,473
(Decrease)/increase in placements from banks and other financial institutions	**(149,062)**	26,327
Increase/(decrease) in amounts due to banks and other financial institutions	**509,742**	(3,527,702)
Increase in deposits from customers	**5,280,145**	5,084,550
Decrease/(increase) in restricted pre-sale proceeds of properties	**2,552,419**	(1,544,651)
Decrease/(increase) in required reserve deposits	**238,879**	(227,202)
Increase in restricted cash	**(602,699)**	–
Changes in derivative financial instruments	**275,216**	(1,003,468)
Decrease in finance lease receivables	**40,476**	36,034
Decrease in investment contract liabilities	**(3,182,599)**	(6,529,030)
(Decrease)/increase in insurance contract liability	**(1,033,148)**	4,514,845
Decrease/(increase) in contract assets and other assets	**381,002**	(574,143)
(Decrease)/increase in contract liabilities	**(4,593,473)**	3,124,058
CASH GENERATED FROM OPERATIONS	**13,876,949**	8,185,802
Tax paid	**(4,052,490)**	(6,422,088)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	**9,824,459**	1,763,714

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(8,800,006)**	(6,652,726)
Proceed from disposal/(prepayment for addition) right-of-use assets		**256,529**	(121,887)
Increase of investment properties		**(932,420)**	(2,383,755)
Purchase of intangible assets		**(3,641,363)**	(4,208,253)
Purchase of exploration and evaluation assets		**(80,310)**	(129,709)
Purchase of oil and gas assets		**(650,804)**	(432,941)
Purchase of financial assets at fair value through profit or loss		**(135,211,680)**	(125,070,186)
Purchase of equity investments designated at fair value through other comprehensive income		**–**	(6,930)
Purchase of debt investments at fair value through other comprehensive income		**(20,394,192)**	(13,795,361)
Purchase of debt investments at amortised cost		**(8,474,553)**	(7,062,498)
Increase in deposits included in prepayments, other receivables and other assets		**(187,802)**	(43,865)
Proceeds from disposal of financial assets at fair value through profit or loss		**144,177,986**	135,457,071
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**118,937**	70,961
Proceeds from disposal of debt investments at fair value through other comprehensive income		**14,633,110**	16,198,339
Proceeds from maturity of debt investments at amortised cost		**6,131,368**	7,187,593
Proceeds from disposal of items of property, plant and equipment		**1,533,421**	1,456,729
Proceeds from disposal of intangible assets		**1,189,638**	377,507
Disposal of subsidiaries	*56(b)*	**9,968,592**	4,255,885
Proceeds from disposal of associates and disposal of partial interests in associates		**2,979,201**	13,496,306
Proceeds from disposal of joint ventures		**490,216**	552,099
Proceeds from disposal of assets of a disposal group classified as held for sale		**7,849,377**	529,057
Acquisition of subsidiaries	*56(a)*	**204,657**	(305,016)
Acquisition of associates		**(874,017)**	(854,133)
Acquisition of joint ventures		**(283,405)**	(185,110)
Dividends and interest received from debt investments		**1,855,713**	2,323,699
Dividends and interest received from equity investments		**2,032,855**	1,734,796
Dividends received from associates		**1,163,852**	1,555,568
Dividends received from joint ventures		**500,163**	3,075,344
Subtotal carried forward		**15,555,063**	27,018,584

	Note	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES *(continued)*			
Subtotal carried forward		**15,555,063**	27,018,584
Increase in pledged bank balances and time deposits with original maturity of more than three months		**(284,210)**	(2,698,535)
Prepayments for proposed acquisitions of long-term assets		**(358,588)**	(778,211)
Proceeds received from disposal of investment properties		**1,773,667**	2,111,628
Deposits advanced received from disposal of equity investments		**–**	9,029,000
Interest received		**901,107**	892,595
Net CASH FLOWS GENERATED FROM INVESTING ACTIVITIES		**17,587,039**	35,575,061
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling shareholders of subsidiaries		**869,711**	5,756,881
New bank and other borrowings		**125,722,969**	103,564,175
Principal portion of lease payments		**(3,798,481)**	(2,734,351)
Repayment of bank and other borrowings		**(140,067,724)**	(128,696,614)
Increased in restricted cash		**(6,189,522)**	–
Distribution paid to non-controlling shareholders of subsidiaries		**(2,798,122)**	(2,750,513)
Acquisition of additional interests in subsidiaries		**(757,169)**	(1,873,536)
Disposal of partial interests in subsidiaries without losing control		**371,663**	4,032,131
Dividends paid to holding company		**(35,836)**	(3,514,093)
Repurchase of shares		**(180,429)**	(543,935)
Interest paid		**(12,808,936)**	(12,207,034)
Purchase of financial liabilities at fair value through profit or loss		**5,441**	843,819
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(39,666,435)**	(38,123,070)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(12,254,937)**	(784,295)
Cash and cash equivalents at beginning of year		**85,473,432**	86,257,727
CASH AND CASH EQUIVALENTS AT END OF YEAR	*15*	**73,218,495**	85,473,432

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (collectively referred to as the "Group"), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements and the Group has changed in presentation of all assets and liabilities to being in order of liquidity.

Adoption of the revised HKFRSs

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) HKFRS 17 – *Insurance Contracts*

HKFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. HKFRS 17 replaces HKFRS 4 Insurance Contracts. The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. HKFRS 17 is the general model, supplemented by:

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

HKFRS 17 replaces HKFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2023.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

Adoption of the revised HKFRSs *(Continued)*

(a) HKFRS 17 – *Insurance Contracts* *(Continued)*

The Group has restated comparative information for 2022 applying the transitional provisions in Appendix C to HKFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

CHANGES TO CLASSIFICATION, MEASUREMENT

HKFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

The key principles of HKFRS 17 are that the Group:

- Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards;
- Divides the insurance and reinsurance contracts into groups it will recognise and measure;
- Unless the premium allocation approach is used for liability for remaining coverage, recognises and measures groups of insurance contracts at:
    - i) A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; plus
    - ii) An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM);
- The premium allocation approach is used to recognise and measure the liabilities for remaining coverage mainly for groups of short duration contracts.
- Recognises profit from a group of insurance contracts over each period the Group provides insurance contract services. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately;

The Group's classification and measurement of insurance and reinsurance contracts is explained in Note 2.4 MATERIAL ACCOUNTING POLICIES.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

Adoption of the revised HKFRSs *(Continued)*

(a) HKFRS 17 – *Insurance Contracts* *(Continued)*

CHANGES TO PRESENTATION AND DISCLOSURE

For presentation in the statement of financial position, the Group aggregates by each portfolio of insurance contracts issued (including reinsurance contracts issued) and reinsurance contracts held and presents separately:

- Portfolios of insurance contracts issued (including reinsurance contracts issued) that are assets;
- Portfolios of reinsurance contracts held that are assets;
- Portfolios of insurance contracts issued (including reinsurance contracts issued) issued that are liabilities;
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the HKFRS 17 requirements.

Besides, HKFRS 17 requires separate presentation in the statement of profit or loss and other comprehensive income of the following line items:

- Insurance revenue;
- Insurance service expense;
- Net service expense from reinsurance contracts held;
- Financial expenses from insurance contracts issued;
- Financial income from reinsurance contracts held.

The Group provides qualitative and quantitative information in the notes to the financial statements about:

- Amounts recognised in its financial statements from insurance contracts;
- Significant judgements, and changes in those judgements, when applying the standard.

TRANSITION

On transition date, 1 January 2022, the Group:

- Has identified, recognised and measured each group of insurance contracts as if HKFRS 17 had always applied (unless impracticable);
- Derecognised any existing balances that would not exist had HKFRS 17 always applied;
- Recognised any resulting net difference in equity.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

Adoption of the revised HKFRSs *(Continued)*

(a) HKFRS 17 – *Insurance Contracts* *(Continued)*

TRANSITION *(Continued)*

The Group chose to apply the full retrospective method in situations where it is possible to recover all the necessary historical information. For the other contracts, considering the impracticality of recovering historical information, the fair value was applied. To indicate the effect of applying the fair value approach on the CSM, insurance revenue and insurance finance income or expenses, the Group has provided additional disclosures in notes 2.4, 6, 7 and 27.

As a result of the adoption of HKFRS 17, the Group ceased to apply the overlay approach for designated eligible financial assets in accordance with Amendments to HKFRS 4.

At the date of initial application of HKFRS 17 (i.e., 1 January 2023), the Group designated some of its equity investments as equity investments designated at fair value through other comprehensive income when they are investments in equity instruments as defined by HKAS 32 *Financial Instruments: Presentation* and are not held for trading. According to the transitional provisions, the Group applied such changes retrospectively and restated the comparative information for the effect of such changes.

The opening balances as at 1 January 2022, comparative financial position as at 31 December 2022 and comparative information for the year ended 31 December 2022 have been restated for the effects of the retrospective application of HKFRS 17 in the consolidated financial statements.

Impact on consolidated statement of financial position:

	Decrease	
	As at 31 December 2022	As at 1 January 2022
	%	%
Total equity	**0.3**	1.7

(b) Amendments to HKAS 1 and HKFRS Practice Statement 2 – *Disclosure of Accounting Policies*

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

(c) Amendments to HKAS 8 – *Definition of Accounting Estimates*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

Adoption of the revised HKFRSs *(Continued)*

(d) Amendments to HKAS 12 – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note 34 to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(e) Amendments to HKAS 12 – *International Tax Reform – Pillar Two Model Rules*

Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments and the mandatory temporary exception retrospectively. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, and the legislation will be effective for the Group's financial year beginning 1 January 2024.

The Group is in scope of the new tax legislation. However, the legislations in certain jurisdictions were enacted close to the reporting date. Therefore, the Group is still in the process of assessing the potential impact to Pillar Two income taxes.

Change in presentation following adoption of HKFRS 17

With the implementation of HKFRS 17, the important insurance subsidiaries of the Group (e.g., Fidelidade – Companhia de Seguros, S.A. and Peak Reinsurance Holdings Limited), after analysing the industrial practices and their own business patterns, find it more reliable, relevant and comparable to present all assets and liabilities in order of liquidity under the HKFRS 17 reporting frameworks. Considering the consistency of financial reporting between the subsidiaries and the Group, and importance of the insurance business to the whole group, the Group changed the presentation of all assets and liabilities to being in order of liquidity for the first time for the current year's financial statements, together with the implementation of HKFRS 17.

HKAS 1 Presentation of Financial Statements illustrates that an entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement financial position except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, an entity shall present all assets and liabilities in order of liquidity. For some entities, such as financial institutions, a presentation of assets and liabilities in increasing or decreasing order of liquidity provides information that is reliable and more relevant than a current/non-current presentation because the entity does not supply goods or services within a clearly identifiable operating cycle.

The comparative consolidated statement of financial position as at 1 January 2022 and 31 December 2022 has been restated for the effects of the retrospective application of the change in the presentation of all assets and liabilities to being in order of liquidity in the consolidated financial statements. The Group also discloses (in Note 65) more information about liquidity for each asset and liability line item.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-Current* (the "2020 Amendments")[1,4]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")[1,4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangement*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

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

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

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, contract assets, deferred tax assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Buildings	2 to 50 years
Plant and machinery	3 to 20 years
Office equipment	2 to 30 years
Motor vehicles	2 to 10 years
Leasehold improvements	The shorter of the lease terms and their useful lives
Freehold land	Not depreciated

Depreciation of mining infrastructure included in property, plant and equipment is calculated using the units of production basis to write off the cost of the asset proportionately to the extraction of the proven and probable mineral reserves.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill) *(Continued)*

TRADEMARKS

Trademarks with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives of not exceeding 30 years. Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of trademarks are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

MEDICINE LICENCES, TECHNICAL KNOW-HOW AND OPERATING CONCESSION RIGHTS

Medicine licences and technical know-how with finite useful lives are measured initially at cost and are amortised on the straight-line basis over the respective estimated useful lives. Medicine licences, technical know-how and operating concession rights with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of medicine licences, technical know-how and operating concession rights are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

PATENTS

Purchased patents are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives not exceeding 20 years.

BUSINESS NETWORK

Business network is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of not exceeding 15 years.

RESEARCH AND DEVELOPMENT COSTS

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

CUSTOMER RELATIONSHIP

Customer relationship is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of not exceeding 15 years.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation assets

FOR MINING RIGHTS

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine. Expenditure incurred prior to accruing legal rights to explore an area is written off as incurred. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to mining rights and are amortised on the units of production ("UOP") method based on the proven and probable mineral reserves. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

FOR OIL AND GAS ASSETS

Exploration and evaluation expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. An area of interest refers to an individual geological area which is considered to constitute a favourable environment for the presence of an oil or gas field, usually represented by an individual oil or gas field.

The successful efforts method requires all exploration and evaluation expenditure in relation to an area of interest to be expensed in the period it is incurred, except the costs of successful wells, the costs of acquiring interests in new exploration assets and pre-development costs where the rights to the tenure of the area of interest are current and the expenditure either:

– is expected to be recovered through sale or successful development and exploitation of the area of interest; or

– relates to an exploration discovery for which at balance date a reasonable assessment of the existence or otherwise of economically recoverable reserves is not yet completed, or additional appraisal work is underway or planned.

Pending assessment of the results of a well, the costs are initially capitalised then expensed or remain capitalised, depending on a review of the results in accordance with successful efforts accounting criteria. When an oil or gas field has been approved for development, the accumulated exploration and evaluation costs are transferred to oil and gas assets.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proven and probable reserves of the mines using the UOP method. Mining rights are written off to the consolidated statement of profit or loss if the mining property is abandoned.

Oil and gas assets

Development expenditure is stated at cost less accumulated depletion and any impairment in value. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the field, on a unit-of-production basis. Costs are amortised only once production begins. Changes in factors such as estimates of proved and probable reserves that affect UOP calculations do not give rise to prior year financial period adjustments and are dealt with on a prospective basis.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(A) RIGHT-OF-USE ASSETS

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	20 to 50 years
Buildings	1 to 48 years
Machinery	1 to 10 years
Furniture, fixtures and other equipment	1 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(B) LEASE LIABILITIES

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in accrued liabilities and other payables and other long term payables.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

GROUP AS A LESSEE *(Continued)*

(C) SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of vehicles, furniture, laptop computers and telephones that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

GROUP AS A LESSOR

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

INITIAL RECOGNITION AND MEASUREMENT *(Continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows:

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (DEBT INVESTMENTS)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (EQUITY INVESTMENTS)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

ASSETS HELD UNDER REVERSE REPURCHASE AGREEMENTS

The amounts advanced under these agreements are recognised and presented as "financial assets held under reverse repurchase agreements". The Group may not take physical possession of assets purchased under such agreements. The difference between the purchasing price and reselling price is recognised as interest income over the term of the agreement using the effective interest method.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

SUBSEQUENT MEASUREMENT *(Continued)*

The subsequent measurement of financial assets depends on their classification as follows: *(Continued)*

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

GENERAL APPROACH

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

SIMPLIFIED APPROACH

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, accrued liabilities and other payables, due to the holding company, due to related companies, other long term payables, interest-bearing bank and other borrowings, financial liabilities at fair value through profit or loss, derivative financial instruments, due to banks and other financial institutions, deposits from customers, accounts payable to brokerage clients, placements from banks and other financial institutions and assets sold under agreements to repurchase.

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial liabilities depends on their classification as follows:

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

FINANCIAL LIABILITIES AT AMORTISED COST (TRADE AND OTHER PAYABLES, AND BORROWINGS

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

SUBSEQUENT MEASUREMENT *(Continued)*

The subsequent measurement of financial liabilities depends on their classification as follows: *(Continued)*

ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

Assets sold under repurchase agreements continue to be recognised but a liability is recognised and presented as "assets sold under agreements to repurchase" for the proceeds from selling such assets. The Group may be required to provide additional collateral based on the fair value of the underlying assets and such non-cash collateral assets continue to be recognised on the balance sheet. The difference between the selling price and repurchasing price is recognised as interest expense over the term of the agreement using the effective interest method.

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

As HKFRS 9 includes an accounting policy choice to remain with hedge accounting under HKAS 39. The Group elected to continue to apply hedge accounting in accordance with HKAS 39.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

FAIR VALUE HEDGES

The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit or loss as other expenses or other income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the consolidated statement of profit or loss as other expenses or other income.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the consolidated statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT *(Continued)*

FAIR VALUE HEDGES (Continued)

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the consolidated statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the consolidated statement of profit or loss.

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts recognised in other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

HEDGES OF A NET INVESTMENT

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Properties under development

Properties under development are stated at cost which includes all development expenditures, including land costs, construction costs, borrowing costs and other costs directly attributable to such properties during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle.

Properties under development are valued at the lower of cost and net realisable value at the end of each reporting period and any excess of cost over the net realisable value of an individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling prices in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Completed properties for sale

Completed properties for sale are recognised in the consolidated statement of financial position at the lower of cost and net realisable value. Net realisable value is estimated by the directors based on the prevailing market conditions. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Any excess of cost over the net realisable value of an individual item of completed properties for sale is accounted for as a provision.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(A) SALE OF GOODS

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(B) SALES OF PROPERTIES

Revenues are recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides benefits which are received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each contract.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(B) SALES OF PROPERTIES (Continued)

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

(C) RENDERING SERVICES

The revenue is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

REVENUE FROM OTHER SOURCES

(A) INSURANCE REVENUE

The Group recognizes insurance revenue as it provides insurance contract services under groups of insurance contracts. The Group's classification and measurement of insurance contracts is explained in Note 2.4 MATERIAL ACCOUNTING POLICIES – Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held.

(B) INTEREST INCOME

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(C) DIVIDEND INCOME

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(D) RENTAL INCOME

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company and certain subsidiaries of the Group operate share incentive schemes and a share option scheme. Employees (including directors) receive remuneration in the form of share-based payments, whereby employees (including directors) render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the binomial option pricing model, further details of which are given in note 58 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense and capitalised employee benefit expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

The Group provides the post-employment benefits mainly as follows: (i) defined contribution pension schemes for all employees of the companies in Chinese Mainland; (ii) employee benefits to qualified former employees ("Qualified SOE Employees") and qualified retirees ("Qualified Retirees") of former state-owned enterprises in Chinese Mainland; (iii) a pension scheme for all eligible employees of the companies in Hong Kong; (iv) accommodation benefits for all eligible employees of the companies in Chinese Mainland, details of which are set out below; (v) employee benefits to all eligible employees of the subsidiaries in Portugal; and (vi) employee benefits to all eligible employees of the subsidiary in France.

(I) DEFINED CONTRIBUTION PENSION SCHEMES

The full-time employees of the companies in Chinese Mainland, other than Qualified SOE Employees and Qualified Retirees of former state-owned enterprises ("Former SOEs") as set out below, are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred.

(II) OTHER EMPLOYEE BENEFITS TO QUALIFIED SOE EMPLOYEES AND QUALIFIED RETIREES

The Group took over Qualified SOE Employees and Qualified Retirees from the Former SOEs upon the Group's acquisition of the Former SOEs in Chinese Mainland. A liability in respect of the retirement benefits of Qualified SOE Employees and Qualified Retirees was taken over by the Group from the former parent company of the Former SOEs upon taking up Qualified SOE Employees and Qualified Retirees. All the following retirement benefits are covered by the abovementioned liability taken over and the details of the retirement benefits are as follows:

QUALIFIED SOE EMPLOYEES

The Qualified SOE Employees consist of two different categories of employees:

(a) Qualified SOE Employees being made redundant by the Former SOEs before their statutory retirement age prior to the Group's acquisition of the Former SOEs

The Former SOEs paid basic salary and social benefit funds on a monthly basis to these Qualified SOE Employees until they reach their statutory retirement age as stipulated by the State Regulations. The Group is required to continue paying such monthly payments to these redundant Qualified SOE Employees until they reach their statutory retirement age as stipulated by the State Regulations.

(b) Qualified SOE Employees not being made redundant by the Former SOEs before their statutory retirement age prior to the Group's acquisition of the Former SOEs and entering into new employment contracts with the Group upon acquisition of the Former SOEs by the Group

The Former SOEs implemented early retirement plans for these Qualified SOE employees. The benefits of the early retirement plans of the Qualified SOE Employees were calculated based on factors including the number of years of qualified service with the Former SOEs, salary amount and other agreed terms for Qualified SOE Employees upon the Group's acquisition of the Former SOEs. The Group is required to pay these Qualified SOE Employees a redundancy payment if they opt for early retirement or are made redundant by the Group before their statutory retirement age as stipulated by the State Regulations. These Qualified SOE Employees are not entitled to early retirement benefits upon reaching their statutory retirement age.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

(II) OTHER EMPLOYEE BENEFITS TO QUALIFIED SOE EMPLOYEES AND QUALIFIED RETIREES *(Continued)*

QUALIFIED RETIREES

The Former SOEs also provided post-retirement benefits to their employees who were not covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. Upon being acquired by the Group, the Former SOEs had certain Qualified Retirees to whom the Former SOEs had an obligation to pay a fixed amount on a monthly basis until their death, where the Group is required to continue paying such monthly payments to these Qualified Retirees. The post-retirement benefits of Qualified Retirees were calculated based on the monthly pension multiplied by an estimated life expectancy of Qualified Retirees.

The Group recognises the liability taken over as a non-current liability at initial recognition, and subsequent payments of the retirement benefits to Qualified SOE Employees and Qualified Retirees are debited against the non-current liability. Payments are made by the Group to Qualified SOE Employees and Qualified Retirees, but the use of the fund is monitored and supervised jointly by the former parent company of the Former SOEs and the union. Except for the payment of the retirement benefits of the Qualified SOE Employees and the Qualified Retirees, the fund cannot be used for any other purpose including the transfer to the Group's consolidated statement of profit or loss or reserve without the joint approval from the former parent company of the Former SOEs, the union and the Municipal Labour & Social Security Bureau. The most recent actuarial valuation of the present value of the Qualified Retirees was carried out on December 31, 2023 by Towers Watson Consulting (Shenzhen) Co., Ltd., a fellow member of the Institute of Actuaries of China and is fully qualified under the Chinese laws and regulations, using projected unit credit method. The key actuarial assumptions adopted in the actuary report are discount rate, mortality rate, annual increase rate of the basic salary, annual increase rate of social insurance and housing fund company contributions and percentage of eligible actives that will actually be internal retirees. The Group has no plan assets for Qualified Retirees. As such, there does not exist any significant surplus or deficiency as shown by the market value of the plan assets, the contribution level expressed in percentage on the day of assessment or valuation.

(III) PENSION SCHEME FOR ALL ELIGIBLE EMPLOYEES OF THE COMPANIES IN HONG KONG

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all employees of the companies in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(IV) ACCOMMODATION BENEFITS FOR ALL ELIGIBLE EMPLOYEES OF THE COMPANIES IN CHINESE MAINLAND

According to the relevant People's Republic of China ("PRC") rules and regulations, the PRC companies now comprising the Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administrated by a government agency are charged to the consolidated statement of profit or loss as and when they are incurred.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

(V) EMPLOYEE BENEFITS TO ALL ELIGIBLE EMPLOYEES OF THE SUBSIDIARIES IN PORTUGAL

As per the collective labour agreement in force at the time for the insurance activity, the companies in Portugal undertook the commitment to make cash payments to complement the retirement pensions paid by the social security services to the employees hired prior to 22 June 1995, the date when the labour agreement became effective. These payments corresponded to a percentage, which grew with the number of years of employment, applied to the table of salaries in force at the date of retirement.

Following the new labour agreement for the insurance activity, signed at 23 December 2011, the previous defined benefit pension plan was replaced, regarding workers actively employed, effective 1 January 2012, with a plan of defined contributions, with the current value of liabilities for services rendered at 31 December 2011 being transferred to the individual account of each participant. This change has not been applied to pensions due to workers who were retired or pre-retired at 31 December 2011, or to employees who did not sign up to the current collective employment agreement.

In addition, the former Império Bonança also committed itself to providing whole life medical assistance benefits to those in retirement or pre-retirement who had switched to that status between June 1998 and July 2005.

Contributions by the companies in Portugal to the defined contribution plan are made in accordance with the rules set forth in the collective labour agreement, and recorded as an expense in the period they are due as a charge to administrative expenses.

(VI) EMPLOYEE BENEFITS TO ALL ELIGIBLE EMPLOYEES OF THE SUBSIDIARY IN FRANCE

All eligible employees of the subsidiary in France receive certain short-term benefits, such as vacation pay, "13th month" bonuses, sick leave, health insurance, and unemployment insurance in France.

The post-employment benefit plans of the subsidiary in France are based on legal obligations in each host country and on its subsidiaries' compensation policies. Long-term benefit plans include both defined contribution and defined benefit plans.

(A) DEFINED CONTRIBUTION PLANS

Under defined contribution plans, the subsidiary in France pays contributions to an external fund that is responsible for paying the benefits. The payment of contributions releases the employer of its further obligation towards his employees. The main defined contribution plans consist of government-sponsored basic and supplementary pension plans in Europe and defined-contribution pension plans in North America.

Contributions to all of these plans are recognised as an expense for the period in which they are due.

(B) DEFINED BENEFIT PLANS

Under defined benefit plans, the subsidiary in France has an obligation to pay benefits to employees either at the end of their employment or during their retirement. The defined benefit plans of the subsidiary in France are unfunded and are covered by provisions recorded in the financial statements.

The main defined benefit plans of the subsidiary in France concern indemnities payable to employees on retirement (France, Greece and Turkey) or when they leave the subsidiary in France (Italy and Japan). The most recent actuarial valuations of the present value of the mainly defined benefit plans were carried out as at December 31, 2023 by Willis Towers-Watson, a member of the Actuarial Society of France, using projected unit credit method. The key actuarial assumptions adopted in the actuary report are discount rate and expected rate of salary increase. The Group has no plan assets for the defined benefit plans of the subsidiary in France. As such, there does not exist any significant surplus or deficiency as shown by the market value of the plan assets, the contribution level expressed in percentage on the day of assessment or valuation.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The functional currencies of the Company and PRC subsidiaries are Hong Kong dollars ("HKD") and RMB, respectively. The financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the consolidated statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and its subsidiaries incorporated outside Chinese Mainland are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the average exchange rates for the year.

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held

(A) CLASSIFICATION OF CONTRACTS

Contracts under which the Group transfers significant insurance risk are classified as insurance contracts, while those contracts issued which have the legal form of insurance contracts but do not transfer significant insurance risk are classified as financial liabilities and are referred to as investment contracts. Some insurance and investment contracts have DPF, which may entitle the customer to receive, as a supplement to guaranteed benefits, additional non-guaranteed benefits, such as policyholder dividends or bonuses. The Group applies the same accounting policies for the recognition and measurement of obligations arising from investment contracts with DPF as it does for insurance contracts.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Group to pay significant additional benefits to its customers and has a possibility of incurring a loss on a present value basis, the contract is considered as transferring significant insurance risk and is accounted for as an insurance contract issued. Reinsurance contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance contracts issued and reinsurance contracts held can also expose the Group to financial risk. For investment contracts that do not contain DPF, HKRS 9 Financial Instruments is applied. Once a contract has been classified as an insurance, reinsurance or investment contract with DPF, reclassification is not subsequently performed unless the terms of the agreement are later amended.

(B) SEPARATING COMPONENTS FROM INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD

The Group assesses its insurance contracts issued and reinsurance contracts held to determine whether they contain components which must be accounted for under another HKFRS rather than HKFRS 17 (distinct non insurance components). After separating any distinct components, an entity must apply HKFRS 17 to all remaining components of the insurance contract.

At inception, the Group separates the following components from an insurance contract issued or a reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance contract as a stand-alone instrument; and

- distinct investment components (unless the component is an investment contract with DPF) – i.e. investment components that are not highly interrelated with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(B) SEPARATING COMPONENTS FROM INSURANCE CONTRACTS ISSUED AND REINSURANCE CONTRACTS HELD *(Continued)*

After separating any financial instrument components, the Group separates any promises to transfer distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

(C) LEVEL OF AGGREGATION

The Group identifies portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. The Group divides portfolios of insurance contracts into groups of insurance contracts and applies the recognition and measurement requirements to the groups of insurance contracts. Insurance contracts issued more than one year apart are not included in the same group. The Group determines the group to which contracts belong by considering individual contracts. If the Group has reasonable and supportable information to conclude that a set of contracts will all be in the same group, the Group may measure the set of contracts to determine the group.

The Group divides a portfolio of insurance contracts issued into a minimum of:

- A group of contracts that are onerous at initial recognition;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- A group of the remaining contracts in the portfolio.

The Group divides a portfolio of reinsurance contracts held into a minimum of:

- A group of contracts on which there is a net gain on initial recognition;
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition;
- A group of the remaining contracts in the portfolio.

(D) RECOGNITION

The Group recognises groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date;
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

The Group recognizes a group of reinsurance contracts held from the earlier of the following:

- the beginning of the coverage period of the group of reinsurance contracts held; and
- the date the Group recognizes an onerous group of underlying insurance contracts.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(D) RECOGNITION *(Continued)*

If a group of reinsurance contracts held provide proportionate coverage, the Group recognizes such group of reinsurance contracts held from the earlier of the following:

- the later date of the beginning of the coverage period of the group of reinsurance contracts held and the date that any underlying insurance contract is initially recognised; and
- the date the Group recognizes an onerous group of underlying insurance contracts.

(E) FULFILMENT CASH FLOWS

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows; and
- a risk adjustment for non-financial risk.

(F) CONTRACT BOUNDARY

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the insurer (reinsurer) can compel the policyholder (cedant) to pay premiums or has a substantive obligation to provide insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- the insurer (reinsurer) has the practical ability to reassess the risks of the particular policyholder (cedant) and can set a price or level of benefits that fully reflects those reassessed risks; or
- the insurer (reinsurer) has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

(G) INSURANCE ACQUISITION CASH FLOWS

The Group recognizes an asset for insurance acquisition cash flows paid or payable before the related group of insurance contracts is recognised. The Group allocates insurance acquisition cash flows to groups of insurance contracts using a systematic and rational method. Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Group derecognizes an asset for insurance acquisition cash flows when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts. At the end of each reporting period, the Group assesses the recoverability of an asset for insurance acquisition cash flows if facts and circumstances indicate the asset may be impaired. If the Group identifies an impairment loss, the Group adjusts the carrying amount of the asset and recognizes the impairment loss in profit or loss. The Group recognizes in profit or loss a reversal of some or all of an impairment loss previously recognised and increase the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(H) MEASUREMENT – INSURANCE CONTRACTS NOT MEASURED UNDER THE PAA

INITIAL MEASUREMENT

On initial recognition, the Group measures a group of contracts as the total of: (a) the fulfilment cash flows and (b) the CSM.

The measurement of the fulfilment cash flows of a group of contracts does not reflect the Group's non-performance risk.

The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of contracts, if the total of the fulfilment cash flows, any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflows, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups and are excluded from insurance revenue.

SUBSEQUENT MEASUREMENT

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

- Changes relating to future services are adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous);

- Changes relating to current or past services are recognised in the insurance service result in profit or loss; and

- Effects of the time value of money, financial risk and changes therein on estimated future cash flows are recognised as insurance finance income or expenses, except that such effects on the variable fees are adjusted against CSM (or recognised in profit or loss if the group is onerous) for insurance contracts with direct participation features.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(H) MEASUREMENT – INSURANCE CONTRACTS NOT MEASURED UNDER THE PAA *(Continued)*

SUBSEQUENT MEASUREMENT (Continued)

The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - i) any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
  - ii) any decreases in the fulfilment cash flows adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue for service provided in the period, which is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined considering for each contract the quantity of benefits provided and its expected coverage period.
- For a group of contracts that is onerous at the start of a reporting period and becomes profitable subsequently that CSM is recognised during the reporting period, the total amount of recognised CSM is released to profit or loss if there are no more future coverage units.

Changes in fulfilment cash flows that relate to future services mainly comprise:

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the LRC, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the period, determined as the payment expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period;

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(H) MEASUREMENT – INSURANCE CONTRACTS NOT MEASURED UNDER THE PAA *(Continued)*

SUBSEQUENT MEASUREMENT (Continued)

Insurance contracts without direct participation features *(Continued)*

- differences between (a) any loan to a policyholder expected to become repayable in the period, determined as the repayment expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable; and (b) the actual amount that becomes repayable in the period; and

- changes in the risk adjustment for non-financial risk that relate to future services.

To determine how to identify a change in discretionary cash flows, the basis is specified at inception of the contract. Changes in cash flows arising from the Group's discretion are regarded as relating to future services and accordingly adjust the CSM, these cash flows are determined based on the relevant contract terms, dividend and bonus philosophy.

Insurance contracts with direct participation features

Contracts with direct participation features are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and

- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Group provides investment services under these contracts, in addition to insurance coverage.

When measuring a group of contracts with direct participation features, the Group adjusts the fulfilment cash flows for the changes in the obligation to pay policyholders. The changes in the obligation to pay the policyholder an amount equal to the fair value of the underlying items do not relate to future services and do not adjust the CSM.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted mainly for:

a) the effect of contracts added to the group in the period on the contractual service margin;

b) the change in the amount of the Group's share of the fair value of the underlying items, except to the extent that:

    i) if the Group mitigates the effect of financial risk using derivatives or reinsurance contracts held, when specified conditions are met, the Group may choose to recognise the related changes in the effect of the time value of money and financial risk on the amount of the Group's share of the underlying items as insurance finance income or expenses included in profit or loss. However, if the Group chooses to disaggregate insurance finance income or expenses of such reinsurance contracts held between profit or loss and other comprehensive income, the insurance finance income or expenses mentioned above should also be disaggregated accordingly;

    ii) the decrease in the amount of the Group's share of the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss;

    iii) the increase in the amount of the Group's share of the fair value of the underlying items reverses the loss component of the liability for remaining coverage.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(H) MEASUREMENT – INSURANCE CONTRACTS NOT MEASURED UNDER THE PAA *(Continued)*

SUBSEQUENT MEASUREMENT (Continued)

Insurance contracts with direct participation features *(Continued)*

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted mainly for: *(Continued)*

c) the changes in fulfilment cash flows relating to future service and do not vary based on the returns on underlying items, except to the extent that:

   i) if the Group mitigates the effect of financial risk using derivatives, reinsurance contracts held or non-derivative financial instruments measured at fair value through profit or loss, when specified conditions are met, the Group may choose to recognise the related changes in the effect of the time value of money and financial risk on the fulfilment cash flows as insurance finance income or expenses included in profit or loss. However, if the Group chooses to disaggregate insurance finance income or expenses of such reinsurance contracts held between profit or loss and other comprehensive income, the insurance finance income or expenses mentioned above should also be disaggregated accordingly;

   ii) such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss;

   iii) such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.

d) the currency exchange differences in the period arising on the contractual service margin;

e) the amortisation of the contractual service margin in the period. The Group rationally determines the coverage units of the group of contracts in each period of the coverage period based on the pattern of provision of insurance contract services, and recognises insurance revenue accordingly over the current and future periods by amortizing the carrying amount of the contractual service margin as adjusted for (a) to (d) above.

For insurance contracts with direct participation features for which the Group holds the underlying items, when the Group makes the accounting policy choice of disaggregating insurance finance income or expenses for the period between profit or loss and other comprehensive income, the Group recognises insurance finance income or expenses included in profit or loss at an amount that exactly match the income or expenses included in profit or loss for the underlying items, except for the accounting treatment of the insurance finance income or expenses mentioned in (b) and (c) above.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(I) MEASUREMENT – INSURANCE CONTRACTS MEASURED UNDER THE PAA

The Group generally uses the PAA to simplify the measurement of groups of contracts in the following circumstances:

- where the coverage period of each contract in the group of contracts is one year or less; or
- the Group reasonably expects that the resulting measurement of the LRC would not differ materially from the result of applying the accounting policies of contracts not measured under the PAA.

INITIAL MEASUREMENT

On initial recognition of each group of contracts, the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for amounts arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Group has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

SUBSEQUENT MEASUREMENT

Subsequently, the carrying amount of the LRC is increased by (i) any premiums received; and (ii) any amortisation of the insurance acquisition cash flows, and decreased by (i) insurance acquisition cash flows paid; (ii) the amount recognised as insurance revenue for coverage provided; and (iii) any investment component paid or transferred to the LIC. On initial recognition of each group of contracts, the Group expects that the time gap between providing each part of the coverage and the related premium due date is not significant. Accordingly, the Group has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LRC as loss component. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates). In subsequent periods, unless facts and circumstances indicate that the group of contracts is no longer onerous, the loss component is remeasured at each reporting date as the difference between the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) and the carrying amount of the LRC without loss component.

The Group recognises the LIC of a group of insurance contracts for the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted (at current rates) to reflect the time value of money and the effect of financial risk.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(J) REINSURANCE CONTRACTS HELD

For groups of reinsurance contracts held, the Group applies the same accounting policies as that applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) the amount arising from assets or liabilities previously recognised for cash flows related to the group, before the group is recognised, (c) cash flows arising from the contracts in the group at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the reinsurance, then the Group recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows;
- income recognised in profit or loss in respect of a loss recognised for onerous underlying contracts. A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held for the amount of income recognised;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless the changes result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss for the services received in the period.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(J) REINSURANCE CONTRACTS HELD *(Continued)*

REINSURANCE OF ONEROUS UNDERLYING INSURANCE CONTRACTS

The Group adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts held.

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine a portion of losses recognised on the onerous group of contracts containing the insurance contracts covered by the reinsurance contract held.

A loss-recovery component is established or adjusted in the asset for remaining coverage of reinsurance contracts held, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.

REINSURANCE CONTRACTS HELD MEASURED UNDER THE PAA

The Group applies the same accounting principles to measure a group of insurance contracts or reinsurance contracts held under the PAA.

If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Group adjusts the carrying amount of the asset for remaining coverage of reinsurance contracts held.

(K) TRANSITION APPROACHES

CONTRACTS MEASURED UNDER THE FAIR VALUE APPROACH

For the groups of contracts that are measured under the fair value approach, the Group determined the CSM or loss component of the LRC at 1 January 2022 as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

The fair value of groups of contracts is primarily determined by using present value technique from the perspective of a market participant. To the extent possible, the Group maximised the use of relevant market data and information of relevant market transactions. For the unobservable inputs, the Group used the best information available in the circumstances, which might include the Group’s own data.

For all contracts measured under the fair value approach, the Group used reasonable and supportable information available at 1 January 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a contract with or without direct participation features or investment contract with discretionary participation features; and
- how to identify discretionary cash flows for contracts without direct participation features.

For groups of contracts measured under the fair value approach,

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(K) TRANSITION APPROACHES *(Continued)*

CONTRACTS MEASURED UNDER THE FAIR VALUE APPROACH (Continued)

- the discount rates on initial recognition were determined at 1 January 2022 instead of at the date of initial recognition.

- the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 was determined to be zero for contracts without direct participation features and to be equal to the cumulative amount recognised in the other comprehensive income on the underlying items for contracts with direct participation features as applicable.

For groups of reinsurance contracts held covering onerous underlying contracts, the Group established a loss-recovery component at 1 January 2022. The Group determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and

- the percentage of claims on the underlying contracts that the Group expected to recover from the reinsurance contracts held.

(L) DERECOGNITION AND CONTRACT MODIFICATION

The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On the derecognition of a contract in a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;

- the CSM of the group is adjusted for the change in the fulfilment cash flows that relate to future service, except where such changes are allocated to a loss component; and

- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to third party, then the CSM is also adjusted for the premium charged by the third party.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the issuer received the premium that it would have charged less any additional premium charged for the modification.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(M) PRESENTATION

Portfolios of insurance contracts issued and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held. Any assets recognised for insurance acquisition cash flows arising before the recognition of the related group of insurance contracts are included in the carrying amount of the related portfolios of insurance contracts.

The Group disaggregates amounts recognised in the consolidated statements of profit or loss and comprehensive income into (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as "net expenses from reinsurance contracts held" in the insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

INSURANCE REVENUE – INSURANCE CONTRACTS NOT MEASURED UNDER THE PAA

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the LRC that relate to services for which the Group expects to receive consideration, excludes investment components and mainly comprises the following items:

- A release of the CSM, measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Insurance acquisition cash flows recovery;
- Claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the period; and
- Other amounts, including experience adjustments for premium receipts for current or past services.

For insurance acquisition cash flows recovery, the Group allocates a portion of premiums related to the recovery in a systematic way based on the passage of time over the expected coverage of a group of contracts. The allocated amount is recognised as insurance revenue with the same amount recognised as insurance service expenses.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(M) PRESENTATION *(Continued)*

INSURANCE REVENUE – INSURANCE CONTRACTS MEASURED UNDER THE PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium (excluding any investment component, if any) for providing services in the period. The Group allocates the expected premium to each period on the following bases:

- the passage of time; or
- the expected timing of incurred insurance service expenses, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

LOSS COMPONENTS

The Group establishes loss components of the LRC for onerous groups of contracts. The loss components determine the amounts that are presented in profit or loss as reversals of losses on onerous groups and are consequently excluded from determination of insurance revenue.

For contracts not measured under the PAA, when the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component on a systematic basis. Changes in estimates of fulfilment cash flows relating to future services and changes in the Group's share of the fair value of underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates or reinstates the CSM for the group of contracts.

INSURANCE SERVICE EXPENSES

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and mainly comprise the following items:

- Incurred claims and other insurance service expenses;
- Amortisation of insurance acquisition cash flows: for contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the period that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on the basis of passage of time over the coverage period of the group of contracts;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Insurance contracts, investment contracts with discretionary participation features (DPF) and reinsurance contracts held *(Continued)*

(M) PRESENTATION *(Continued)*

NET EXPENSES FROM REINSURANCE CONTRACTS HELD

Net expenses from reinsurance contracts held mainly comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid as reinsurance expenses within net expenses from reinsurance contracts held for the coverage or other services received by the Group under groups of reinsurance contracts held. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

The amounts from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts are considered as a reduction in the reinsurance premiums paid to the reinsurer.

For a group of reinsurance contracts held covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract held covering those contracts is entered into before or at the same time as those contracts are entered into; and
- for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

INSURANCE FINANCE INCOME OR EXPENSES

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts and reinsurance contracts issued arising from the effects of the time value of money, financial risk and changes therein. This includes changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For certain portfolios, the Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts.

Amounts presented in other comprehensive income are accumulated in the insurance finance reserve. If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated other comprehensive income for the contract are reclassified to profit or loss.

The Group presents insurance finance income or expenses for all other contracts in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investment contracts

Investment contracts do not contain sufficient insurance risk to be considered insurance contracts and are accounted for as a financial liability, other than investment contracts with DPF which are excluded from the scope of HKFRS 9 and are accounted for as insurance contracts.

(A) LIABILITIES TO SUBSCRIBERS OF UNIT-LINKED PRODUCTS

Liabilities, associated with unit-linked investment contracts issued by the Group in which the risk is borne by the policyholder, are recognised at fair value and assessed on the basis of the fair value of investment portfolio assets allocated to each of the products, less the corresponding management costs and recognised in "financial liabilities for unit-linked contracts".

Investment portfolios allocated to unit-linked products comprise financial assets, including fixed-income securities, variable income securities, derivative instruments and deposits in credit institutions, which are recognised at fair value and whose corresponding unrealised capital gains and losses are recognised in the consolidated statement of profit or loss for the year.

(B) LIABILITIES TO SUBSCRIBERS OF OTHER INVESTMENT CONTRACTS

Liabilities to subscribers of other regulated products, classified as investment contracts under HKFRS 17, which do not include a discretionary profit sharing component, are valued in accordance with the requirements of HKFRS 9 and recognised in "Investment contract liabilities".

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(I) PROPERTY LEASE CLASSIFICATION – GROUP AS LESSOR

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

(II) SIGNIFICANT JUDGEMENT IN DETERMINING THE LEASE TERM OF CONTRACTS WITH RENEWAL OPTIONS

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

The Group includes the renewal period as part of the lease term for leases of property due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on operations if a replacement is not readily available.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements *(Continued)*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements: *(Continued)*

(III) CLASSIFICATION BETWEEN INVESTMENT PROPERTIES AND OWNER-OCCUPIED PROPERTIES

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(IV) CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN A MAJORITY OF VOTING RIGHTS

The Group considers that it controls Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") even though it owns less than 50% of the voting rights. This is because the Group was the single largest shareholder of Fosun Pharma with a 36.1% equity interest as at 31 December 2023. The remaining 63.9% of the equity shares in Fosun Pharma are widely held by many other shareholders. The Group controls the board of directors of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders. Since the date of Fosun Pharma's domestic shares being listed on the Shanghai Stock Exchange, there has been no history and no expectation that the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

The Group considers that it controls Hainan Mining Co., Ltd. ("Hainan Mining") even though it owns less than 50% of the voting rights. This is because the Group was the largest shareholder of Hainan Mining with a 45.8% equity interest as at 31 December 2023. The Group holds relatively larger voting rights than other shareholders. Since the date of Hainan Mining's domestic shares being listed on the Shanghai Stock Exchange, there has been no history and no expectation that the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements *(Continued)*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements: *(Continued)*

(V) DEFERRED TAX LIABILITIES

Deferred tax liabilities are recognised for withholding corporate income taxes arising from the distributions of dividends from certain subsidiaries of the Group according to the relevant tax jurisdictions. Significant management judgement is required to determine whether to recognise such deferred tax liabilities based upon the plan of the dividend distribution from these subsidiaries in the foreseeable future. As at 31 December 2023, the management was of the opinion that it was not probable that those subsidiaries would make any profit distribution in the foreseeable future and accordingly no provision for the withholding tax has been made.

(VI) CLASSIFICATION OF FINANCIAL ASSETS

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial assets' contractual cash flow characteristics: (1) management needs to make significant judgement when assessing its business model, including but is not limited to (a) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; (b) the risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way in which those risks are managed; and (c) how managers of the business are compensated. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, management needs to consider the reasons for the sales, timing of sales, frequency and value in prior periods; and (2) management needs to make significant judgement on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, such as whether contractual cash flows could be significantly different from the benchmark cash flows involves judgement when assessing a modified time value of a money element, and whether the fair value of prepayment features is insignificant also requires judgement when assessing the financial assets with prepayment features.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(I) IMPAIRMENT OF GOODWILL

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2023 was RMB29,547,898,000 (31 December 2022: RMB27,413,654,000). Further details are given in note 41 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below: *(Continued)*

(II) IMPAIRMENT OF NON-FINANCIAL ASSETS (OTHER THAN GOODWILL)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. For the year ended 31 December 2023, impairment losses in the amount of RMB1,133,407,000 (2022: RMB2,293,693,000) have been recognised as set out in note 10 to the financial statements.

(III) LEASES – ESTIMATING THE INCREMENTAL BORROWING RATE

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(IV) ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES

As described in note 33 to the financial statements, investment properties were revalued on 31 December 2023 on an open market value and existing use basis. Such valuations were based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below: *(Continued)*

(IV) ESTIMATION OF FAIR VALUE OF INVESTMENT PROPERTIES *(Continued)*

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2023 was RMB93,340,801,000 (31 December 2022: RMB95,743,357,000). Further details, including the key assumptions used for fair value measurement, are given in note 33 to the financial statements.

(V) FAIR VALUE OF FINANCIAL INSTRUMENTS DETERMINED USING VALUATION TECHNIQUES

The fair value of financial instruments, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks, etc, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 66 to the financial statements.

(VI) USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(VII) USEFUL LIVES OF INTANGIBLE ASSETS (OTHER THAN GOODWILL)

The Group determines the estimated useful lives for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below: *(Continued)*

(VIII) ESTIMATION OF REHABILITATION COST PROVISIONS

FOR MINING RIGHTS

Provisions for the Group's obligations for land rehabilitation are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its liabilities for final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditure expected to be required to settle the obligation.

Estimates used in the provision for rehabilitation cost are subjective in nature and involve uncertainties and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

FOR OIL AND GAS ASSETS

The Group estimates the future removal costs of on – and offshore oil and gas platforms, production facilities, wells and pipelines at the time of installation of the assets. In most instances, removal of assets will occur in future years. This requires judgemental assumptions regarding removal data, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating costs, future removal technologies in determining the removal costs, and asset-specific discount rates to determine the present value of these cash flows.

(IX) MEASUREMENT OF THE EXPECTED CREDIT LOSS ALLOWANCE

The Group assesses the impairment of financial assets at amortised cost and debt investments at fair value through other comprehensive income ("FVOCI") using the ECL model. The application of the ECL model requires significant estimation, and consideration of all reasonable and relevant information including forward-looking information. When making such estimation, the Group estimates the expected changes of the debtor's credit risk based on historical repayment data along with economic policies, macro-economic indicators, and industrial risk.

(X) DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences, and the carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2023 was RMB4,272,177,000 (31 December 2022: RMB3,203,329,000). The amount of unrecognised tax losses and deductible temporary differences as at 31 December 2023 was RMB42,065,576,000(31 December 2022: RMB38,702,978,000). Further details are contained in note 42 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below: *(Continued)*

(XI) NET REALISABLE VALUE OF INVENTORIES, PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES FOR SALE

The net realisable value of inventories, properties under development and completed properties for sale is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of each reporting period.

(XII) CONTINGENT CONSIDERATION FOR THE ACQUISITION OF SUBSIDIARIES

The Group estimated the fair value of contingent consideration for the acquisition of subsidiaries by using the expected cash flows, to be discounted to the acquisition date at an appropriately chosen discount rate. Significant management judgement is required to determine the expected cash flows and discount rate. Management reassesses these estimates at the end of each reporting period.

(XIII) LEVEL OF AGGREGATION AND RECOGNITION OF GROUP OF INSURANCE CONTRACTS

For contracts issued to which the Group does not apply the premium allocation approach, the judgements exercised in determining whether contracts are onerous on initial recognition or those that have no significant possibility of becoming onerous subsequently are:

- based on the likelihood of changes in assumptions which, if they occurred, would result in the contracts becoming onerous; and
- using information about profitability estimation for the relevant group of products.

(XIV) MEASUREMENT OF FULFILMENT CASH FLOWS NOT MEASURED UNDER THE PREMIUM ALLOCATION APPROACH

The asset or liability for groups of insurance contracts is measured as the total of fulfilment cash flows and CSM.

The fulfilment cash flows of insurance contracts (including investment contracts with DPF) represents the present value of estimated future cash outflows, less the present value of estimated future cash inflows and adjusted for a provision for the risk adjustment for nonfinancial risk. The assumptions used and the techniques for estimating fulfilment cash flows and risk adjustment for non-financial risk are based on actual experience by each geographical market and policy form. The Group exercises significant judgement in making appropriate assumptions and techniques.

(XV) MEASUREMENT OF INSURANCE CONTRACTS MEASURED UNDER THE PREMIUM ALLOCATION APPROACH

When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under HKFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below: *(Continued)*

(XVI) DETERMINATION OF COVERAGE UNIT

The CSM of a group of contracts issued is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage period and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

Relevant elements are considered in determining the quantity of service including among others, benefit payments and premiums. The Group applies judgement in these determinations.

Expected coverage period is derived based on the likelihood of an insured event occurring to the extent they affect the expected duration of contracts in the group. Determining the expected coverage period is judgemental since it involves making an expectation of when claims and lapse will occur.

(XVII) TRANSITION TO HKFRS 17

The Group applied HKFRS 17 in the consolidated financial statement from 1 January 2022 and onwards. The Group has determined that it was impracticable to apply the full retrospective approach for some groups of contracts because certain historical information was not available or was not available without undue cost or effort that would enable it to be used under this approach. Therefore, the Group applied fair value approaches for these groups of contracts. The Group exercises judgements in determining the transition approaches, applying the transition methods and measuring the transition impacts on the transition date which will affect the amounts recognised in the consolidated financial statement on the transition date.

(XVIII) VALUATION OF THE IDENTIFIABLE ASSETS AND LIABILITIES THROUGH BUSINESS COMBINATIONS AND THE RECOGNISED CORRESPONDING GOODWILL OR GAIN ON BARGAIN PURCHASE

The Group completed certain business combinations during the year. The purchase prices are allocated between the fair values of the identifiable assets acquired and the liabilities assumed which result in the recognition of goodwill or gains on bargain purchase. Management, assisted by the external appraisers, evaluated the fair values of identifiable assets acquired and liabilities assumed and completed the purchase price allocation. The fair value determination in the accounting for business combinations relied on significant management estimation in respect of fair value assessments.

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2023 are set out below:

Name of company	Place of incorporation/ registration and principal country of operation or place of business	Nominal value of registered capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries						
Asset Management segment						
上海復星高科技(集團)有限公司#^ (Shanghai Fosun High Technology (Group) Co., Ltd.) ("Fosun High Technology")	PRC/Chinese Mainland	RMB4,800,000,000	100.0%	–	100.0%	Investment holding
上海復星產業投資有限公司# (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC/Chinese Mainland	RMB600,000,000	–	100.0%	100.0%	Investment holding
復星金融控股有限公司 (Fosun Financial Holdings Limited)	Hong Kong, China	HKD18,598,275,001	100.0%	–	100.0%	Investment holding
復星地產控股有限公司 (Fosun Property Holdings Limited)	Hong Kong, China	HKD1	100.0%	–	100.0%	Investment holding
上海復星創富投資管理股份有限公司# (Shanghai Fosun Capital Investment Management Co., Ltd.)	PRC/Chinese Mainland	RMB200,000,000	–	100.0%	100.0%	Capital investment and management
復地(集團)股份有限公司# (Shanghai Forte Land Co., Ltd.) ("Forte")	PRC/Chinese Mainland	RMB2,504,155,034	–	100.0%	100.0%	Property development
上海復星外灘商業有限公司# (Shanghai Fosun Bund Commercial Co., Ltd.)	PRC/Chinese Mainland	RMB7,000,000,000	–	100.0%	100.0%	Property development
浙江復星商業發展有限公司# (Zhejiang Fosun Commercial Development Co., Ltd)	PRC/Chinese Mainland	RMB100,000,000	–	100.0%	100.0%	Property development
復星產業控股有限公司 (Fosun Industrial Holdings Limited)	Hong Kong, China	HKD500,000,000	100.0%	–	100.0%	Investment holding
Fortune Star (BVI) Limited	Virgin Islands, British	USD1	–	100.0%	100.0%	Capital investment and management
上海復星工業技術發展有限公司# (Shanghai Fosun Industrial & Technology Development Co., Ltd)	PRC/Chinese Mainland	RMB8,200,000,000	–	100.0%	100.0%	Capital investment and management

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2023 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and principal country of operation or place of business	Nominal value of registered capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Asset Management segment (Continued)						
Hauck Aufhäuser Lampe Privatbank AG	Germany	EUR28,913,628	–	99.7%	99.7%	Private banking and financial services
Health segment						
上海復星醫藥(集團)股份有限公司*/# (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.) ("Fosun Pharma")	PRC/Chinese Mainland	RMB2,672,398,711	0.2%	35.9%	36.1%	Investment holding
上海復星醫藥產業發展有限公司# (Shanghai Fosun Pharmaceutical Industrial Development Company Limited)	PRC/Chinese Mainland	RMB3,950,000,000	–	100.0%	36.1%	Investment holding
江蘇萬邦生化醫藥集團有限責任公司# (Jiangsu Wanbang Biopharmaceutical Co., Ltd.)	PRC/Chinese Mainland	RMB480,455,400	–	100.0%	36.1%	Manufacture and trading of medicine
湖北新生源生物工程有限公司# (Shine Star (Hubei) Biological Engineering Co., Ltd.)	PRC/Chinese Mainland	RMB51,120,000	–	51.0%	18.4%	Manufacture and trading of medicine
重慶藥友製藥有限責任公司# (YaoPharma Co., Ltd.)	PRC/Chinese Mainland	RMB196,540,000	–	61.0%	22.0%	Manufacture and trading of medicine

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2023 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and principal country of operation or place of business	Nominal value of registered capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continue)*						
Health segment (continue)						
桂林南藥股份有限公司# (Guilin South Pharma Co., Ltd.)	PRC/Chinese Mainland	RMB285,030,300	–	96.5%	34.8%	Manufacture and trading of medicine
上海復宏漢霖生物技術股份有限公司# (Shanghai Henlius Biotech, Inc) ("Henlius")	PRC/Chinese Mainland	RMB543,494,900	–	59.6%	21.5%	Medical research
復星實業(香港)有限公司 (Fosun Industrial Co., Limited)	Hong Kong, China	USD621,446,075	–	100.0%	36.1%	Investment holding
佛山復星禪城醫院有限公司# (Foshan Fosun Chancheng Hospital Company Limited)	PRC/Chinese Mainland	RMB50,000,000	–	87.4%	31.5%	Provision of healthcare services
蘇州二葉製藥有限公司# (Suzhou Erye Pharmaceutical Co. Ltd.)	PRC/Chinese Mainland	RMB300,000,000	–	90.0%	32.5%	Manufacture and trading of medicine
Gland Pharma Limited ("Gland")	India	Not Applicable	–	57.9%	20.9%	Manufacture and trading of medicine
Luz Saúde, S.A.	Portugal	EUR95,542,254	–	99.9%	84.9%	Provision of healthcare services
Intelligent Manufacturing Segment						
海南礦業股份有限公司*# (Hainan Mining Co., Ltd.)	PRC/Chinese Mainland	RMB2,037,522,809	–	45.8%	45.8%	Sale of iron and steel products
上海翌耀科技股份有限公司# (Shanghai Easun Technology Co., Ltd.)	PRC/Chinese Mainland	RMB609,322,034	–	49.8%	44.4%	Provision of digital and intelligent solution

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2023 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and principal country of operation or place of business	Nominal value of registered capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continue)*						
Happiness segment						
Club Med SAS	France	EUR149,704,804	–	100.0%	78.0%	Tourism
海南亞特蘭蒂斯商旅發展有限公司# (Hainan Atlantis Commerce And Tourism Development Co., Ltd)	PRC/Chinese Mainland	RMB801,500,000	–	100.0%	78.2%	Tourism
上海豫園旅遊商城(集團)股份有限公司# (Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.) ("Yuyuan")	PRC/Chinese Mainland	RMB3,896,095,653	–	61.8%	61.8%	Retail
武漢復智房地產開發有限公司# (Wuhan Fuzhi Real Estate Development Co., Ltd)	PRC/Chinese Mainland	RMB4,500,000,000	–	100.0%	100.0%	Property development
上海豫園珠寶時尚集團有限公司# (Shanghai Yuyuan Jewelry Fashion Group Co., Ltd.)	PRC/Chinese Mainland	RMB2,200,000,000	–	100.0%	61.8%	Retail of jewelry
ST Hubert SAS	France	EUR465,150,074	–	98.1%	50.0%	Manufacturing and trading of dairy products
Lanvin Group Holdings Limited	Cayman Islands/ Chinese Mainland	USD50,000	–	58.6%	57.1%	Investment holding

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2023 are set out below: *(Continued)*

Name of company	Place of incorporation/ registration and principal country of operation or place of business	Nominal value of registered capital	Attributable equity interest of the company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries *(Continued)*						
Insurance segment						
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong, China	USD786,720,713	–	86.7%	86.7%	Reinsurance
Fidelidade – Companhia de Seguros, S.A.	Portugal	EUR509,263,524	–	85.0%	85.0%	Underwriting of life and non-life insurance
Associates						
國藥產業投資有限公司# (Sinopharm Industrial Investment Co., Ltd.) ("Sinopharm")	PRC/Chinese Mainland	RMB100,000,000	–	49.0%	17.7%	Distribution of pharmaceutical products
Banco Comercial Português, S.A.	Portugal	EUR3,000,000,000	–	26.0%	26.0%	Banking and financial services
Joint venture						
四川沱牌舍得集團有限公司#/& (Sichuan Tuopai Shede Group Co., Ltd.)	PRC/Chinese Mainland	RMB232,240,000	–	70.0%	43.3%	Manufacture and trading of wine and beverage

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

The English names of the above subsidiaries, associates and joint ventures are directly translated from their Chinese names.

The above table lists the subsidiaries, associates and joint ventures of the Group which, in the opinion of the directors of the Company, materially contribute to the net income of the Group or hold a material portion of the assets or liabilities of the Group, for the year ended 31 December 2023. To give details of other subsidiaries, associates and joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length. Further details of the debt securities of the principal subsidiaries of the Company are contained in note 50.

Notes:

* Fosun Pharma continues to be accounted for as a subsidiary because the Group continues to be the single major shareholder of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders, despite the fact that the Group's equity interest in this company was 36.1% as at 31 December 2023.

Hainan Mining Co., Ltd. continues to be accounted for as a subsidiary because the Group continues to be the largest major shareholder of Hainan Mining Co., Ltd. and holds relatively larger voting rights than other shareholders, despite the fact that the Group's equity interest in this company was 45.8% as at 31 December 2023.

\# These companies are registered as limited liability companies under PRC law.

& The Group, through Yuyuan held 70% equity interest in Sichuan Tuopai Shede Group Co., Ltd.(" Tuopai Shede") as at 31 December 2023. The remaining 30% equity interest is held by the People's Government of Shehong County. According to the articles of association of Tuopai Shede, the resolutions on the relevant activities required 100% shareholders' approval and Tuopai Shede was accounted for as a joint venture of the Group.

^ Wholly foreign-owned enterprise under PRC law.

5. OPERATING SEGMENT INFORMATION

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

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

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

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

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

(v) The Intelligent Manufacturing segment comprises principally the operation of and investment in the intelligent manufacturing and iron, steel, new functional materials and ore production;

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on reportable operating segment profit or loss, which is measured consistently with the Group's profit or loss after tax. The head office and corporate expenses are allocated to each reportable segments based on their respective utilization of internal resources. Certain interest bearing bank and other borrowings which are managed on the group basis are allocated to each reportable segments based on their respective utilisation of the financing.

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2023

	Health	Happiness	Wealth		Intelligent manufacturing		
			Insurance	Asset Management		Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	45,283,446	88,717,140	37,453,611	13,990,518	12,755,595	–	198,200,310
Inter-segment sales	1,030,940	229,268	2	335,390	7	(1,595,607)	–
Total revenue	46,314,386	88,946,408	37,453,613	14,325,908	12,755,602	(1,595,607)	198,200,310
Segment results							
Profit before tax	3,075,241	1,242,706	2,017,679	123,873	1,575,325	(163,117)	7,871,707
Tax	(400,251)	(1,045,402)	(344,163)	(475,545)	(259,220)	–	(2,524,581)
Profit/(loss) for the year	2,674,990	197,304	1,673,516	(351,672)	1,316,105	(163,117)	5,347,126
Segment and total assets	126,769,676	196,770,992	186,423,719	267,558,352	39,712,256	(8,847,406)	808,387,589
Segment and total liabilities	63,099,770	142,680,236	169,893,918	210,060,098	19,886,009	(5,807,280)	599,812,751
Other segment information:							
Interest and dividend income	469,866	240,017	4,274,936	644,705	90,722	(264,488)	5,455,758
Other income and gains (excluding interest and dividend income)	1,187,556	4,528,419	2,648,072	843,138	1,645,275	(11,017)	10,841,443
Impairment losses recognised in the statement of profit or loss, net	(351,670)	(654,204)	(301,475)	(1,628,049)	(83,941)	–	(3,019,339)
Finance costs	(1,614,437)	(3,805,945)	(1,629,219)	(5,215,739)	(314,383)	186,161	(12,393,562)
Share of profits and losses of							
– Joint ventures	(202,030)	441,934	6,716	2,625,145	(2,015)	–	2,869,750
– Associates	2,462,757	197,431	17,401	4,370,834	(234,065)	(125,772)	6,688,586
Depreciation and amortisation	(3,202,839)	(4,812,238)	(716,029)	(812,988)	(1,012,975)	–	(10,557,069)
Research and development costs	(4,351,157)	(167,957)	(6,290)	(21,184)	(342,798)	6,486	(4,882,900)
Fair value (loss)/gain on fair value adjustments of investment properties	–	(8,524)	(305,356)	1,427,764	–	–	1,113,884
Fair value (loss)/gain on financial assets at fair value through profit or loss	(203,419)	332,510	559,675	1,286,487	80,379	12,571	2,068,203
Investments in joint ventures	98,910	7,807,473	1,083,583	4,010,328	6	(416,224)	12,584,076
Investments in associates	26,183,380	6,767,218	1,729,846	33,908,628	2,079,758	(2,414,250)	68,254,580
Capital expenditure*	5,729,258	4,643,632	1,330,305	524,157	1,516,453	–	13,743,805

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2022 (restated)

	Health	Happiness	Wealth		Intelligent Manufacturing		
			Insurance	Asset Management		Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	47,209,068	70,455,461	39,459,418	14,946,190	10,355,636	-	182,425,773
Inter-segment sales	792,197	284,068	698	348,477	-	(1,425,440)	-
Total revenue	48,001,265	70,739,529	39,460,116	15,294,667	10,355,636	(1,425,440)	182,425,773
Segment results							
Profit before tax	4,948,437	5,237,348	(2,267,248)	1,399,638	1,462,948	(89,743)	10,691,380
Tax	(672,447)	(2,571,991)	(498,961)	(3,901,061)	(50,358)	-	(7,694,818)
Profit/(loss) for the year	4,275,990	2,665,357	(2,766,209)	(2,501,423)	1,412,590	(89,743)	2,996,562
Segment and total assets	120,454,202	200,117,980	179,551,315	269,113,047	47,424,454	(10,284,765)	806,376,233
Segment and total liabilities	59,223,893	147,602,416	164,952,083	225,380,343	17,299,410	(7,156,931)	607,301,214
Other segment information:							
Interest and dividend income	347,074	248,996	3,507,980	905,151	61,744	(164,884)	4,906,061
Other income and gains (excluding interest and dividend income)	1,098,443	6,733,348	1,159,969	7,835,098	95,462	(22,073)	16,900,247
Impairment losses recognised in the statement of profit or loss, net	(343,852)	(80,844)	(36,923)	(2,766,240)	(459,408)	-	(3,687,267)
Finance costs	(1,175,476)	(2,985,439)	(1,676,972)	(4,936,469)	(270,545)	158,219	(10,886,682)
Share of profits and losses of							
– Joint ventures	(233,925)	656,997	(288,825)	47,605	798,094	(13,656)	966,290
– Associates	2,026,082	(757,487)	193,476	2,603,506	388,392	(55,470)	4,398,499
Depreciation and amortisation	(2,545,503)	(4,082,175)	(674,917)	(713,475)	(990,885)	-	(9,006,955)
Research and development costs	(4,305,647)	(234,710)	(6,567)	(37,081)	(327,664)	-	(4,911,669)
Fair value (loss)/gain on fair value adjustments of investment properties	-	(3,891)	347,710	8,499,539	-	-	8,843,358
Fair value (loss)/gain on financial assets at fair value through profit or loss	(319,035)	432,255	(2,533,721)	619,656	32,581	726	(1,767,538)
Investments in joint ventures	250,606	6,287,576	1,099,385	2,707,710	-	(442,202)	9,903,075
Investments in associates	25,260,181	6,950,696	1,926,563	34,859,852	2,011,399	(2,354,732)	68,653,959
Capital expenditure*	5,819,005	3,536,590	1,835,362	1,160,282	1,466,418	-	13,817,657

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(A) REVENUE FROM EXTERNAL CUSTOMERS

	2023 RMB'000	2022 RMB'000 (Restated)
Chinese Mainland	**108,998,994**	98,263,205
Portugal	**20,587,915**	17,816,250
Other countries and regions	**68,613,401**	66,346,318
Total	**198,200,310**	182,425,773

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

(B) ASSETS EXPECTED TO BE RECOVERED MORE THAN 12 MONTHS

	2023 RMB'000	2022 RMB'000
Chinese Mainland	**206,718,478**	200,882,005
Portugal	**23,750,359**	24,191,381
Other countries and regions	**102,028,563**	93,573,105
Total	**332,497,400**	318,646,491

The information of the assets that are expected to be recovered more than 12 months after the reporting period as disclosed above is based on the locations of the assets and excludes financial instruments, deferred tax assets, insurance contract assets and reinsurance contract assets.

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 2023 and 2022.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods or properties sold after allowances for returns, trade discounts and various types of government surcharges, where applicable during the year. In addition, it includes the value of services rendered, insurance revenue from the insurance business, rental income from investment properties and interest income during the year.

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

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Revenue			
Revenue from contracts with customers			
– Sale of goods	*(1)*	**115,811,611**	107,463,860
– Rendering of services	*(2)*	**39,996,251**	33,604,587
Subtotal		**155,807,862**	141,068,447
Revenue from other sources			
– Insurance revenue	*(3)*	**36,926,456**	39,052,636
– Rental income		**2,238,607**	2,036,566
– Interest income		**3,818,035**	1,007,790
Subtotal		**42,983,098**	42,096,992
Others			
– Less: Government surcharges		**(590,650)**	(739,666)
Total revenue		**198,200,310**	182,425,773

(1) Sale of goods:

	2023	2022
Pharmaceuticals and medical products	**34,104,700**	37,488,585
Properties	**17,580,173**	16,530,005
Gold and jewelleries	**36,726,694**	33,071,111
Ore products	**1,749,896**	1,720,890
Oil and gas	**1,754,965**	1,577,917
Fashion products	**7,886,167**	4,444,024
New functional materials	**453,787**	–
Others	**15,555,229**	12,631,328
Total	**115,811,611**	107,463,860

(2) Rendering of services:

	2023	2022
Tourism	**17,053,367**	12,869,940
Healthcare	**9,871,662**	9,676,880
Property agency	**246,889**	225,618
Property management	**1,496,100**	1,612,579
Asset management	**703,696**	711,361
Fee and commission income	**2,369,497**	2,211,621
Others	**8,255,040**	6,296,588
Total	**39,996,251**	33,604,587

6. REVENUE, OTHER INCOME AND GAINS *(Continued)*

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

		2023 RMB'000	2022 RMB'000 (Restated)
(3)	Insurance revenue:		
	Amounts relating to changes in liabilities for remaining coverage:		
	Expected incurred claims and other insurance service expenses	**8,583,375**	10,864,611
	Change in risk adjustment for non-financial risk	**414,518**	589,175
	CSM recognised for services provided	**2,128,566**	2,359,570
	Other amounts	**1,022,835**	(490,067)
	Amounts relating to recovery of insurance acquisition cash flow	**479,883**	485,247
	Contracts not measured under the PAA	**12,629,177**	13,808,536
	Contracts measured under the PAA	**24,297,279**	25,244,100
	Total	**36,926,456**	39,052,636
	Represented by:		
	Contracts measured under the fair value approach	**1,670,938**	1,560,980
	Contracts other than those to which fair value approach or modified retrospective approach are applied	**35,255,518**	37,491,656
	Total	**36,926,456**	39,052,636

Performance obligations

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

SALE OF GOODS

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 180 days from delivery, or payment in advance is required in some cases.

SALE OF COMPLETED PROPERTIES

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

SERVICE INCOME

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

6. REVENUE, OTHER INCOME AND GAINS *(Continued)*

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

Disaggregated revenue information

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

Segments:

For the year ended 31 December 2023

	Health	Happiness	Wealth		Intelligent Manufacturing	
			Insurance	Asset Management		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services						
Sale of goods	**33,673,756**	**65,280,775**	**1,872**	**4,107,438**	**12,747,770**	**115,811,611**
Rendering of services	**11,751,097**	**23,105,379**	**526,463**	**4,527,417**	**85,895**	**39,996,251**
Total revenue from contracts with customers	**45,424,853**	**88,386,154**	**528,335**	**8,634,855**	**12,833,665**	**155,807,862**
Timing of revenue recognition						
Goods transferred at a point in time	**33,673,756**	**65,280,775**	**1,872**	**4,107,438**	**12,747,770**	**115,811,611**
Services transferred over time	**11,751,097**	**23,105,379**	**526,463**	**4,527,417**	**85,895**	**39,996,251**
Total revenue from contracts with customers	**45,424,853**	**88,386,154**	**528,335**	**8,634,855**	**12,833,665**	**155,807,862**

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 2022

	Health	Happiness	Wealth		Intelligent Manufacturing	
			Insurance	Asset Management		Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or services						
Sale of goods	37,231,061	53,043,180	1,287	6,855,966	10,332,366	107,463,860
Rendering of services	10,122,643	17,618,105	406,362	5,352,221	105,256	33,604,587
Total revenue from contract with customers	47,353,704	70,661,285	407,649	12,208,187	10,437,622	141,068,447
Timing of revenue recognition						
Goods transferred at a point in time	37,231,061	53,043,180	1,287	6,855,966	10,332,366	107,463,860
Services transferred over time	10,122,643	17,618,105	406,362	5,352,221	105,256	33,604,587
Total revenue from contract with customers	47,353,704	70,661,285	407,649	12,208,187	10,437,622	141,068,447

6. REVENUE, OTHER INCOME AND GAINS *(Continued)*

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

	2023 RMB'000	2022 RMB'000 (Restated)
Other income		
Interest income	1,080,357	960,883
Dividends and interest from financial assets at fair value through profit or loss	1,762,873	1,699,729
Dividends from equity investments designated at fair value through other comprehensive income (note 31)	159,312	145,737
Interest income from debt investments at fair value through other comprehensive income	2,453,216	2,099,712
Rental income	772,475	548,998
Government grants	956,689	788,809
Fee income relating to investment contracts	1,104,717	1,003,614
Others	1,127,134	1,563,214
Total other income	9,416,773	8,810,696
Gains		
Gain on disposal of subsidiaries (note 56(b))	1,606,965	1,253,732
Gain on bargain purchase of subsidiaries	–	306,277
Gain on remeasurement of previously held interests in step acquisitions of subsidiaries	–	1,408,718
Gain on deemed disposal of associates	106,147	35,337
Gain on disposal of joint ventures	311,177	468,590
Gain on disposal of items of property, plant and equipment	336,502	89,157
Gain on disposal of items of intangible assets	604,138	330,755
Gain on disposal of assets classified as held for sale	733,412	–
Gain on fair value adjustment of financial assets at fair value through profit or loss	2,068,203	–
Gain on fair value adjustment of investment properties (note 33)	1,113,884	8,843,358
Gain on reversal of impairment of debt investments measured at fair value through other comprehensive income	–	120
Gain on rent concessions as a result of the COVID-19 pandemic	–	96,697
Exchange gain, net	–	162,871
Total gains	6,880,428	12,995,612
Total other income and gains	16,297,201	21,806,308

7. FINANCIAL EXPENSES FROM INSURANCE CONTRACTS ISSUED

	2023 RMB'000	2022 RMB'000 (Restated)
Interest accreted to insurance contracts and effect of changes in financial assumptions	**(3,069,853)**	4,311,717
Net foreign exchange income	**133,698**	522,058
Total financial (expenses)/income from insurance contracts issued	**(2,936,155)**	4,833,775
Represented by:		
Amounts recognised in profit and loss	**(918,876)**	(23,371)
Amounts recognised in other comprehensive income	**(2,017,279)**	4,857,146

8. FINANCIAL INCOME FROM REINSURANCE CONTRACTS HELD

	2023 RMB'000	2022 RMB'000 (Restated)
Interest accreted to reinsurance contracts and effect of changes in financial assumptions	**232,105**	(161,729)
Net foreign exchanges expenses	**(2,286)**	(29,331)
Total financial income/(expenses) from reinsurance contracts issued	**229,819**	(191,060)
Represented by:		
Amounts recognised in profit and loss	**126,071**	50,213
Amounts recognised in other comprehensive income	**103,748**	(241,273)

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings (including convertible bonds)	**12,262,788**	11,568,294
Incremental interest on other long term payables (note 49)	**18,983**	5,609
Interest on lease liabilities (note 34)	**838,375**	642,346
	13,120,146	12,216,249
Less: Interest capitalised, in respect of bank and other borrowings (note 19 and note 32)	**(1,055,982)**	(1,751,413)
Interest expenses, net	**12,064,164**	10,464,836
Interest on discounted notes	**10,047**	9,440
Bank charges and other financial costs	**319,351**	412,406
Total	**12,393,562**	10,886,682

10. PROFIT BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Cost of sales:			
Cost of inventories sold		**85,844,409**	73,177,657
Cost of services provided		**27,884,790**	23,219,606
		113,729,199	96,397,263
Insurance service expense		**30,204,086**	35,406,066
Staff costs (including directors' and chief executive's remuneration and five highest paid employees as set out in note 11):			
Wages and salaries		**25,513,616**	20,499,130
Accommodation benefits:			
Defined contribution fund		**1,030,603**	892,772
Retirement costs:			
Defined contribution fund		**1,312,093**	1,169,586
Defined benefit fund		**80,905**	103,667
Equity-settled share-based payments (note 58)		**271,677**	253,790
Total staff costs		**28,208,894**	22,918,945
Research and development costs		**4,882,900**	4,911,669
Auditor's remuneration		**11,900**	11,350
Depreciation of items of property, plant and equipment	*32*	**3,936,784**	3,589,760
Depreciation of right-of-use assets	*34*	**3,271,188**	2,670,621
Amortisation of mining rights	*36*	**16,594**	16,234
Amortisation of oil and gas assets	*37*	**601,704**	500,396
Amortisation of intangible assets	*38*	**2,730,799**	2,229,944
Impairment of financial assets, net:			
– Impairment of receivables		**299,981**	632,680
– Impairment/(reversal of) of debt investments measured at fair value through other comprehensive income		**94,315**	(120)
– Provision for loans and advances to customers	*16*	**116,241**	30,648
– Provision for impairment of debt investments at amortised cost		**236,357**	33,453
– Impairment of finance lease receivables	*26*	**49,541**	13,093

10. PROFIT BEFORE TAX *(Continued)*

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

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Provision for inventories		**234,796**	472,050
Provision for impairment of oil and gas assets	*37*	**–**	174,145
Provision for impairment of completed properties for sale		**340,456**	14,259
Provision for impairment of items of property, plant and equipment	*32*	**47,256**	57,870
Provision for impairment of investments in associates		**904,641**	1,908,093
Provision for impairment of intangible assets	*38*	**144,525**	149,703
Provision for impairment of right of use assets	*34*	**36,985**	3,882
Provision for impairment of properties under development		**438,049**	–
Provision for impairment of goodwill	*41*	**76,196**	197,511
Lease payment not included in the measurement of lease liabilities		**364,348**	346,215
(Gain)/loss on fair value adjustment of financial assets at fair value through profit or loss		**(2,068,203)**	1,767,538
Loss on disposal/partial disposal of associates		**88,739**	2,080,507
Loss on disposal of debt investments at fair value through other comprehensive income		**341,614**	235,429
Loss on derivative financial instruments		**183,902**	1,198,406
Exchange loss/(gain), net		**854,306**	(162,871)

* At 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2022: Nil).

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 RMB'000	2022 RMB'000
Directors' Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	40,040	40,587
Performance related bonus*	124,214	133,879
Pension scheme contributions	453	435
Total	164,707	174,901

* The executive directors of the Company are entitled to performance related bonus which is determined based on internal appraisal of various performance indicators.

During 2022 and 2023, certain directors were granted share awards and share options in respect of their services to the Group under the share award scheme and share option scheme, respectively, of the Company. The Group has recognised an amount of RMB71,570,000 as expenses during the year ended 31 December 2023 (2022: RMB92,555,000), further details of which are set out in note 58 to the financial statements. The fair value of the share award and share option, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

There were no emoluments paid by the Group or receivable by the directors or past directors as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the year.

(i) Independent non-executive directors

There were no fees paid to independent non-executive directors during the year (2022: Nil). The other emoluments excluding the equity-settled share award and share option scheme expenses of independent non-executive directors during the year were as follows:

	2023 RMB'000	2022 RMB'000
Zhang Shengman	675	644
Zhang Huaqiao	675	644
David T. Zhang	675	644
Lee Kai-Fu	675	644
Tsang King Suen Katherine	675	644
Total	3,375	3,220

The expenses recognised for the share awards and share options granted for the year ended 2023 are as followings: Mr. Zhang Shengman: RMB163,000 (2022: RMB226,000), Mr. Zhang Huaqiao: RMB163,000 (2022: RMB226,000), Mr. David T. Zhang: RMB163,000 (2022: RMB226,000), Mr. Lee Kai-Fu: RMB163,000 (2022: RMB226,000) and Ms. Tsang King Suen Katherine: RMB156,000 (2022: RMB183,000).

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(ii) Executive directors', non-executive directors' and chief executive's remuneration

(A) REMUNERATION EXCLUDING EXPENSES FOR EQUITY-SETTLED SHARE AWARD AND SHARE OPTION SCHEME.

	Fees RMB'000	Salaries, allowances, and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
31 December 2023					
Executive directors:					
Guo Guangchang	–	6,946	26,700	84	33,730
Wang Qunbin	–	6,796	25,663	84	32,543
Chen Qiyu	–	6,419	25,248	84	31,751
Xu Xiaoliang	–	6,325	25,248	60	31,633
Gong Ping	–	3,732	8,308	84	12,124
Huang Zhen	–	3,659	6,330	–	9,989
Pan Donghui (appointed as executive director on 29 March 2023)	–	2,788	6,717	57	9,562
Subtotal	–	36,665	124,214	453	161,332
Non-executive directors:					
Yu Qingfei	–	–	–	–	–
Li Shupei	–	–	–	–	–
Li Fuhua (appointed as non-executive director on 2 February 2023)	–	–	–	–	–
	–	–	–	–	–
Total	–	36,665	124,214	453	161,332
31 December 2022					
Executive directors:					
Guo Guangchang	–	6,599	29,818	78	36,495
Wang Qunbin	–	6,456	28,757	78	35,291
Chen Qiyu	–	6,153	24,558	78	30,789
Xu Xiaoliang	–	5,948	26,099	55	32,102
Qin Xuetang (resigned as executive director on 17 February 2023)	–	3,943	11,091	68	15,102
Gong Ping	–	3,713	8,224	78	12,015
Huang Zhen	–	3,630	5,332	–	8,962
Subtotal	–	36,442	133,879	435	170,756
Non-executive directors:					
Yu Qingfei	–	603	–	–	603
Zhuang Yuemin (resigned as non-executive director on 2 February 2023)	–	322	–	–	322
Li Shupei	–	–	–	–	–
	–	925	–	–	925
Total	–	37,367	133,879	435	171,681

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(ii) Executive directors', non-executive directors' and chief executive's remuneration *(Continued)*

(B) REMUNERATION OF EXPENSES FOR EQUITY-SETTLED SHARE AWARD AND SHARE OPTION SCHEME.

The expenses recognised for the share awards and share options granted for the year ended 31 December 2023 are as followings: Mr. Guo Guangchang: RMB1,185,000 (2022: RMB3,842,000), Mr. Wang Qunbing: RMB1,131,000 (2022: RMB3,665,000), Mr. Chen Qiyu: RMB22,630,000 (2022: RMB29,253,000), Mr. Xu Xiaoliang: RMB21,332,000 (2022: 25,357,000), Mr. Gong Ping: RMB11,008,000 (2022: RMB11,454,000), Mr. Huang Zhen: RMB6,118,000 (2022: RMB5,323,000), Mr. Pan Donghui: RMB7,250,000 (2022: nil), Mr. Yu Qingfei: RMB108,000 (2022: RMB79,000), Mr. Qin Xuetang: nil (2022: RMB12,416,000), Mr. Zhuang Yuemin: nil (2022: RMB79,000).

There was no arrangement under which a director waived or agreed to waive any remuneration and/or emoluments during the year.

(iii) Five highest paid employees

The five highest paid employees during the year included five directors (2022: five directors), details of whose remuneration are set out in note 9(ii) above. There were no highest paid employees who are neither a director nor chief executive of the Company for the year of 2023 (2022: Nil).

During 2023, no non-director highest paid employees (2022: Nil) were granted share award and share option in respect of their services to the Group, further details of which are included in the disclosures in note 58 to the financial statements. The fair value of the share award and share option, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director highest paid employees' remuneration disclosures.

12. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

The provision for income tax of Peak Reinsurance Company Limited ("Peak Re") incorporated in Hong Kong acquired by the Group, is based on a preferential rate of 8.25% (2022: 8.25%).

The provision for income tax of Alma Lasers Ltd. ("Alma Lasers"), a subsidiary of the Group incorporated in Israel, is based on a preferential effective rate of 6.0% (2022: 6.0%).

The provision for income tax of Fidelidade – Companhia de Seguros, S.A., and its subsidiaries incorporated in Portugal, is based on a rate of 31.5% (2022: 31.5%).

The provision for income tax of Club Med Holding and its subsidiaries incorporated in France is based on a rate of 25.83% (2022: 25.83%).

The provision for income tax of Hauck Aufhäuser Lampe Privatbank AG ("HAL") and its subsidiaries which was incorporated in Germany is based on a rate of 31.88% (2022: 31.88%).

The provision for income tax of Gland Pharma Limited ("Gland"), which was incorporated in India, was based on a statutory rate of 25.17% in 2023 (2022: 25.17%).

The provision for income tax of entities incorporated in the Chinese Mainland was based on a statutory rate of 25% (2022: 25%) as determined in accordance with the Enterprise Income Tax Law of the People's Republic of China which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the Chinese Mainland, which were taxed at preferential rates ranging from 0% to 20%.

The major components of tax expenses for the years ended 31 December 2023 and 2022 are as follows:

	2023 **RMB'000**	2022 RMB'000 (Restated)
Current – Portugal, Hong Kong and others	**1,183,994**	2,441,487
Current – Chinese Mainland		
– Income tax in the Chinese Mainland for the year	**2,731,596**	2,254,921
– LAT in the Chinese Mainland for the year	**582,341**	1,295,651
Deferred (note 42)	**(1,973,350)**	1,702,759
Tax expense for the year	**2,524,581**	7,694,818

12. TAX *(Continued)*

A reconciliation between the tax expenses and profit before tax excluding share of profits and losses of associates and joint ventures at the applicable statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled is as follows:

	Portugal, Hong Kong and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2023			
Profit/(Loss) before tax excluding share of profits and losses of associates and joint ventures	300,296	(1,986,925)	(1,686,629)
Tax at the applicable tax rate	710,674	(489,803)	220,871
Different tax rates for specific entities	(55,897)	(146,155)	(202,052)
Tax effect of:			
Income not subject to tax	(2,116,831)	(243,264)	(2,360,095)
Influence of the change of tax rate on the deferred income tax balance	21,676	(5,105)	16,571
Expenses not deductible for tax	2,413,744	583,320	2,997,064
Tax losses and temporary differences not recognised	369,337	2,346,671	2,716,008
Tax losses utilised	(359,094)	(294,161)	(653,255)
Under provision in prior years	(30,118)	(64,976)	(95,094)
Tax incentives on eligible expenditures	(65,677)	(434,968)	(500,645)
Subtotal	887,814	1,251,559	2,139,373
Provision for LAT for the year	–	200,636	200,636
Deferred tax effect of provision for LAT	–	(50,159)	(50,159)
Prepaid LAT for the year	–	381,705	381,705
Tax effect of prepaid LAT	–	(95,427)	(95,427)
Decrease in deferred LAT in deferred tax liabilities (note 42)	–	(51,547)	(51,547)
Total	887,814	1,636,767	2,524,581

12. TAX *(Continued)*

A reconciliation between the tax expenses and profit before tax excluding share of profits and losses of associates and joint ventures at the applicable statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled is as follows: *(Continued)*

	Portugal, Hong Kong and others RMB'000	Chinese Mainland RMB'000	Total RMB'000
2022 (restated)			
(Loss)/Profit before tax excluding share of profits and losses of associates and joint ventures	(3,967,121)	9,293,712	5,326,591
Tax at the applicable tax rate	(122,450)	2,373,359	2,250,909
Different tax rates for specific entities	46,843	(178,601)	(131,758)
Tax effect of:			
Income not subject to tax	(419,532)	(629,373)	(1,048,905)
Influence of the change of tax rate on the deferred income tax balance	35,330	12	35,342
Expenses not deductible for tax	2,516,538	505,334	3,021,872
Tax losses and temporary differences not recognised	409,858	2,267,667	2,677,525
Tax losses utilised	(714,027)	(380,269)	(1,094,296)
Under provision in prior years	39,510	13,773	53,283
Tax incentives on eligible expenditures	(78,248)	(314,044)	(392,292)
Tax impact recognised for disposal associated with certain subsidiaries joint ventures and associates	75,266	2,435,888	2,511,154
Reversal of deferred tax liabilities for tax impact on certain investment	(1,128,187)	–	(1,128,187)
Subtotal	660,901	6,093,746	6,754,647
Provision for LAT for the year	–	889,692	889,692
Deferred tax effect of provision for LAT	–	(222,353)	(222,353)
Prepaid LAT for the year	–	405,959	405,959
Tax effect of prepaid LAT	–	(101,489)	(101,489)
Decrease in deferred LAT in deferred tax liabilities (note 42)	–	(31,638)	(31,638)
Total	660,901	7,033,917	7,694,818

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

During the year, the prepaid LAT of the Group amounted to RMB381,705,000(2022: RMB405,959,000).

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 RMB305,679,000 (2022: RMB889,692,000) in respect of the sales of properties in the year in accordance with the requirements set forth in the relevant PRC tax laws and regulations. During the year, there was RMB105,043,000 LAT provision (2022: nil) was reversed to the consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group.

13. DIVIDENDS

	2023 RMB'000	2022 RMB'000
2022 final dividend declared in 2023 – HKD0.014 per ordinary share (2021 final dividend declared in 2022 – HKD0.3 per ordinary share)	**103,349**	2,148,152

A final dividend of HKD0.014 per ordinary share for the year ended 31 December 2022 was declared and approved by the shareholders at the annual general meeting of the Company on 9 June 2023, amounting to a total of approximately HKD114,869,000(equivalent to RMB103,349,000).

The directors did not recommend the payment of an interim dividend in respect of the year.

On 27 March 2024, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2023 of HKD0.038 per ordinary share, amounting to a total of approximately HKD311,720,000, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

14. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the share award scheme, and the weighted average number of ordinary shares of 8,174,151,086 (2022: 8,265,002,799) in issue during the year.

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

The calculations of basic and diluted earnings/(loss) per share are based on:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent	**1,379,103**	(831,803)
Less: Cash dividends distributed to the share award scheme	**(349)**	(11,325)
Adjusted profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	**1,378,754**	(843,128)
Cash dividends distributed to the share award scheme	**349**	11,325
Profit/(loss) attributable to ordinary equity holders of the parent, used in the diluted earnings/(loss) per share calculation	**1,379,103**	(831,803)

14. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

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

	Number of shares	
	2023	2022 (Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**8,174,151,086**	8,265,002,799
Effect of dilution – weighted average number of ordinary shares:		
– Share award scheme	**21,587,073**	–
– Share option scheme	**–**	–
Weighted average number of ordinary shares used in the calculation of diluted earnings/(loss) per share	**8,195,738,159**	8,265,002,799
Basic earnings/(loss) per share (RMB)	**0.17**	(0.10)
Diluted earnings/(loss) per share (RMB)	**0.17**	(0.10)

For the year ended 31 December 2023

The potential ordinary shares of the share option scheme are excluded from the calculation of diluted earnings per share, because the exercise price of the share option scheme is higher than the average market price of the ordinary shares of the Company for during the year ended 31 December 2023.

For the year ended 31 December 2022

Because the restated diluted loss per share amount is decreased when taking the share award/option scheme into account, the share award/option scheme had an anti-dilutive effect on the basic losses per share for the year ended 31 December 2022 and were ignored in the calculation of diluted loss per share.

15. CASH AND BANK BALANCES AND TERM DEPOSITS

	Notes	2023 RMB'000	2022 RMB'000
Cash on hand		**55,867**	27,344
Cash at banks, unrestricted		**73,162,628**	85,446,088
Cash and cash equivalents		**73,218,495**	85,473,432
Pledged bank balances	*(1)*	**10,216,457**	2,606,014
Time deposits with original maturity of more than three months		**7,100,818**	7,853,099
Restricted pre-sale proceeds	*(2)*	**1,446,759**	3,915,461
Required reserve deposits	*(3)*	**477,115**	715,994
Total		**92,459,644**	100,564,000

Notes:

		2023 RMB'000	2022 RMB'000
(1)	Pledged bank balances to secure interest-bearing bank and other borrowings (note 50)	**6,871,900**	1,041,172
	Bank balances as various deposits	**3,344,557**	1,564,842

(2) In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

(3) Required reserve deposits amounting to RMB477,115,000 (2022: RMB715,994,000) are placed by Shanghai Fosun High Technology Group Finance Co., Ltd. ("Finance Company"), an indirect subsidiary of the Company, with the People's Bank of China ("PBOC"). The reserve deposits with the PBOC are not available for use in the Group's daily operations.

(4) The Group has certain deposits in Tebon Securities Co., Ltd., a company controlled by the ultimate controlling shareholder of the Group. The balance as at 31 December 2023 was RMB77,717,000 (2022: RMB32,075,000).

(5) The Group has certain deposits in Banco Comercial Português, S.A., an associate of the Group. The balance as at 31 December 2023 was RMB58,157,000 (2022: RMB164,903,000).

In the preparation of the consolidated statement of cash flows, pledged bank balances, time deposits with original maturity of more than three months, restricted pre-sale proceeds from properties and required reserve deposits have been excluded from cash and cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

16. LOANS AND ADVANCES TO CUSTOMERS

	2023 RMB'000	2022 RMB'000
Corporate loans and advances		
– Loans and advances	**12,136,721**	11,919,455
Personal loans		
– Mortgages	**1,064,458**	979,017
– Other	**3,240,056**	3,488,722
Subtotal	**4,304,514**	4,467,739
Total	**16,441,235**	16,387,194
Allowance for impairment		
– Corporate loans and advances	**(200,475)**	(78,551)
– Personal loans	**(143,165)**	(145,699)
Subtotal	**(343,640)**	(224,250)
Loans and advances to customers, net	**16,097,595**	16,162,944

	2023 RMB'000	2022 RMB'000
Gross loans and advances to customers	**16,441,235**	16,387,194
Allowance for impairment		
– Individually assessed	**(269,838)**	(179,067)
– Collectively assessed	**(73,802)**	(45,183)
Subtotal	**(343,640)**	(224,250)
Loans and advances to customers, net	**16,097,595**	16,162,944

The movements in the allowance for impairment of loans and advances to customers are as follows:

	Note	2023 RMB'000	2022 RMB'000
As at 1 January		**224,250**	191,675
Allowance for impairment losses	*10*	**116,241**	30,648
Exchange differences		**3,149**	1,927
At 31 December		**343,640**	224,250

17. TRADE AND NOTES RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	**13,676,040**	12,298,558
Notes receivable	**738,126**	901,893
Total	**14,414,166**	13,200,451

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

	2023 RMB'000	2022 RMB'000
Outstanding balances with ages:		
Within 90 days	**10,477,833**	10,233,845
91 to 180 days	**1,124,775**	1,097,546
181 to 365 days	**1,655,346**	683,256
1 to 2 years	**614,929**	479,048
2 to 3 years	**223,907**	198,183
Over 3 years	**235,918**	179,687
Subtotal	**14,332,708**	12,871,565
Less:		
Loss allowance for trade receivables	**656,668**	573,007
Total	**13,676,040**	12,298,558

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**573,007**	616,686
Amount written off as uncollectible	**(61,259)**	(228,945)
Disposal of subsidiaries	**(2,036)**	(12,902)
Impairment losses, net	**132,907**	190,936
Exchange realignment	**14,049**	7,232
At the end of the year	**656,668**	573,007

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, the balances are grouped based on credit risk characteristics and the ageing analysis. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

17. TRADE AND NOTES RECEIVABLES *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Less than 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
31 December 2023					
Expected credit loss rate	**1.04%**	**5.94%**	**15.38%**	**74.64%**	
Gross carrying amount (RMB'000)	**11,602,608**	**1,655,346**	**614,929**	**459,825**	**14,332,708**
Expected credit losses (RMB'000)	**120,482**	**98,405**	**94,571**	**343,210**	**656,668**
31 December 2022					
Expected credit loss rate	1.70%	6.45%	23.74%	59.03%	
Gross carrying amount (RMB'000)	11,331,391	683,256	479,048	377,870	12,871,565
Expected credit losses (RMB'000)	192,138	44,054	113,741	223,074	573,007

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

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

As at 31 December 2023, the Group's trade and notes receivables with a carrying amount of approximately RMB283,253,000 (31 December 2022: RMB473,279,000) were pledged to secure interest-bearing bank and other borrowings and other liabilities, as set out in note 50 to the financial statements.

18. INVENTORIES

	2023 RMB'000	2022 RMB'000
Raw materials	**3,329,798**	4,287,710
Work in progress	**11,629,430**	10,764,528
Finished goods	**11,588,108**	10,827,321
Spare parts and consumables	**238,974**	192,196
Subtotal	**26,786,310**	26,071,755
Less: provision for inventories	**(552,464)**	(422,047)
Total	**26,233,846**	25,649,708
The inventories pledged to secure interest-bearing bank and other borrowings are as follows:		
Net book value pledged (note 50)	**797,680**	929,883

19. PROPERTIES UNDER DEVELOPMENT

	2023 RMB'000	2022 RMB'000
Land cost	**34,330,920**	43,518,798
Construction costs	**6,385,030**	11,796,912
Capitalised finance costs	**6,498,343**	6,763,418
Subtotal	**47,214,293**	62,079,128
Provision for impairment of properties under development	**(438,049)**	–
Total	**46,776,244**	62,079,128

The properties pledged to secure interest-bearing and other borrowings and other liabilities are as follows:

	2023 RMB'000	2022 RMB'000
Net book value pledged (note 50)	**31,545,999**	34,365,862
Additions to properties under development include:		
Interest expense capitalised in respect of bank and other borrowings (note 9)	**952,670**	1,733,940

The Group's properties under development are mainly situated in PRC.

20. CONTRACT ASSETS AND OTHER ASSETS

	2023 RMB'000	2022 RMB'000
Contract assets		
Sales of industrial products	**46,666**	578,354
Provision of research and development services	**147,396**	–
Other assets		
Right-of-return assets	**29,400**	31,133
Others	**5,804**	781
Subtotal	**35,204**	31,914
Total	**229,266**	610,268

The expected timing of recovery or settlement for contract assets and other assets as at 31 December 2023 is as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**229,266**	610,268
More than one year	**–**	–
Total	**229,266**	610,268

21. BALANCES WITH SHAREHOLDERS AND RELATED COMPANIES

	Notes	2023 RMB'000	2022 RMB'000
Due from related companies:			
Associates	*(i)/(ii)*	**2,644,814**	2,837,208
Joint ventures	*(iii)*	**15,370,254**	10,092,085
Total		**18,015,068**	12,929,293

Notes:

(i) As at 31 December 2023, the balances due from associates included the amount of RMB916,208,000 (2022: RMB1,181,729,000), which was non-trade in nature, unsecured, interest-free and repayable on demand. The balances due from associates also included the amount of RMB370,962,000 (2022: RMB370,449,000), which was non-trade in nature, unsecured, interest-free and will not be repaid within one year.

(ii) As at 31 December 2023, the balances due from associates included an amount of RMB1,357,644,000 (2022: RMB1,285,030,000), which was trade in nature, interest-free and repayable on demand.

(iii) As at 31 December 2023, the balances due from joint ventures included an amount of RMB12,066,024,000 (2022: RMB7,318,383,000), which was non-trade in nature, unsecured, interest-free and repayable on demand.

As at 31 December 2023, the balances due from joint ventures included an amount of RMB3,298,783,000 (2022: RMB2,747,711,000), which was non-trade in nature, unsecured, bore interest at a fixed interest rate of 7.00%-8.00% per annum and repayable on demand. The balances due from joint ventures included an amount of RMB5,447,000 (2022: RMB25,991,000), which was trade in nature, interest-free and repayable on demand.

As at 31 December 2023, the balance due from joint ventures included an amount of RMB5,465,000,000 (31 December 2022: nil) were pledged to secure interest-bearing bank and other borrowings, as set out in note 50 to the financial statements.

	Notes	2023 RMB'000	2022 RMB'000
Due to the holding company	*(iv)*	**244,358**	122,606
Due to the related companies:			
Associates	*(v)/(vi)*	**1,767,421**	3,596,714
Joint ventures	*(vii)*	**431,613**	1,507,505
Total		**2,199,034**	5,104,219

(iv) As at 31 December 2023, the balances due to the holding company included an amount of RMB244,358,000(2022: RMB122,606,000), which was non-trade in nature, unsecured, interest-free and will not be repaid within one year.

(v) As at 31 December 2023, the balances due to associates included an amount of RMB249,128,000 (2022: RMB232,031,000), which was non-trade in nature, unsecured, interest-free and repayable on demand. The balances due to associates as at 31 December 2023 included the amount of RMB1,409,484,000 (2022: RMB1,419,133,000), which was non-trade in nature, unsecured, interest-free and will not be repaid within one year. The balances due to associates included an amount of RMB973,952,000 in 2022 which was non-trade in nature, unsecured, bore interest at a fixed interest rate of 7.80% per annum.

(vi) The balances due to associates included an amount of RMB108,809,000 (2022: RMB971,598,000), which was trade in nature, interest-free and repayable on demand.

(vii) As at 31 December 2023, the balances due to joint ventures included an amount of RMB431,613,000(2022: RMB895,277,000), which was non-trade in nature, unsecured, interest-free and repayable on demand. The balances due to joint ventures included an amount of RMB612,228,000 in 2022, which was non-trade in nature, interest-free.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 RMB'000	2022 RMB'000
Prepayments consist of:		
Prepayments for purchase of pharmaceutical materials	751,256	1,451,011
Prepayments for purchase of construction materials	8,695	88,402
Prepayments for purchase of tourism services	758,479	750,942
Prepayments for purchase of equipment and others	1,964,390	2,456,865
Prepaid tax	3,492,692	2,861,372
Prepaid expenses	2,202,559	1,559,943
Prepayments for the proposed equity investments	467,314	1,108,726
Prepayments for the acquisition of the land	116,228	7,600
Deposits	3,267,584	3,554,265
Other receivables consist of:		
Funding provided to third parties	4,866,699	4,990,568
Tax recoverable	1,393,609	1,516,627
Receivable for consideration of disposal of equity investments	2,288,481	4,525,439
Others	11,830,400	11,833,248
	33,408,386	36,705,008
Impairment allowance	(1,454,702)	(1,262,687)
Total	31,953,684	35,442,321

23. ASSETS/LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

	Notes	2023 RMB'000	2022 RMB'000
Carrying amount of the assets classified as held for sale		**2,906,203**	18,030,509
Other long term assets		**–**	1,786,557
Liabilities directly associated with the assets classified as held for sale		**79,178**	117,467
Assets			
Investment in an joint venture	*(i)*	**–**	12,810,608
Investment in associates	*(ii)/(iii)/(iv)*	**1,960,436**	6,706,135
Property, plant and equipment (note 32)		**59,678**	80,129
Investment Properties (note 33)		**722,678**	–
Prepayments, deposits and other receivables		**122,256**	188,184
Deferred tax assets (note 42)		**41,155**	32,010
Total		**2,906,203**	19,817,066
Liabilities			
Accrued liabilities and other payables		**79,178**	117,467
Liabilities directly associated with the assets classified as held for sale		**79,178**	117,467

(i) On 4 December 2023, the disposal of the 60% equity interests in Nanjing Nangang Iron & Steel United Co., Ltd ("Nanjing Nangang") has been completed. Upon completion of the disposal, the Group ceased to have any equity interest in Nanjing Nangang.

(ii) As at 31 December 2023, the equity interests of 5.96% in Banco Comercial Português, S.A ("BCP"), an associate of the Group was classified in assets held for sale. BCP is a Portuguese bank whose shares are listed on the Euronext Lisbon. The disposal of 5.96% equity interests in BCP was completed in January 2024. Upon completion of the disposal, the Group still holds 20.03% equity interests in BCP and BCP remains as an associate of the Group.

(iii) In December 2023, the Group completed the disposal of all the equity interests in Tianjin Pharmaceutical Group Co., Ltd. ("Tianjin Pharmaceutical") to a third party. Upon completion of the disposal, the Group ceased to have any equity interest in Tianjin Pharmaceutical.

(iv) On 5 January 2023, the Company and Shanghai Fosun Industrial Technology Development Co., Ltd. (a wholly-owned subsidiary of the Company,"Fosun Industrial Development") entered into the equity transfer agreement with Beijing Camdragon Heavy Industry Group Co., Ltd. ("Camdragon Heavy Industry"), pursuant to which Fosun Industrial Development has agreed to sell and Camdragon Heavy Industry has agreed to purchase, a 25.7033% equity interest in Tianjin Jianlong, a 26.6667% equity interest in Jianlong Steel Holdings Co., Ltd., and a 26.6667% equity interest in Beijing Northern Jianlong Industrial Co., Ltd., the Company has agreed to sell, and Camdragon Investment Co. Ltd. has agreed to purchase a 26.6667% equity interest in Janeboat Holdings Ltd. (the "Tianjin Jianlong Disposals"). The Tianjin Jianlong Disposals were completed in March 2023. The second stage payment of the consideration will be paid in accordance with the agreed detail payment arrangement within 20 years and the amount of RMB1,786,557,000 was recognised in prepayment, other receivables and other assets as at 31 December 2023.

24. DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2023

	Fair value	
Derivatives held for trading	**Assets**	**Liabilities**
	RMB'000	**RMB'000**
Currency derivatives		
Currency forwards, futures and swaps, and cross-currency interest rate swaps	899,774	1,001,904
Interest rate derivatives		
Interest rate swaps	561,731	243,144
Interest rate futures	–	17,761
Interest rate options	25,327	25,371
Equity derivatives	1,307,491	2,561,756
Other derivatives	583,485	69,881
Subtotal	3,377,808	3,919,817
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards, futures and swaps	107,423	84,179
Interest rate derivatives		
Interest rate swaps	130,445	35,513
Subtotal	237,868	119,692
Total	3,615,676	4,039,509

24. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

31 December 2022

	Fair value	
Derivatives held for trading	Assets RMB'000	Liabilities RMB'000
Currency derivatives		
Currency forwards, futures and swaps, and cross-currency interest rate swaps	1,555,119	1,295,507
Interest rate derivatives		
Interest rate swaps	698,227	188,229
Interest rate futures	42,263	549
Interest rate options	44,877	44,877
Equity derivatives	122,374	573,962
Other derivatives	598,246	881,396
Subtotal	3,061,106	2,984,520
Qualifying for hedge accounting		
Currency derivatives		
Currency forwards, futures and swaps	381,210	134,870
Interest rate derivatives		
Interest rate swaps	95,022	29,353
Subtotal	476,232	164,223
Total	3,537,338	3,148,743

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000 (Restated)
Listed investments, at fair value	**14,068,921**	18,594,401
Other unlisted investments, at fair value	**38,872,265**	41,369,818
Total	**52,941,186**	59,964,219
Analysed as:		
Equity investments	**42,219,961**	48,442,906
Debt investments	**10,721,225**	11,521,313
Total	**52,941,186**	59,964,219

As at 31 December 2023, the Group's financial assets at fair value through profit or loss with a carrying amount of RMB11,221,408,000 (31 December 2022: RMB3,859,468,000) were pledged to secure interest-bearing bank and other borrowings and other liabilities.

As at 31 December 2023, the Group's financial assets at fair value through profit or loss with a carrying amount of RMB1,424,714,000 (31 December 2022: RMB1,127,529,000) were pledged to secure assets sold under agreements to repurchase, as set out in note 44 to the financial statements.

26. FINANCE LEASE RECEIVABLES

Total future minimum lease receivables under finance leases and their present values are as follows:

	2023 RMB'000	2022 RMB'000
Gross lease receivables:		
Within one year	246,067	331,210
In the second year	200,655	264,067
In the third to fifth years, inclusive	495,695	404,593
Total minimum finance lease receivables	942,417	999,870
Unearned finance income	(158,722)	(122,662)
Future value-added tax	(23,626)	(43,753)
Provision for lease receivables	(60,524)	(43,893)
Total	699,545	789,562

As at 31 December 2023, the Group's finance lease receivables with a carrying amount of RMB374,492,000 (2022: RMB129,044,000) were pledged to secure interest-bearing bank and other borrowings, as set out in note 50 to the financial statements.

The movements in the allowance for impairment of finance lease receivables are as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	43,893	35,572
Additions (note 10)	49,541	13,093
Written off	(32,910)	(4,772)
At 31 December	60,524	43,893

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES

(1) The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows:

2023	Non-Measured by the premium allocation approach				Measured by the premium allocation approach				
	Liability for remaining coverage				Liability for remaining coverage	Liabilities for incurred claims			
	Excluding loss component RMB'000	Loss component RMB'000	Liabilities for incurred claims RMB'000	Sub-total RMB'000	Excluding loss component RMB'000	Estimates of the present value of future cash flows RMB'000	Risk adjustment for non-financial risk RMB'000	Sub-total RMB'000	Total RMB'000
Insurance contract liabilities as at 31 December 2022 (restated)	18,612,451	952,328	17,006,144	36,570,923	4,408,029	17,512,822	713,738	22,634,589	59,205,512
Insurance contract assets as at 31 December 2022 (restated)	2,768,284	(93,266)	(1,807,762)	867,256	927,608	(19,818)	–	907,790	1,775,046
Net insurance contract liabilities/(assets) as at 31 December 2022	15,844,167	1,045,594	18,813,906	35,703,667	3,480,421	17,532,640	713,738	21,726,799	57,430,466
Insurance revenue	(12,629,177)	–	–	(12,629,177)	(24,297,279)	–	–	(24,297,279)	(36,926,456)
Contracts under the fair value transition approach	(1,670,938)	–	–	(1,670,938)	–	–	–	–	(1,670,938)
Contracts other than those to which fair value approach or modified retrospective approach are applied	(10,958,239)	–	–	(10,958,239)	(24,297,279)	–	–	(24,297,279)	(35,255,518)
Insurance services expenses	(3,103,019)	(346,583)	13,509,090	10,059,488	4,551,523	16,409,807	49,764	21,011,094	31,070,582
Incurred claims and other expenses	–	(2,085,754)	14,099,701	12,013,947	–	19,814,071	332,663	20,146,734	32,160,681
Amortisation of insurance acquisition cash flows	479,883	–	–	479,883	4,551,608	–	–	4,551,608	5,031,491
Losses on onerous contracts and reversals of those losses	–	1,739,171	–	1,739,171	–	–	–	–	1,739,171
Changes to liabilities for incurred claims	–	–	(4,173,513)	(4,173,513)	–	(3,404,349)	(282,899)	(3,687,248)	(7,860,761)
Investment components	(3,582,902)	–	3,582,902	–	(85)	85	–	–	–
Insurance service result	(15,732,196)	(346,583)	13,509,090	(2,569,689)	(19,745,756)	16,409,807	49,764	(3,286,185)	(5,855,874)
Insurance finance income or expenses	1,480,150	65,797	187,225	1,733,172	(24,526)	1,198,810	28,699	1,202,983	2,936,155
Effect of movements in exchange rates	1,051,011	(15,732)	352,403	1,387,682	25,145	1,101,036	41,280	1,167,461	2,555,143
Total changes in the statement of comprehensive income	(13,201,035)	(296,518)	14,048,718	551,165	(19,745,137)	18,709,653	119,743	(915,741)	(364,576)

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES *(Continued)*

(1) The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows: *(Continued)*

2023	Non-Measured by the premium allocation approach				Measured by the premium allocation approach				
	Liability for remaining coverage				Liability for remaining coverage	Liabilities for incurred claims			
	Excluding loss component RMB'000	Loss component RMB'000	Liabilities for incurred claims RMB'000	Sub-total RMB'000	Excluding loss component RMB'000	Estimates of the present value of future cash flows RMB'000	Risk adjustment for non-financial risk RMB'000	Sub-total RMB'000	Total RMB'000
Cash flows:									
Premiums received	14,637,947	–	–	14,637,947	24,018,820	–	–	24,018,820	38,656,767
Insurance acquisition cash flow	(3,290,334)	–	–	(3,290,334)	(4,708,649)	–	–	(4,708,649)	(7,998,983)
Claims and other insurance service expenses paid, including investment components	–	–	(11,551,106)	(11,551,106)	–	(15,165,070)	–	(15,165,070)	(26,716,176)
Total cash flow	11,347,613	–	(11,551,106)	(203,493)	19,310,171	(15,165,070)	–	4,145,101	3,941,608
Net insurance contract liabilities/(assets) as at 31 December 2023	13,990,745	749,076	21,311,518	36,051,339	3,045,455	21,077,223	833,481	24,956,159	61,007,498
Insurance contract liabilities as at 31 December 2023	16,742,342	626,187	19,580,211	36,948,740	3,971,667	21,057,407	833,481	25,862,555	62,811,295
Insurance contract assets as at 31 December 2023	2,751,597	(122,889)	(1,731,307)	897,401	926,212	(19,816)	–	906,396	1,803,797

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES *(Continued)*

(1) The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows: *(Continued)*

2022	Non-Measured by the premium allocation approach				Measured by the premium allocation approach				
	Liability for remaining coverage				Liability for remaining coverage	Liabilities for incurred claims			
	Excluding loss component RMB'000	Loss component RMB'000	Liabilities for incurred claims RMB'000	Sub-total RMB'000	Excluding loss component RMB'000	Estimates of the present value of future cash flows RMB'000	Risk adjustment for non-financial risk RMB'000	Sub-total RMB'000	Total RMB'000
Insurance contract liabilities as at 1 January 2022 (restated)	21,768,865	418,862	13,639,660	35,827,387	5,365,386	28,471,141	642,717	34,479,244	70,306,631
Insurance contract assets as at 1 January 2022 (restated)	1,727,926	(39,269)	(1,024,726)	663,931	829,831	4,696,092	–	5,525,923	6,189,854
Net insurance contract liabilities/(assets) as at 1 January 2022	20,040,939	458,131	14,664,386	35,163,456	4,535,555	23,775,049	642,717	28,953,321	64,116,777
Insurance revenue	(13,808,536)	–	–	(13,808,536)	(25,244,100)	–	–	(25,244,100)	(39,052,636)
Contracts under the fair value transition approach	(1,560,980)	–	–	(1,560,980)	–	–	–	–	(1,560,980)
Contracts other than those to which fair value approach or modified retrospective approach are applied	(12,247,556)	–	–	(12,247,556)	(25,244,100)	–	–	(25,244,100)	(37,491,656)
Insurance services expenses	(1,884,575)	589,617	16,228,870	14,933,912	5,307,214	15,853,527	94,555	21,255,296	36,189,208
Incurred claims and other expenses	–	(2,084,101)	25,698,217	23,614,116	–	15,444,797	253,722	15,698,519	39,312,635
Amortisation of insurance acquisition cash flows	485,247	–	–	485,247	5,317,123	–	–	5,317,123	5,802,370
Losses on onerous contracts and reversals of those losses	–	2,673,718	–	2,673,718	–	–	–	–	2,673,718
Changes to liabilities for incurred claims	–	–	(11,839,169)	(11,839,169)	–	398,821	(159,167)	239,654	(11,599,515)
Investment components	(2,369,822)	–	2,369,822	–	(9,909)	9,909	–	–	–
Insurance service result	(15,693,111)	589,617	16,228,870	1,125,376	(19,936,886)	15,853,527	94,555	(3,988,804)	(2,863,428)
Insurance finance income or expenses	(724,866)	(63,999)	(2,008,251)	(2,797,116)	59,973	(2,052,502)	(44,130)	(2,036,659)	(4,833,775)
Effect of movements in exchange rates	223,336	61,845	1,420,102	1,705,283	5,934,669	(5,522,851)	20,596	432,414	2,137,697
Total changes in the statement of comprehensive income	(16,194,641)	587,463	15,640,721	33,543	(13,942,244)	8,278,174	71,021	(5,593,049)	(5,559,506)

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES *(Continued)*

(1) The analysis of liabilities for remaining coverage and liabilities for incurred claims is as follows: *(Continued)*

2022	Non-Measured by the premium allocation approach				Measured by the premium allocation approach				
	Liability for remaining coverage				Liability for remaining coverage	Liabilities for incurred claims			
	Excluding loss component RMB'000	Loss component RMB'000	Liabilities for incurred claims RMB'000	Sub-total RMB'000	Excluding loss component RMB'000	Estimates of the present value of future cash flows RMB'000	Risk adjustment for non-financial risk RMB'000	Sub-total RMB'000	Total RMB'000
Cash flows:									
Premiums received	14,837,389	–	–	14,837,389	21,433,162	845,051	–	22,278,213	37,115,602
Insurance acquisition cash flow	(2,839,520)	–	–	(2,839,520)	(4,131,262)	–	–	(4,131,262)	(6,970,782)
Claims and other insurance service expenses paid, including investment components	–	–	(11,491,201)	(11,491,201)	–	(11,298,717)	–	(11,298,717)	(22,789,918)
Total cash flow	11,997,869	–	(11,491,201)	506,668	17,301,900	(10,453,666)	–	6,848,234	7,354,902
Disposal	–	–	–	–	(4,414,790)	(4,066,917)	–	(8,481,707)	(8,481,707)
Net insurance contract liabilities/(assets) as at 31 December 2022	15,844,167	1,045,594	18,813,906	35,703,667	3,480,421	17,532,640	713,738	21,726,799	57,430,466
Insurance contract liabilities as at 31 December 2022 (restated)	18,612,451	952,328	17,006,144	36,570,923	4,408,029	17,512,822	713,738	22,634,589	59,205,512
Insurance contract assets as at 31 December 2022 (restated)	2,768,284	(93,266)	(1,807,762)	867,256	927,608	(19,818)	–	907,790	1,775,046

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES *(Continued)*

(2) The analysis of contractual service margin for insurance contracts not measured under the premium allocation approach is as follows:

2023			CSM		
	Estimates of the present value of future cash flows RMB'000	Risk adjustment for non-financial risk RMB'000	Contracts under fair value transition approach RMB'000	Contracts other than those to which fair value approach or modified retrospective approach are applied RMB'000	Total RMB'000
Insurance contract liabilities as at 31 December 2022 (restated)	30,314,328	2,036,186	3,281,660	938,749	36,570,923
Insurance contract assets as at 31 December 2022 (restated)	1,244,808	(160,756)	–	(216,796)	867,256
Net insurance contract liabilities/(assets) as at 31 December 2022	29,069,520	2,196,942	3,281,660	1,155,545	35,703,667
Changes that relate to current services	2,091,092	(97,873)	(542,042)	(1,586,524)	(135,347)
Contractual service margin recognised for services provided	–	–	(542,042)	(1,586,524)	(2,128,566)
Changes in risk adjustment for non-financial risk	–	(97,873)	–	–	(97,873)
Experience adjustments	2,091,092	–	–	–	2,091,092
Changes that relate to future services	(581,845)	332,201	394,280	1,594,535	1,739,171
Contracts initially recognised in the period	(1,884,329)	382,850	293,097	1,286,701	78,319
Changes in estimates that adjust the contractual service margin	(326,160)	(82,857)	101,183	307,834	–
Changes in estimates that do not adjust the contractual service margin	1,628,644	32,208	–	–	1,660,852
Changes that relate to past services	(3,708,174)	(465,339)	–	–	(4,173,513)
Adjustments to liabilities for incurred claims	(3,708,174)	(465,339)	–	–	(4,173,513)
Insurance service result	(2,198,927)	(231,011)	(147,762)	8,011	(2,569,689)
Insurance finance income or expenses	1,545,637	120,374	41,891	25,270	1,733,172
Effect of movements in exchange rates	1,121,399	56,718	189,783	19,782	1,387,682
Total changes in the statement of comprehensive income	468,109	(53,919)	83,912	53,063	551,165
Cash flows:					
Premiums paid	14,637,947	–	–	–	14,637,947
Insurance acquisition cash flow	(3,290,334)	–	–	–	(3,290,334)
Claims and other insurance service expenses paid, including investment components	(11,551,106)	–	–	–	(11,551,106)
Total cash flow	(203,493)	–	–	–	(203,493)
Net insurance contract liabilities/(assets) as at 31 December 2023	29,334,135	2,143,023	3,365,572	1,208,608	36,051,338
Insurance contract liabilities as at 31 December 2023	30,749,427	1,987,841	3,365,572	845,900	36,948,740
Insurance contract assets as at 31 December 2023	1,415,292	(155,182)	–	(362,708)	897,402

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES *(Continued)*

(2) The analysis of contractual service margin for insurance contracts not measured under the premium allocation approach is as follows: *(Continued)*

2022	Estimates of the present value of future cash flows RMB'000	Risk adjustment for non-financial risk RMB'000	CSM: Contracts under fair value transition approach RMB'000	CSM: Contracts other than those to which fair value approach or modified retrospective approach are applied RMB'000	Total RMB'000
Insurance contract liabilities as at 1 January 2022 (restated)	29,531,535	1,716,306	3,734,201	845,345	35,827,387
Insurance contract assets as at 1 January 2022 (restated)	948,824	(103,949)	–	(180,944)	663,931
Net insurance contract liabilities/(assets) as at 1 January 2022	28,582,711	1,820,255	3,734,201	1,026,289	35,163,456
Changes that relate to current services	12,567,994	82,403	(477,312)	(1,882,258)	10,290,827
Contractual service margin recognised for services provided	–	–	(477,312)	(1,882,258)	(2,359,570)
Changes in risk adjustment for non-financial risk	–	82,403	–	–	82,403
Experience adjustments	12,567,994	–	–	–	12,567,994
Changes that relate to future services	253,278	730,686	(172,001)	1,861,755	2,673,718
Contracts initially recognised in the period	(2,090,266)	775,304	191,673	1,327,472	204,183
Changes in estimates that adjust the contractual service margin	(88,040)	(82,569)	(363,674)	534,283	–
Changes in estimates that do not adjust the contractual service margin	2,431,584	37,951	–	–	2,469,535
Changes that relate to past services	(11,375,053)	(464,116)	–	–	(11,839,169)
Adjustments to liabilities for incurred claims	(11,375,053)	(464,116)	–	–	(11,839,169)
Insurance service result	1,446,219	348,973	(649,313)	(20,503)	1,125,376
Insurance finance income or expenses	(2,853,974)	(114,978)	118,077	53,759	(2,797,116)
Effect of movements in exchange rates	1,387,896	142,692	78,695	96,000	1,705,283
Total changes in the statement of comprehensive income	(19,859)	376,687	(452,541)	129,256	33,543
Cash flows:					
Premiums paid	14,837,389	–	–	–	14,837,389
Insurance acquisition cash flow	(2,839,520)	–	–	–	(2,839,520)
Claims and other insurance service expenses paid, including investment components	(11,491,201)	–	–	–	(11,491,201)
Total cash flow	506,668	–	–	–	506,668
Net insurance contract liabilities/(assets) as at 31 December 2022	29,069,520	2,196,942	3,281,660	1,155,545	35,703,667
Insurance contract liabilities as at 31 December 2022 (restated)	30,314,328	2,036,186	3,281,660	938,749	36,570,923
Insurance contract assets as at 31 December 2022 (restated)	1,244,808	(160,756)	–	(216,796)	867,256

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES *(Continued)*

(3) The analysis of reinsurance contract assets for remaining coverage and liabilities for incurred claims is as follows:

2023	Non-Measured by the premium allocation approach				Measured by the premium allocation approach				
	Assets for remaining coverage				Asset for remaining coverage	Assets for incurred claims			
	Excluding loss-recovery component RMB'000	Loss-recovery component RMB'000	Assets for incurred claims RMB'000	Sub-total RMB'000	Excluding loss-recovery component RMB'000	Estimates of the present value of future cash flows RMB'000	Risk adjustment for non-financial risk RMB'000	Sub-total RMB'000	Total RMB'000
Reinsurance contract liabilities as at 31 December 2022 (restated)	2,414,707	(7,866)	(1,770,716)	636,125	–	2,881,161	–	2,881,161	3,517,286
Reinsurance contract assets as at 31 December 2022 (restated)	(1,081,084)	239,352	3,950,473	3,108,741	1,942,299	3,601,157	189,373	5,732,829	8,841,570
Net reinsurance contract assets/(liabilities) as at 31 December 2022	(3,495,791)	247,218	5,721,189	2,472,616	1,942,299	719,996	189,373	2,851,668	5,324,284
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(1,686,624)	1,993	904,574	(780,057)	(8,720,542)	6,861,602	9,472	(1,849,468)	(2,629,525)
Effect of changes in non-performance risk of reinsurers	1,387	–	5,109	6,496	–	19,462	–	19,462	25,958
Reinsurance investment components	(289,611)	–	289,611	–	–	–	–	–	–
Reinsurance service result	(1,974,848)	1,993	1,199,294	(773,561)	(8,720,542)	6,881,064	9,472	(1,830,006)	(2,603,567)
Reinsurance finance income or expenses	(4,491)	2,769	73,798	72,076	(43,607)	194,692	6,658	157,743	229,819
Effect of movements in exchange rates	(48,704)	4,220	85,875	41,391	116,660	55,718	11,668	184,046	225,437
Total changes in the statement of comprehensive income	(2,028,043)	8,982	1,358,967	(660,094)	(8,647,489)	7,131,474	27,798	(1,488,217)	(2,148,311)
Cash flows:									
Premiums paid	3,064,343	–	–	3,064,343	8,849,263	–	–	8,849,263	11,913,606
Amounts received	–	–	(2,458,373)	(2,458,373)	–	(6,616,845)	–	(6,616,845)	(9,075,218)
Total cash flow	3,064,343	–	(2,458,373)	605,970	8,849,263	(6,616,845)	–	2,232,418	2,838,388
Net insurance contract assets/(liabilities) as at 31 December 2023	(2,459,491)	256,200	4,621,783	2,418,492	2,144,073	1,234,625	217,171	3,595,869	6,014,361
Reinsurance contract liabilities as at 31 December 2023	532,845	(15,924)	(222,511)	294,410	–	2,808,806	–	2,808,806	3,103,216
Reinsurance contract assets as at 31 December 2023	(1,926,646)	240,276	4,399,272	2,712,902	2,144,073	4,043,431	217,171	6,404,675	9,117,577

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES *(Continued)*

(3) The analysis of reinsurance contract assets for remaining coverage and liabilities for incurred claims is as follows: *(Continued)*

2022	Non-Measured by the premium allocation approach				Measured by the premium allocation approach				
	Assets for remaining coverage				Asset for remaining coverage	Assets for incurred claims			
	Excluding loss-recovery component	Loss-recovery component	Assets for incurred claims	Sub-total	Excluding loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Sub-total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reinsurance contract liabilities as at 1 January 2022 (restated)	113,108	(1,149)	(20,900)	91,059	–	2,114,109	–	2,114,109	2,205,168
Reinsurance contract assets as at 1 January 2022 (restated)	(1,430,006)	264,154	4,313,819	3,147,967	1,602,086	3,028,594	159,483	4,790,163	7,938,130
Net reinsurance contract assets/(liabilities) as at 1 January 2022	(1,543,114)	265,303	4,334,719	3,056,908	1,602,086	914,485	159,483	2,676,054	5,732,962
Net (expenses)/income from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(3,262,191)	(15,769)	2,173,952	(1,104,008)	(7,810,511)	6,350,558	23,803	(1,436,150)	(2,540,158)
Effect of changes in non-performance risk of reinsurers	2,838	–	367	3,205	–	7,782	–	7,782	10,987
Reinsurance investment components	(35,944)	–	35,944	–	–	–	–	–	–
Reinsurance service result	(3,295,297)	(15,769)	2,210,263	(1,100,803)	(7,810,511)	6,358,340	23,803	(1,428,368)	(2,529,171)
Reinsurance finance income or expenses	(6,050)	(25,331)	(96,073)	(127,454)	36,317	(100,318)	395	(63,606)	(191,060)
Effect of movements in exchange rates	(203,328)	23,015	432,357	252,044	60,054	15,314	5,692	81,060	333,104
Total changes in the statement of comprehensive income	(3,504,675)	(18,085)	2,546,547	(976,213)	(7,714,140)	6,273,336	29,890	(1,410,914)	(2,387,127)
Cash flows:									
Premiums paid	1,551,998	–	–	1,551,998	8,054,353	–	–	8,054,353	9,606,351
Amounts received	–	–	(1,160,077)	(1,160,077)	–	(6,467,825)	–	(6,467,825)	(7,627,902)
Total cash flow	1,551,998	–	(1,160,077)	391,921	8,054,353	(6,467,825)	–	1,586,528	1,978,449
Net insurance contract assets/(liabilities) as at 31 December 2022	(3,495,791)	247,218	5,721,189	2,472,616	1,942,299	719,996	189,373	2,851,668	5,324,284
Reinsurance contract liabilities as at 31 December 2022 (restated)	2,414,707	(7,866)	(1,770,716)	636,125	–	2,881,161	–	2,881,161	3,517,286
Reinsurance contract assets as at 31 December 2022 (restated)	(1,081,084)	239,352	3,950,473	3,108,741	1,942,299	3,601,157	189,373	5,732,829	8,841,570

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES *(Continued)*

(4) The analysis of contractual service margin for reinsurance contracts not measured under the premium allocation approach is as follows:

2023	Estimates of the present value of future cash flows RMB'000	Risk adjustment for non-financial risk RMB'000	CSM Contracts other than those to which fair value approach or modified retrospective approach are applied RMB'000	Total RMB'000
Reinsurance contract liabilities as at 31 December 2022 (restated)	727,196	(27,015)	(64,056)	636,125
Reinsurance contract assets as at 31 December 2022 (restated)	2,928,466	187,791	(7,516)	3,108,741
Net reinsurance contract assets/(liabilities) as at 31 December 2022	2,201,270	214,806	56,540	2,472,616
Changes that relate to current services	1,107,984	(46,600)	(672,298)	389,086
Contractual service margin recognised for services provided	–	–	(672,298)	(672,298)
Changes in risk adjustment for non-financial risk	–	(46,600)	–	(46,600)
Experience adjustments	1,107,984	–	–	1,107,984
Changes that relate to future services	(650,450)	60,182	591,827	1,559
Contracts initially recognised in the period	(730,684)	52,060	680,183	1,559
Changes in estimates that adjust the contractual service margin	80,234	8,122	(88,356)	–
Changes that relate to past services	(1,054,543)	(116,159)	–	(1,170,702)
Effect of changes in non-performance risk of reinsurers	6,496	–	–	6,496
Reinsurance service result	(590,513)	(102,577)	(80,471)	(773,561)
Reinsurance finance income or expenses	52,765	7,928	11,383	72,076
Effect of movements in exchange rates	37,711	3,110	570	41,391
Total changes in the statement of comprehensive income	(500,037)	(91,539)	(68,518)	(660,094)
Cash flows:				
Premiums paid	3,064,343	–	–	3,064,343
Amounts received	(2,458,373)	–	–	(2,458,373)
Total cash flow	605,970	–	–	605,970
Net reinsurance contract assets/(liabilities) as at 31 December 2023	2,307,203	123,267	(11,978)	2,418,492
Reinsurance contract liabilities as at 31 December 2023	300,974	(15,542)	8,978	294,410
Reinsurance contract assets as at 31 December 2023	2,608,177	107,725	(3,000)	2,712,902

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES *(Continued)*

(4) The analysis of contractual service margin for reinsurance contracts not measured under the premium allocation approach is as follows: *(Continued)*

2022	Estimates of the present value of future cash flows RMB'000	Risk adjustment for non-financial risk RMB'000	CSM Contracts other than those to which fair value approach or modified retrospective approach are applied RMB'000	Total RMB'000
Reinsurance contract liabilities as at 1 January 2022 (restated)	108,125	(1,820)	(15,246)	91,059
Reinsurance contract assets as at 1 January 2022 (restated)	2,834,276	256,320	57,371	3,147,967
Net reinsurance contract assets/(liabilities) as at 1 January 2022	2,726,151	258,140	72,617	3,056,908
Changes that relate to current services	915,949	(12,630)	(688,728)	214,591
Contractual service margin recognised for services provided	–	–	(688,728)	(688,728)
Changes in risk adjustment for non-financial risk	–	(12,630)	–	(12,630)
Experience adjustments	915,949	–	–	915,949
Changes that relate to future services	(730,397)	60,123	674,402	4,128
Contracts initially recognised in the period	(643,248)	38,329	609,047	4,128
Changes in estimates that adjust the contractual service margin	(87,149)	21,794	65,355	–
Changes that relate to past services	(1,216,805)	(105,922)	–	(1,322,727)
Effect of changes in non-performance risk of reinsurers	3,205	–	–	3,205
Reinsurance service result	(1,028,048)	(58,429)	(14,326)	(1,100,803)
Reinsurance finance income or expenses	(113,394)	(6,399)	(7,661)	(127,454)
Effect of movements in exchange rates	224,640	21,494	5,910	252,044
Total changes in the statement of comprehensive income	(916,802)	(43,334)	(16,077)	(976,213)
Cash flows:				
Premiums paid	1,551,998	–	–	1,551,998
Amounts received	(1,160,077)	–	–	(1,160,077)
Total cash flow	391,921	–	–	391,921
Net reinsurance contract assets/(liabilities) as at 31 December 2022	2,201,270	214,806	56,540	2,472,616
Reinsurance contract liabilities as at 31 December 2022 (restated)	727,196	(27,015)	(64,056)	636,125
Reinsurance contract assets as at 31 December 2022 (restated)	2,928,466	187,791	(7,516)	3,108,741

27. INSURANCE/REINSURANCE CONTRACT ASSETS AND LIABILITIES *(Continued)*

(5) The effect of the measurement components of insurance contracts arising from the initial recognition of contracts not measured under the premium allocation approach that were initially recognised in the period is as follows:

2023	**Insurance contracts issued**		**Total**
	Non-onerous contracts	**Onerous contracts**	
	RMB'000	**RMB'000**	**RMB'000**
Insurance acquisition cash flows	**(449,354)**	**(18,761)**	**(468,115)**
Claims and other directly attributable expenses	**(11,174,649)**	**(939,491)**	**(12,114,140)**
Estimates of present value of cash outflows	**(11,624,003)**	**(958,252)**	**(12,582,255)**
Estimates of present value of cash inflows	**13,555,607**	**910,977**	**14,466,584**
Risk adjustment for non-financial risk	**(351,806)**	**(31,044)**	**(382,850)**
CSM	**(1,579,798)**	**–**	**(1,579,798)**
Losses recognised on initial recognition	**–**	**(78,319)**	**(78,319)**

2022	Insurance contracts issued		Total
	Non-onerous contracts	Onerous contracts	
	RMB'000	RMB'000	RMB'000
Insurance acquisition cash flows	(743,079)	(30,783)	(773,862)
Claims and other directly attributable expenses	(16,418,785)	(2,322,896)	(18,741,681)
Estimates of present value of cash outflows	(17,161,864)	(2,353,679)	(19,515,543)
Estimates of present value of cash inflows	19,410,092	2,195,717	21,605,809
Risk adjustment for non-financial risk	(729,083)	(46,221)	(775,304)
CSM	(1,519,145)	–	(1,519,145)
Losses recognised on initial recognition	–	(204,183)	(204,183)

(6) The disclosure of when the CSM of insurance/reinsurance contracts is expected to be in profit or loss in future years is as follows:

Insurance contracts issued	**2023**	2022
	RMB'000	RMB'000
Within 3 years	**1,921,120**	1,983,123
More than 3 years	**2,653,060**	2,454,082
Total	**4,574,180**	4,437,205

Reinnsurance contracts held	**2023**	2022
	RMB'000	RMB'000
Within 3 years	**(4,511)**	58,234
More than 3 years	**(7,467)**	(1,694)
Total	**(11,978)**	56,540

28. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 RMB'000	2022 RMB'000
Bonds		
Government bonds	**25,496,159**	21,023,493
Corporate bonds	**45,090,138**	40,593,812
Financial bonds	**1,258,111**	1,259,176
Notes receivable	**629,237**	658,403
Total	**72,473,645**	63,534,884
Listed debt investments, at fair value	**67,977,042**	59,419,122
Unlisted debt investments, at fair value	**4,496,603**	4,115,762
Total	**72,473,645**	63,534,884

Analysis of the movements of allowance for ECLs:

	2023 RMB'000	2022 RMB'000
As at the beginning of the year	**693,238**	697,044
Charge for the year	**110,659**	60,385
Amounts written off	**(16,344)**	(60,505)
Foreign exchange adjustments	**12,613**	(3,686)
At the end of the year	**800,166**	693,238

As at 31 December 2023, the Group's debt investments at fair value through other comprehensive income with a carrying amount of RMB38,491,000 (2022: nil) were pledged to secure interest-bearing bank and other borrowings, as set out in note 50 to the financial statements.

29. DEBT INVESTMENTS AT AMORTISED COST

	Note	2023 RMB'000	2022 RMB'000
Debt investments			
Bonds			
Government bonds		12,718,261	11,758,171
Financial bonds		11,446,146	7,984,958
Corporate bonds		506,025	542,314
Assets held under reverse repurchase agreements		–	13,870
Loans receivable	(i)	4,968,462	4,892,259
Subtotal		29,638,894	25,191,572
Impairment allowance		(238,598)	(19,749)
Total		29,400,296	25,171,823

At 31 December 2023, the Group's debt investments at amortised cost with a carrying amount of RMB841,986,000 (31 December 2022: RMB769,773,000) were pledged for refinancing operations and those of RMB7,130,186,000 (31 December 2022: RMB6,117,110,000) were restricted as a result of the security lending business.

Note:

(i) The details of the loans and receivables are set out as follows:

	Notes	2023 Effective interest rate (%)	2023 Maturity	2023 RMB'000	2022 Effective interest rate (%)	2022 Maturity	2022 RMB'000
To be recovered within 12 months							
Loans receivable from related parties – unsecured	(1)	0-8.0	On demand or mature in 2024	3,458,160	0-3.5	On demand or mature in 2023	3,443,625
Loans receivable from third parties – secured		10	On demand	12,600	10	On demand	32,600
Loans receivable from third parties – unsecured		0-9.5	On demand or mature in 2024	663,762	0-9.5	On demand or mature in 2023	666,063
Subtotal				4,134,522			4,142,288
To be recovered more than 12 months							
Loans receivable from related parties – unsecured	(2)	4.73	No fixed terms	196,743	4.73	2024	121,139
Loans receivable from third parties – secured		1-7.98	No fixed terms or 2025	518,016	1-7.98	No fixed terms or 2024	516,625
Loans receivable from third parties – unsecured		1-6	No fixed terms or from 2025 to 2041	119,181	1-6	No fixed terms or from 2024 to 2040	112,207
Subtotal				833,940			749,971
Total				4,968,462			4,892,259

29. DEBT INVESTMENTS AT AMORTISED COST *(Continued)*

Note: *(Continued)*

(i) The details of the loans and receivables are set out as follows: *(Continued)*

Notes:

(1) As at 31 December 2023, the portion of loans receivable from related parties expected to be recovered within 12 months comprises:

– a shareholders' loan of RMB871,199,000 provided to Acacias Property S.à r.l Limited, a joint venture, which is unsecured, bears interest at a fixed interest rate of 3.50% per annum and is repayable on demand.

– a shareholders' loan of RMB2,369,667,000 provided to Shanghai Fuyi Industrial Development Co., Ltd, a joint venture, which is unsecured, interest-free and is repayable on demand.

– a shareholders' loan of RMB147,624,000 provided to FPH Europe Holdings III (HK) Limited, a joint venture, which is unsecured, bears interest at a fixed interest rate of 3.50% per annum and is repayable on demand.

– a shareholders' loan of RMB69,670,000 provided to Jiewei New Energy Technology (Huzhou) Co., Ltd. an associates, which is unsecured, bears interest at a fixed interest rate of 8.00% per annum and is repayable in 2024.

(2) As at 31 December 2023, the portion of loans receivable from related parties expected to be recovered more than 12 months comprises:

– a shareholders' loan of RMB196,743,000 provided to Fosun Kite Biotechnology Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 4.73% per annum and is repayable with no fixed terms.

30. POLICYHOLDER ACCOUNT ASSETS IN RESPECT OF UNIT-LINKED CONTRACTS

	2023	2022
	RMB'000	RMB'000
Financial assets designated as at fair value through profit or loss:		
Debt instruments	**12,465,897**	8,563,556
Equity instruments	**259,407**	974,333
Investment funds	**14,507,039**	11,778,320
Other derivatives	**911,179**	847,585
Sight deposits	**407,721**	789,594
Term deposits	**4,218**	7,856
Others	**887,309**	315,596
Total	**29,442,770**	23,276,840

The above assets are held for policyholders of unit-linked products.

31. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 RMB'000	2022 RMB'000 (Restated)
Listed equity investments, at fair value	2,511,377	2,664,740
Unlisted equity investments, at fair value	185,165	98,887
Total	2,696,542	2,763,627

In 2023 the Group disposed certain equity investments designated at fair value through other comprehensive income at the fair value of RMB147,818,000, resulting from an adjustment in its investment strategy.

The dividend income related to equity investments designated at fair value through other comprehensive income recognised for the year was RMB159,312,000 (2022: RMB145,737,000) as disclosed in note 6.

32. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
At 1 January 2022	29,885,438	10,588,885	2,717,324	395,943	907,965	1,338,552	5,452,260	51,286,367
Additions	299,639	1,082,587	409,487	53,205	492,618	–	4,452,210	6,789,746
Transfer from construction in progress	1,106,122	803,373	141,565	3,858	71,580	1,284	(2,127,782)	–
Transfer from investment properties (note 33)	319,514	–	–	–	–	–	–	319,514
Transfer to investment properties (note 33)	(22,952)	–	–	–	–	–	–	(22,952)
Acquisition of subsidiaries	2,302,666	265,288	69,802	1,740	149,895	–	401,933	3,191,324)
Disposal of subsidiaries (note 56(b))	(2,720,023)	(361,446)	(159,614)	(28,705)	(26,331)	–	(36,177)	(3,332,296)
Disposals	(1,476,671)	(759,367)	(159,303)	(75,421)	(273,724)	(42,979)	(446,100)	(3,233,565)
Included in assets classified as held for sale (note 23)	–	(242,235)	–	–	–	–	–	(242,235)
Exchange realignment	410,072	113,244	55,007	11,075	206,516	–	11,884	807,798
At 31 December 2022 and 1 January 2023	30,103,805	11,490,329	3,074,268	361,695	1,528,519	1,296,857	7,708,228	55,563,701
Additions	1,088,696	713,826	336,709	181,576	295,057	–	5,925,875	8,541,739
Transfer from construction in progress	3,834,453	842,804	460,383	213,802	225,676	–	(5,577,118)	–
Transfer from properties under development	864,393	–	–	–	–	–	–	864,393
Transfer from investment properties (note 33)	489,972	115,213	22,782	11,228	–	–	–	639,195
Transfer to investment properties	(1,081,474)	–	–	–	–	–	(262,182)	(1,343,656)
Acquisition of subsidiaries (note 56(a))	2,777,346	2,671,631	163,053	23,684	277,927	–	167,095	6,080,736
Disposal of subsidiaries (note 56(b))	(689,900)	(232,277)	(31,297)	(92,338)	(1,858)	–	(25,282)	(1,072,952)
Disposals	(723,838)	(866,036)	(206,904)	(307,479)	(417,219)	(15,789)	(147,650)	(2,684,915)
Included in assets classified as held for sale (note 23)	(287,485)	–	–	–	–	–	–	(287,485)
Exchange realignment	528,565	256,744	98,672	77,280	50,898	–	18,370	1,030,529
At 31 December 2023	36,904,533	14,992,234	3,917,666	469,448	1,959,000	1,281,068	7,807,336	67,331,285

32. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:								
At 1 January 2022	3,908,704	3,553,284	462,326	291,178	127,286	134,989	–	8,477,767
Charge for the year (note 10)	1,255,105	1,501,713	322,048	71,874	425,748	13,272		3,589,760
Transfer to investment properties (note 33)	(9,014)	–	–	–	–	–	–	(9,014)
Disposal of subsidiaries (note 56(b))	(774,118)	(212,415)	(111,464)	(20,339)	(15,839)	–	–	(1,134,175)
Disposals	(547,090)	(725,335)	(98,306)	(62,814)	(230,640)	(31,450)	–	(1,695,635)
Included in assets classified as held for sale (note 23)	–	(162,106)	–	–	–	–	–	(162,106)
Exchange realignment	189,075	94,324	43,229	8,210	95,512	–	–	430,350
At 31 December 2022 and 1 January 2023	**4,022,662**	**4,049,465**	**617,833**	**288,109**	**402,067**	**116,811**	**–**	**9,496,947**
Charge for the year (note 10)	**1,315,513**	**1,412,189**	**498,883**	**208,285**	**460,742**	**41,172**	**–**	**3,936,784**
Transfer to investment properties	**(117,610)**	**–**	**–**	**–**	**–**	**–**	**–**	**(117,610)**
Disposal of subsidiaries (note 56(b))	**(370,466)**	**(147,927)**	**(13,396)**	**(78,134)**	**(1,850)**	**–**	**–**	**(611,773)**
Disposals	**(279,219)**	**(545,455)**	**(116,576)**	**(162,636)**	**(343,411)**	**(6,373)**	**–**	**(1,453,670)**
Included in assets classified as held for sale (note 23)	**(227,807)**	**–**	**–**	**–**	**–**	**–**	**–**	**(227,807)**
Exchange realignment	**292,597**	**149,719**	**100,199**	**57,710**	**41,889**	**–**	**–**	**642,114**
At 31 December 2023	**4,635,670**	**4,917,991**	**1,086,943**	**313,334**	**559,437**	**151,610**	**–**	**11,664,985**
Impairment loss								
At 1 January 2022	164,774	150,181	6,830	620	251	7,537	90,874	421,067
Charge for the year (note 10)	47,366	9,133	1,132	239	–	–	–	57,870
Transfer to investment properties (note 33)	(834)	–	–	–	–	–	–	(834)
Disposals	(79,650)	(1,739)	–	–	–	(7,537)	–	(88,926)
Exchange realignment	7,820	1,063	237	(16)	270	–	–	9,374
At 31 December 2022 and 1 January 2023	**139,476**	**158,638**	**8,199**	**843**	**521**	**–**	**90,874**	**398,551**
Charge for the year (note 10)	**37,127**	**5,891**	**1,312**	**6**	**587**	**888**	**1,445**	**47,256**
Disposals	**(31,134)**	**(273)**	**–**	**(187)**	**(1,719)**		**(1,013)**	**(34,326)**
Exchange realignment	**(5,064)**	**21,335**	**4,987**	**5,494**	**1,366**	**–**	**–**	**28,118**
At 31 December 2023	**140,405**	**185,591**	**14,498**	**6,156**	**755**	**888**	**91,306**	**439,599**
Net book value:								
At 31 December 2023	**32,128,458**	**9,888,652**	**2,816,225**	**149,958**	**1,398,808**	**1,128,570**	**7,716,030**	**55,226,701**
At 31 December 2022	25,941,667	7,282,226	2,448,236	72,743	1,125,931	1,180,046	7,617,354	45,668,203

32. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(1) The net book values of property, plant and equipment pledged as security for interest-bearing bank and other borrowings granted to the Group are as follows (note 50):

	2023 RMB'000	2022 RMB'000
Buildings	11,916,516	9,160,988
Plant and machinery	209,797	8,811
Construction in progress	739,603	1,199,367
Total	12,865,916	10,369,166

(2) Capitalised interest expenses included in construction in progress of the Group are as follows (note 9):

	2023 RMB'000	2022 RMB'000
Interest expenses capitalised	103,312	17,473

(3) As at 31 December 2023, the Group was in the process of applying for property certificates of plant and office buildings with a net book value of approximately RMB570,458,000 (31 December 2022: RMB575,590,000).

33. INVESTMENT PROPERTIES

	Notes	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January		95,743,357	67,229,732
Additions		1,676,609	2,383,755
Acquisition of subsidiaries	*56(a)*	8,205	21,091,551
Transfer from properties under development		919,493	–
Transfer from completed properties for sale		490,267	–
Transfer from property, plant and equipment	*32*	1,200,493	13,104
Transfer to property, plant and equipment	*32*	(639,195)	(319,514)
Transfer to assets classified as held for sale	*23*	(722,678)	–
Transfer to intangible assets	*38*	(342,877)	–
Revaluation gain upon transfer from owner-occupied property recognised in other comprehensive income		–	9,003
Gain on fair value adjustments	*6*	1,113,884	8,843,358
Disposal of subsidiaries	*56(b)*	(4,673,886)	(3,604,901)
Disposal		(2,136,742)	(2,056,269)
Transfer to unit-linked assets		(524,735)	(55,359)
Exchange realignment		1,228,606	2,208,897
Carrying amount at 31 December		93,340,801	95,743,357

The Group's investment properties consist of commercial properties, which are located in the Chinese Mainland, the United States of America, Japan, Italy, the United Kingdom, Portugal and other countries in Europe. The directors of the Company have determined that the investment properties are commercial assets based on the nature, characteristics and risks of these properties.

33. INVESTMENT PROPERTIES *(Continued)*

The Group engages external appraisers to assist with its determination of the fair values of all investment properties and the Group's policy is that property valuations are performed by the external appraisers on a regular basis. Selection criteria of the appraiser include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Company has discussions with the appraiser on the valuation assumptions and valuation results when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 34 to the financial statements.

At 31 December 2023, the Group's certain investment properties with a net carrying amount of RMB66,683,282,000 (2022: RMB60,362,581,000) were pledged to secure interest-bearing bank and other borrowings and other liabilities, as set out in note 50 to the financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**93,340,801**	**93,340,801**

	Fair value measurement as at 31 December 2022 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	95,743,357	95,743,357

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022: Nil).

33. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Location of company	Valuation techniques	Significant unobservable inputs	2023 Range	2022 Range
The United States of America	Direct comparison approach and discounted cash flow approach	Terminal capitalisation rate	**5.25%**	5.00%
		Discount rate	**7.00%**	6.50%
		Market rent:		
		– per sq.ft. and per annual (Year 1) annum	**USD60 to USD258**	USD36 to USD258
		Occupancy rate	**88%**	97%
		Market rent growth rate	**3% to 5%**	3%
Chinese Mainland	Direct comparison approach, direct capitalisation approach and discounted cash flow approach	Comparable property price-per sqm	**RMB27,526 to RMB137,271**	RMB12,274 to RMB126,467
		Term yield	**4.5% to 7.0%**	5.5% to 6.5%
		Market rent:		
		– per sq.m. and per month	**RMB34 to RMB4,415**	RMB43 to RMB4,713
		– per slot of parking space/month	**RMB242 to RMB3,600**	RMB237 to RMB3,600
		Market rent growth rate	**3%**	3%
		Market yield	**5% to 10%**	6.0% to 7.0%
		Occupancy rate	**70% to 100%**	70% to 100%
		Level adjustments	**20% to 100%**	20% to 100%
Japan	Direct capitalisation approach	Term yield	**3.9% to 5.7%**	4.0% to 5.6%
		Market rent:		
		– per sq.m. and per month	**JPY908 to JPY8,221**	JPY1,274 to JPY8,221
		Market yield	**3.6% to 6.0%**	5.0% to 6.0%
		Occupancy rate	**100%**	100%
The United Kingdom	Term and reversionary approach	Term yield	**0.87% to 8.52%**	2.63% to 5.75%
		Market yield	**7.00% to 12.64%**	5.33% to 9.38%
		Market rent:		
		– per sq.ft. and per annual	**GBP 12.5 to GBP 56.0**	GBP 10 to GBP 52.5
		Occupancy rate	**80.3% to 88.2%**	80% to 100%
		Reversionary period	**2024/1/1 to 2033/10/1**	2023/1/1 to 2034/6/1
Italy	Direct capitalisation approach	Terminal capitalisation rate:	**3.9%**	4.1%
		Discount rate	**3.8%**	6.5%
		Market rent:		
		– per sq.m. and per annum	**EUR 661 to EUR 1,423**	EUR 626 to EUR 1,091
		Occupancy rate	**98%**	71%

33. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

The direct comparison approach is a method of valuation based on comparing the property of the Group to be assessed directly with other comparable properties which have been recently changed hands or leased. These premises are generally located in the surrounding areas or in another market which is comparable to the property of the Group. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price/rent likely to be achieved by the property under consideration.

The term and reversion method is a method by capitalising the rental from existing tenancies and the reversionary income potential at an appropriate market yield for the remaining term of the land use rights of the property of the Group. The capitalisation rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality.

The direct capitalisation approach is a method measures the fair value of the property by capitalising the rental from existing tenancies and the reversionary income potential at a market yield rate. The capitalisation rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase/(decrease) in the estimated market rent or market selling price would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the term yield and market yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

34. LEASES

The Group as a lessee

The Group has lease contracts for various items of land, buildings, machinery, furniture, fixtures, and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 48 years, while leases of machinery generally have lease terms between 1 and 10 years. Furniture, fixtures and other equipment generally have lease terms of 1 to 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The lease contracts with variable lease payments are further discussed below.

(A) RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and other equipment RMB'000	Total RMB'000
At 1 January 2022	4,839,964	12,699,255	537,114	532,425	18,608,758
Additions	121,887	3,385,383	248,247	462,290	4,217,807
Acquisition of subsidiaries	173,197	974,205	291	7,263	1,154,956
Depreciation charge (note 10)	(109,803)	(2,050,313)	(140,672)	(369,833)	(2,670,621)
Disposals	(7,406)	(181,982)	(43,203)	(6,270)	(238,861)
Disposals of subsidiaries (note 56(b))	(280,247)	(113,837)	(63,289)	(2,214)	(459,587)
Impairment (note 10)	–	(3,882)	–	–	(3,882)
Exchange realignment	(23,974)	616,214	26,426	70,421	689,087
As at 31 December 2022 and 1 January 2023	**4,713,618**	**15,325,043**	**564,914**	**694,082**	**21,297,657**
Additions	**132,741**	**2,769,729**	**117,785**	**748,843**	**3,769,098**
Acquisition of subsidiaries (note 56(a))	**596,941**	**1,259,122**	**59,504**	**6,607**	**1,922,174**
Depreciation charge (note 10)	**(111,897)**	**(2,551,102)**	**(155,707)**	**(452,482)**	**(3,271,188)**
Disposals	**(389,270)**	**(112,747)**	**(4,386)**	**(42,539)**	**(548,942)**
Disposals of subsidiaries (note 56(b))	**(33,903)**	**–**	**–**	**–**	**(33,903)**
Impairment (note 10)	**–**	**(36,985)**	**–**	**–**	**(36,985)**
Exchange realignment	**43,991**	**672,277**	**28,663**	**9,593**	**754,524**
As at 31 December 2023	**4,952,221**	**17,325,337**	**610,773**	**964,104**	**23,852,435**

34. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(A) RIGHT-OF-USE ASSETS *(Continued)*

The net book values of right-of-use assets pledged as security for interest-bearing bank and other borrowings granted to the Group are as follows: (note 50)

	2023 RMB'000	2022 RMB'000
Right-of-use assets	**2,016,590**	1,539,538
Total	**2,016,590**	1,539,538

(B) LEASE LIABILITIES

The carrying amount of lease liabilities and the movements during the year are as follows:

	Notes	2023 RMB'000	2022 RMB'000
At 1 January		**17,861,755**	14,622,443
Additions		**3,584,034**	4,270,387
Acquisition of subsidiaries	*56(a)*	**1,409,713**	1,075,897
Disposals		**(159,548)**	(252,993)
Disposals of subsidiaries	*56(b)*	**–**	(127,237)
Accretion of interest recognised during the year	*9*	**838,375**	642,346
Covid-19-related rent concessions from lessors		**–**	(148,452)
Payments		**(3,798,481)**	(2,734,351)
Exchange realignment		**811,179**	513,715
At 31 December	*49*	**20,547,027**	17,861,755

The lease liabilities are included in accrued liabilities and other payables in note 49. The maturity analysis of lease liabilities is disclosed in note 66 to the financial statements.

The Group entered the lease in respect of certain leasehold properties from the associates and joint ventures. The amounts of lease liabilities by the Group to the related parties under the leases were determined with reference to the amounts charged by the third parties. Included in the Group's lease liabilities are amounts due to the Group's associates and joint ventures of RMB105,084,000 (2022: RMB73,798,000) and 84,000 (2022: Nil), respectively.

The Group applied the practical expedient to all eligible covid-19-related rent concessions granted by the lessors during the year ended 31 December 2022.

34. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(C) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	**838,375**	642,346
Depreciation charge of right-of-use assets	**3,271,188**	2,670,621
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2023 and low value leases	**317,833**	328,002
Variable lease payments not included in the measurement of lease liabilities	**46,515**	18,213
Covid-19-related rent concessions from lessors	**–**	(148,452)
Impairment of right-of-use assets	**36,985**	3,882
Loss/(gain) on disposal of right-of-use assets	**146**	(14,132)
Total	**4,511,042**	3,500,480

(D) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 57 and 59, respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties consisting of several commercial properties around the world under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB3,011,082,000 (2022: RMB2,585,564,000), details of which are included in note 6 to the financial statements.

At 31 December 2023, the undiscounted minimum lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**2,014,650**	1,804,959
After one year but within two years	**1,683,759**	1,472,112
After two years but within three years	**1,361,959**	1,503,204
After three years but within four years	**1,216,193**	1,522,708
After four years but within five years	**1,114,941**	1,588,645
After five years	**5,491,348**	5,895,498
Total	**12,882,850**	13,787,126

35. EXPLORATION AND EVALUATION ASSETS

	2023 RMB'000	2022 RMB'000
At 1 January	**584,684**	411,330
Additions	**80,310**	299,709
Exploration assets expensed and written off	**(128,172)**	(139,480)
Exchange realignment	**5,318**	13,125
At 31 December	**542,140**	584,684

36. MINING RIGHTS

	2023 RMB'000	2022 RMB'000
Cost:		
At 1 January	**1,392,126**	1,392,126
Acquisition of subsidiaries (note 56a(ii))	**847,230**	–
At 31 December	**2,239,356**	1,392,126
Accumulated amortisation:		
At 1 January	**623,278**	607,044
Amortisation for the year (note 10)	**16,594**	16,234
At 31 December	**639,872**	623,278
Impairment loss:		
At 1 January and 31 December	**288,085**	288,085
Net book value:		
At 31 December	**1,311,399**	480,763
At 1 January	**480,763**	496,997

37. OIL AND GAS ASSETS

	2023 RMB'000	2022 RMB'000
Cost:		
At 1 January	**4,966,156**	4,136,243
Additions	**653,859**	432,941
Relinquished	**(1,437,503)**	–
Exchange realignment	**122,560**	396,972
At 31 December	**4,305,072**	4,966,156
Accumulated amortisation:		
At 1 January	**2,139,799**	1,484,987
Amortisation for the year (note 10)	**601,704**	500,396
Relinquished	**(1,253,991)**	–
Exchange realignment	**89,019**	154,416
At 31 December	**1,576,531**	2,139,799
Impairment loss:		
At 1 January	**936,099**	691,644
Charge for the year (note 10)	**–**	174,145
Relinquished	**(183,513)**	–
Exchange realignment	**1,194**	70,310
At 31 December	**753,780**	936,099
Net book value:		
At 31 December	**1,974,760**	1,890,258
At 1 January	**1,890,258**	1,959,612

38. INTANGIBLE ASSETS

	Medicine licences RMB'000	Trademarks RMB'000	Business network and customer relationship RMB'000	Patents, technical know-how and operating concession rights RMB'000	Deferred development costs RMB'000	Others RMB'000	Total RMB'000
Cost:							
At 1 January 2022	2,584,311	11,519,269	2,464,150	6,985,943	3,330,507	6,148,193	33,032,373
Additions	56,380	9,192	10,105	599,656	1,467,791	1,768,382	3,911,506
Acquisition of subsidiaries	–	5,633,343	184,619	387,996	–	769,405	6,975,363
Disposals of subsidiaries (note 56(b))	(4,325)	(1,537,171)	(589,820)	(18,822)	–	(607,121)	(2,757,259)
Disposals	–	–	(185,100)	(3,373)	–	(734,747)	(923,220)
Transfer	848,967	–	–	319,400	(1,168,367)	–	–
Exchange realignment	5,090	654,928	61,060	(65,374)	(22,807)	252,312	885,209
At 31 December 2022 and 1 January 2023	**3,490,423**	**16,279,561**	**1,945,014**	**8,205,426**	**3,607,124**	**7,596,424**	**41,123,972**
Additions	**–**	**229,422**	**19,067**	**702,102**	**1,295,212**	**1,863,026**	**4,108,829**
Acquisition of subsidiaries (note 56(a))	**5,373**	**90,331**	**362,452**	**787,640**	**–**	**21,842**	**1,267,638**
Disposals of subsidiaries (note 56(b))	**–**	**(769,295)**	**–**	**–**	**–**	**(34,322)**	**(803,617)**
Disposals	**(35,102)**	**(1,317)**	**–**	**(30,211)**	**–**	**(1,686,075)**	**(1,752,705)**
Transfer	**693,919**	**–**	**–**	**137,853**	**(831,772)**	**–**	
Transfer from investment properties (note 33)	**–**	**–**	**–**	**–**	**–**	**342,877**	**342,877**
Exchange realignment	**695**	**431,103**	**43,323**	**64,665**	**–**	**984,849**	**1,524,635**
At 31 December 2023	**4,155,308**	**16,259,805**	**2,369,856**	**9,867,475**	**4,070,564**	**9,088,621**	**45,811,629**
Accumulated amortization							
At 1 January 2022	160,079	170,283	1,151,185	1,370,471	1,711	2,235,217	5,088,946
Provided during the year (note 10)	153,523	70,509	208,357	596,705	–	1,200,850	2,229,944
Disposals of subsidiaries (note 56(b))	(2,595)	–	(388,677)	(185,318)	–	(301,597)	(878,187)
Disposals	–	–	(144,640)	(253)	–	(620,051)	(764,944)
Exchange realignment	63,651	6,548	33,481	71,973	–	215,656	391,309
At 31 December 2022 and 1 January 2023	**374,658**	**247,340**	**859,706**	**1,853,578**	**1,711**	**2,730,075**	**6,067,068**
Provided during the year (note 10)	**208,071**	**59,443**	**178,849**	**846,956**	**–**	**1,437,480**	**2,730,799**
Disposals of subsidiaries (note 56(b))	**–**	**(113,738)**	**–**	**–**	**–**	**(30,765)**	**(144,503)**
Disposals	**(28,523)**	**(276)**	**–**	**(29,725)**	**–**	**(957,727)**	**(1,016,251)**
Exchange realignment	**816**	**12,532**	**127,264**	**137,479**	**–**	**326,315**	**604,406**
At 31 December 2023	**555,022**	**205,301**	**1,165,819**	**2,808,288**	**1,711**	**3,505,378**	**8,241,519**

38. INTANGIBLE ASSETS *(Continued)*

	Medicine licences RMB'000	Trademarks RMB'000	Business network and customer relationship RMB'000	Patents, technical know-how and operating concession rights RMB'000	Deferred development costs RMB'000	Others RMB'000	Total RMB'000
Impairment loss:							
At 1 January 2022	64,000	–	–	187,800	152,775	422,493	827,068
Charge for the year (note 10)	–	–	–	–	5,453	144,250	149,703
Disposals of subsidiaries (note 56(b))	–	–	–	–	–	(148,135)	(148,135)
Exchange alignment	–	–	–	–	–	(49,842)	(49,842)
At 31 December 2022 and 1 January 2023	**64,000**	**–**	**–**	**187,800**	**158,228**	**368,766**	**778,794**
Charge for the year (note 10)	**–**	**89,657**	**–**	**–**	**21,592**	**33,276**	**144,525**
Disposal	**–**	**–**	**–**	**–**	**–**	**(162,875)**	**(162,875)**
Exchange alignment	**–**	**4,834**	**–**	**6,230**	**–**	**8,239**	**19,303**
At 31 December 2023	**64,000**	**94,491**	**–**	**194,030**	**179,820**	**247,406**	**779,747**
Net book value:							
At 31 December 2023	**3,536,286**	**15,960,013**	**1,204,037**	**6,865,157**	**3,889,033**	**5,335,837**	**36,790,363**
At 31 December 2022	3,051,765	16,032,221	1,085,308	6,164,048	3,447,185	4,497,583	34,278,110

At 31 December 2023, certain of the Group's intangible assets with a net carrying amount of RMB335,698,000 (2022: RMB341,569,000) were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 50).

38. INTANGIBLE ASSETS *(Continued)*

Impairment testing of intangible assets with indefinite useful lives

Certain intangible assets of the Group have indefinite useful lives as the extension costs are low and the intangible assets can be used indefinitely. The Group performs impairment tests for those intangible assets with indefinite useful lives based on individual intangible assets or the respective cash-generating unit depending on whether the recoverable amount of each individual intangible asset can be reliably estimated.

TRADEMARKS

The recoverable amounts of the trademarks have been determined based on the fair values less costs to sell using the relief from royalty method or based on the value-in-use calculations using cash flow projections derived from the financial budgets covering periods ranging from five to ten years approved by management. The royalty rates applied in the relief from the royalty method range from 1.5% to 25%. The discount rates used in the relief from royalty calculations or applied to the cash flows projections in the value-in-use calculations are in the range of 8.94%-16.8%. Cash flows beyond the period of the financial budget are extrapolated using the estimated long-term growth rates of 1.68% to 2.96% which are also estimates of the rates of inflation.

MEDICINE LICENCES

The recoverable amounts of medicine licences have been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a nine-year approved by management. The discount rates applied to the cash flow projections are in the range of 16% to 17.4%. The growth rate used to extrapolate the cash flows beyond the forecast period is 2.3%, which is also an estimate of the rate of inflation.

OPERATING CONCESSION RIGHTS

The recoverable amounts of operating concession rights have been determined based on a value-in-use calculation using cash flow projections based on a financial budget covering a nine-year period approved by senior management. The discount rate applied to the cash flow projection is 18.58%. The growth rate used to extrapolate the cash flows beyond the forecast period is 2.3%, which is also an estimate of the rate of inflation.

Assumptions were used in the value-in-use calculation for 31 December 2023 and 31 December 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of indefinite-life intangible assets:

Budgeted gross margins – Management determined budgeted gross margins based on past performance and its expectations for the development of the market.

Discount rates – The discount rates used are the rates of return on investment required by the Group.

Royalty rates – The royalty rates are determined based on comparable or similar transactions.

Growth rates – The growth rates beyond the forecast period are the rates of inflation.

The values assigned to key assumptions are consistent with historical experience of the Group and external information sources.

39. INVESTMENTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Share of net assets	12,584,076	9,844,575
Loans to joint ventures	–	58,500
Total	12,584,076	9,903,075

The Group's amounts due from joint ventures and amounts due to joint ventures are disclosed in note 21 to the financial statements.

Particulars of the Group's principal joint ventures of the Group are set out in note 4 to the financial statements.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the joint ventures' profit for the year	2,869,750	966,290
Share of the joint ventures' other comprehensive (loss)/income	(51,958)	14,952
Share of the joint ventures' total comprehensive income	2,817,792	981,242
Aggregate carrying amount of the Group's investments in the joint ventures	12,584,076	9,903,075

40. INVESTMENTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Measured using the equity method		
Share of net assets	54,381,641	54,196,285
Goodwill on acquisition	4,444,639	4,446,708
Subtotal	58,826,280	58,642,993
Provision for impairment	(1,819,215)	(2,198,669)
Total	57,007,065	56,444,324
Measured at fair value through profit or loss	11,247,515	12,209,635
Total	68,254,580	68,653,959
Net book value pledged (note 50)	11,323,903	11,844,320

Particulars of the Group's principal associates of the Group are set out in note 4 to the financial statements.

The Group's amounts due from associates and amounts due to associates are disclosed in note 21 to the financial statements.

Sinopharm Industrial Investment Co., Ltd. ("Sinopharm") is considered a material associate of the Group and is accounted for using the equity method.

40. INVESTMENTS IN ASSOCIATES *(Continued)*

The following table illustrates the summarised financial information of Sinopharm adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Current assets	**335,769,893**	317,699,289
Non current assets	**47,566,886**	47,019,848
Current liabilities	**(241,419,075)**	(234,896,225)
Non current liabilities	**(21,300,812)**	(19,441,180)
Net assets	**120,616,892**	110,381,732
Net assets attributable to the owners of the parent	**37,897,955**	34,615,362

	2023 RMB'000	2022 RMB'000
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets of the associate, excluding goodwill	**18,569,998**	16,961,527
Carrying amount of the investment	**18,569,998**	16,961,527
Revenues	**596,569,565**	552,147,550
Total comprehensive income for the year	**15,002,188**	14,337,009
Profit for the year attributable to owners of the parent	**4,553,856**	4,288,695
Other comprehensive income	**8,395**	4,473
Dividend received	**633,947**	578,200

The following table illustrates the aggregate financial information of the Group's associates using the equity method that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the associates' profit for the year	**4,472,198**	2,297,078
Share of the associates' other comprehensive income/(loss)	**570,162**	(3,421,137)
Share of the associates' total comprehensive income/(loss)	**5,042,360**	(1,124,059)
Aggregate carrying amount of the Group's investments in the associates using the equity method	**38,437,067**	39,482,797

41. GOODWILL

	Notes	2023 RMB'000	2022 RMB'000
Cost:			
At 1 January		**28,697,907**	25,891,560
Acquisition of subsidiaries	*56(a)*	**1,703,428**	4,518,463
Disposal of subsidiaries	*56(b)*	**(111,653)**	(2,399,786)
Exchange alignment		**621,548**	687,670
At 31 December		**30,911,230**	28,697,907
Accumulated impairment:			
At 1 January		**1,284,253**	1,086,742
Charge for the year	*10*	**76,196**	197,511
Exchange alignment		**2,883**	–
At 31 December		**1,363,332**	1,284,253
Net book value:			
At 31 December		**29,547,898**	27,413,654
At 1 January		**27,413,654**	24,804,818

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the corresponding subsidiary acquired as the acquired subsidiary is the only cash-generating unit that can benefit from synergy of the acquisition. The impairment test is based on the recoverable amount of the acquired subsidiary to which the goodwill is allocated of the following segments:

– Health

– Happiness

– Insurance

– Asset Management

– Intelligent Manufacturing

The carrying amounts of goodwill are as follows:

	Health	Happiness	Wealth		Intelligent Manufacturing	Total
			Insurance	Asset management		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2023	**14,093,518**	**10,195,588**	**982,350**	**892,087**	**3,384,355**	**29,547,898**
2022	13,398,621	9,981,242	890,892	964,221	2,178,678	27,413,654

41. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The recoverable amount of each cash-generating unit is determined based on a value-in-use or fair value less costs of disposal calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a period ranging from five to ten years. The discount rates applied to the cash flow projections range from 6.5% to 19% (2022: 6.3% to 19%). Cash flows beyond the period of the financial budget are extrapolated using the estimated long-term growth rates of 1.5% to 3.5%. Discount rates and the estimated long-term growth rates used for each cash-generating unit within the major segments as at 31 December 2023 are as follows:

	Discount rates	Estimated long-term growth rates
Happiness segment	6.5%-16.5%	1.68%-2.96%
Health segment	6.5%-18.46%	1.5%-2.3%
Insurance segment	12.1%-19.0%	2%-3.5%
Intelligent Manufacturing segment	10.1%-10.6%	2.3%-2.5%

Assumptions were used in the value-in-use or fair value less costs of disposal calculation of the cash-generating units as at 31 December 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – Management determined budgeted gross margins based on past performance and its expectations for the development of the market.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Growth rate – The growth rates beyond the forecast period are the rates of inflation.

42. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from debt investments at fair value through other comprehensive income RMB'000	Fair value adjustments arising from equity investments designated at fair value through other comprehensive income RMB'000	Additional LAT provisions RMB'000	Lease liabilities RMB'000	Insurance and reinsurance contracts RMB'000	Others RMB'000	Total RMB'000
At 31 December 2021	2,852,651	2,484,531	58,441	62,214	313,216	2,111,188	57,991	–	977,538	8,917,770
Effect of adoption of amendments to HKFRS 17	12,029	226,431	(91,512)	24,410	48,963	–	–	994,605	(237,422)	977,504
Effect of adoption of amendments to HKAS 12 (note 2.2(d))	–	–	–	–	–	–	2,737,881	–	–	2,737,881
At 1 January 2022 (restated)	2,864,680	2,710,962	(33,071)	86,624	362,179	2,111,188	2,795,872	994,605	740,116	12,633,155
Acquisition of subsidiaries	8,501	87,248	–	–	–	–	–	–	163,247	258,996
Disposal of subsidiaries (note 56(b))	(10,782)	(17,179)	–	(318,316)	–	–	–	–	(77,493)	(423,770)
Deferred tax credited/(charged) to reserves during the year	2,194	(93,524)	–	1,476,255	49,943	–	–	1,034	(28,088)	1,407,814
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 12)	279,665	(161,702)	(73,081)	(42,577)	–	141,619	237,113	145,137	205,293	731,467
Included in assets classified as held for sale (note 23)	–	–	–	–	–	–	–	–	(32,010)	(32,010)
Others	–	–	281,478	–	(281,478)	–	–	–	–	–
Exchange realignment	59,071	67,135	697	99,108	(15,305)	403	75,697	32,721	(49,558)	269,969
Gross deferred tax assets at 31 December 2022 and 1 January 2023 (restated)	3,203,329	2,592,940	176,023	1,301,094	115,339	2,253,210	3,108,682	1,173,497	921,507	14,845,621
Acquisition of subsidiaries (note 56(a))	**118,209**	**34,967**	**–**	**–**	**–**	**–**	**–**	**–**	**4,135**	**157,311**
Disposal of subsidiaries (note 56(b))	**(6,146)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(220)**	**(6,366)**
Deferred tax credited/(charged) to reserves during the year	**–**	**(9,992)**	**–**	**(637,938)**	**90,945**	**–**	**–**	**8,896**	**33,838**	**(514,251)**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 12)	**890,481**	**55,583**	**(98,635)**	**(2,230)**	**–**	**50,159**	**230,098**	**(117,838)**	**(84,492)**	**923,126**
Included in assets classified as held for sale (note 23)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(41,155)**	**(41,155)**
Exchange realignment	**66,304**	**49,857**	**21,787**	**58,099**	**7,744**	**–**	**151,474**	**65,780**	**(13,034)**	**408,011**
Gross deferred tax assets at 31 December 2023	**4,272,177**	**2,723,355**	**99,175**	**719,025**	**214,028**	**2,303,369**	**3,490,254**	**1,130,335**	**820,579**	**15,772,297**

42. DEFERRED TAX *(Continued)*

Movements in deferred tax assets and liabilities are as follows: *(Continued)*

Deferred tax liabilities	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from debt investments at fair value through other comprehensive income RMB'000	Revaluation of investment properties RMB'000	Deemed disposal of associates RMB'000	Deferred LAT RMB'000	Right-of-use assets RMB'000	Insurance and reinsurance contracts RMB'000	Others RMB'000	Total RMB'000
At 31 December 2021	8,381,248	3,041,978	398,920	2,936,068	2,060,437	70,982	–	–	1,827,070	18,716,703
Effect of adoption of amendments to HKFRS 17	11,989	(222,263)	(39,847)	1,436	–	–	–	(6,144)	131,895	(122,934)
Effect of adoption of amendments to HKAS 12 (note 2.2(d))	–	–	–	–	–	–	2,737,881	–	–	2,737,881
At 1 January 2022 (restated)	8,393,237	2,819,715	359,073	2,937,504	2,060,437	70,982	2,737,881	(6,144)	1,958,965	21,331,650
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year (note 12)	(448,847)	(196,583)	–	2,089,687	(698,642)	(31,638)	185,468	27,885	1,506,896	2,434,226
Deferred tax credited to reserves during the year	(3,222)	–	(201,702)	1,027	4,727	–	–	1,051,599	18,132	870,561
Acquisition of subsidiaries	3,959,941	–	–	–	–	–	–	–	116,858	4,076,799
Disposal of subsidiaries (note 56(b))	(501,967)	(42,601)	–	(121,909)	–	–	–	–	–	(666,477)
Exchange realignment	102,169	46,436	51,585	270,873	–	4,067	71,350	37,171	83,212	666,863
Gross deferred tax liabilities at 31 December 2022 and1 January 2023 (restated)	11,501,311	2,626,967	208,956	5,177,182	1,366,522	43,411	2,994,699	1,110,511	3,684,063	28,713,622
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year (note 12)	(388,624)	343,928	–	231,544	(7,040)	(51,547)	212,326	16,855	(1,407,666)	(1,050,224)
Deferred tax credited to reserves during the year	13,996	152	57,490	(11,234)	–	–	–	(283,542)	(66,017)	(289,155)
Acquisition of subsidiaries (note 56(a))	423,662	–	–	–	–	–	–	–	4,725	428,387
Disposal of subsidiaries (note 56(b))	(179,856)	–	–	(143,098)	–	–	–	–	(101,167)	(424,121)
Exchange realignment	81,768	8,265	(5,548)	61,561	948	8,136	148,747	46,680	217,879	568,436
Gross deferred tax liabilities at 31 December 2023	11,452,257	2,979,312	260,898	5,315,955	1,360,430	–	3,355,772	890,504	2,331,817	27,946,945

42. DEFERRED TAX *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities amounting to RMB6,002,700,000 (2022: RMB5,576,944,000) have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023 **RMB'000**	2022 RMB'000 (Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	**9,769,597**	9,268,677
Net deferred tax liabilities recognised in the consolidated statement of financial position	**21,944,245**	23,136,678

Deferred tax assets have not been recognised in respect of the following items as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the following items can be utilised:

	2023 **RMB'000**	2022 RMB'000
Tax losses	**37,906,383**	35,060,148
Deductible temporary differences	**4,159,193**	3,642,830
Total	**42,065,576**	38,702,978

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding corporate income tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding corporate income tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable withholding rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and joint ventures established in Chinese Mainland in respect of earnings generated from 1 January 2008. At 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of unrecognised deferred tax liabilities (i.e., withholding taxes relating to such temporary differences) was approximately RMB3,623,952,000 at 31 December 2023 (2022: RMB3,326,061,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

43. DEPOSITS FROM CUSTOMERS

	2023 RMB'000	2022 RMB'000
Demand deposits		
– Corporate deposits	**60,403,069**	58,790,265
– Personal deposits	**7,733,256**	8,839,880
Subtotal	**68,136,325**	67,630,145
Time deposits		
– Corporate deposits	**9,988,608**	5,366,895
– Personal deposits	**4,091,154**	3,938,902
Subtotal	**14,079,762**	9,305,797
Total	**82,216,087**	76,935,942

Deposits from customers which are related parties are disclosed in note 61 to the financial statements.

Included in the Group's deposits from customers are amounts from the Group's associates and joint ventures in the Finance Company, a subsidiary of the Group of RMB1,347,044,000 (2022: RMB1,873,857,000) and RMB13,000 (2022: RMB84,000), respectively.

44. REVERSE REPURCHASE AGREEMENTS AND ASSETS SOLD UNDER AGREEMENTS TO REPURCHASE

(i) Reverse repurchase agreements

	2023 RMB'000	2022 RMB'000
Total	**6,844,927**	–

(ii) Assets sold under agreements to repurchase

	2023 RMB'000	2022 RMB'000
Bonds	**144,148**	151,868
Others	**43,915**	–
Total	**188,063**	151,868

As at 31 December 2023, liabilities classified as assets sold under agreements to repurchase were secured by debt investments at fair value through profit or loss of the group amounting to RMB1,424,714,000 (31 December 2022: RMB1,127,529,000).

45. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Gold leases*	**5,728,134**	3,397,215
Others**	**969,274**	909,661
Total	**6,697,408**	4,306,876

* Yuyuan, a subsidiary of the Group, signed gold lease contracts with banks, pursuant to which Yuyuan will lease in gold and return the same quantity of gold to the banks. Financial liabilities at fair value through profit or loss mainly represent the fair value of the gold to be returned under the gold lease agreements between Yuyuan and the banks as at 31 December 2023.

** Among which includes a financial instrument arrangement, the Company entered into with a bank where the amount to be settled with the bank was based on the fair value of the pledged financial assets at fair value through profit or loss as at 31 December 2023.

46. TRADE AND NOTES PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables	**23,231,106**	21,954,620
Notes payable	**3,176,564**	2,438,972
Total	**26,407,670**	24,393,592
An ageing analysis of the trade payables as at the end of the reporting period is as follows:		
Outstanding balances with ages:		
Within 90 days	**16,121,038**	14,032,419
91 to 180 days	**2,102,846**	1,577,017
181 to 365 days	**1,798,814**	3,041,641
1 to 2 years	**907,245**	1,415,175
2 to 3 years	**701,168**	1,063,014
Over 3 years	**1,599,995**	825,354
Total	**23,231,106**	21,954,620

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

47. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Contract liabilities	**19,865,129**	24,332,437

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts from property sales and resorts operation.

The following table shows the amounts of the revenue recognised in each reporting period related to contract liabilities carried forward.

	2023 RMB'000	2022 RMB'000
Revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year	**19,074,011**	14,294,063

The following table includes the transaction prices allocated to the remaining unsatisfied performance obligations as at the end of each reporting period.

	2023 RMB'000	2022 RMB'000
Expected to be recognised within one year	**18,488,625**	17,610,707
Expected to be recognised after one year	**2,213,060**	6,883,630
Total	**20,701,685**	24,494,337

48. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2023 RMB'000	2022 RMB'000
Due to European Central Bank	**–**	36,965
Due to:		
Banks in Germany	**244,527**	280,547
Banks in other European countries	**857,450**	823,596
Banks in other countries and regions	**1,481**	–
Subtotal	**1,103,458**	1,104,143
Total	**1,103,458**	1,141,108

49. ACCRUED LIABILITIES AND OTHER PAYABLES

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Expected to be settled no more than 12 months:			
Advances from customers		**5,805,744**	5,903,668
Dividends payable to non-controlling shareholders of subsidiaries		**48,017**	58,377
Payables related to:			
Purchases of property, plant and equipment		**1,962,863**	1,598,379
Deposits received		**2,602,753**	12,016,530
Payroll		**5,705,262**	5,202,159
Accrued interest expenses		**942,124**	1,472,642
Value-added tax		**1,316,794**	1,220,128
Accrued utilities		**64,295**	39,281
Acquisition of subsidiaries		**1,804,272**	60,787
Funding from third parties for business development		**5,345,411**	6,792,122
Other accrued expenses		**5,027,234**	5,811,128
Lease liabilities	*34*	**2,663,206**	2,601,195
Others		**12,808,829**	12,286,113
Subtotal		**46,096,804**	55,062,509
Expected to be settled more than 12 months:			
Payables for rehabilitation	*(i)*	**259,755**	248,379
Payables for employee benefits	*(ii)*	**1,424,131**	1,169,784
Payables for acquisition of additional interests in subsidiaries		**112,589**	88,545
Share redemption options granted to non-controlling shareholders of subsidiaries		**1,601,368**	1,550,983
Loans from non-controlling shareholders of subsidiaries		**–**	312,752
Lease liabilities	*34*	**17,883,821**	15,260,560
Others		**7,203,545**	3,569,293
Subtotal		**28,485,209**	22,200,296
Total		**74,582,013**	77,262,805

49. ACCRUED LIABILITIES AND OTHER PAYABLES *(Continued)*

Notes:

(i) The movements of payables for rehabilitation are set out below:

	2023 RMB'000	2022 RMB'000
At 1 January	**301,119**	275,697
Additions	**10,733**	55,111
Acquisition of subsidiaries	**–**	1,507
Payments made	**(29,085)**	(43,571)
Exchange realignment	**10,921**	12,375
At 31 December	**293,688**	301,119
Expected to be settled no more than 12 months:	**33,933**	52,740
Expected to be settled more than 12 months:	**259,755**	248,379

(ii) The movements of payables for employee benefits are set out below:

	2023 RMB'000	2022 RMB'000
At 1 January	**1,231,352**	1,686,514
Additions	**249,800**	96,594
Acquisition of subsidiaries	**–**	96,491
Interest increment (note 9)	**18,983**	5,609
Payments made	**(207,884)**	(356,293)
Exchange realignment	**191,128**	(297,563)
At 31 December	**1,483,379**	1,231,352
Expected to be settled no more than 12 months:	**59,248**	61,568
Expected to be settled more than 12 months:	**1,424,131**	1,169,784

Payables for employee benefits are based on estimates of future payments made by management and are discounted at rates in the range of 0.80% to 3.2% (2022: 0.80% to 6.06%).

50. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2023 RMB'000	2022 RMB'000
Bank loans:			
Guaranteed		**446,816**	502,976
Secured		**72,556,104**	58,926,901
Unsecured		**84,668,628**	92,657,317
		157,671,548	152,087,194
Corporate bonds and enterprise bonds	*(2)*	**8,283,265**	20,333,046
Private placement bonds	*(3)*	**458,714**	1,453,304
Senior notes	*(4)*	**19,604,788**	29,330,861
Medium-term notes	*(5)*	**1,207,711**	8,610,818
Super short-term commercial papers	*(6)*	**3,807,844**	–
Exchangeable bonds	*(7)*	**2,043,667**	1,940,594
Other borrowings, secured	*(8)*	**16,090,210**	10,247,311
Other borrowings, unsecured	*(8)*	**2,756,163**	2,916,023
Total		**211,923,910**	226,919,151
Repayable:			
Within one year		**95,368,247**	106,279,027
In the second year		**50,082,845**	39,473,609
In the third to fifth years, inclusive		**47,548,281**	57,082,083
Over five years		**18,924,537**	24,084,432
Total		**211,923,910**	226,919,151

50. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(1) Certain of the Group's interest-bearing bank and other borrowings and other liabilities are secured by the pledges of assets with carrying values at the end of each reporting period as follows:

	Notes	**2023 RMB'000**	2022 RMB'000
Pledge of assets:			
Pledged bank balances	*15*	**6,871,900**	1,041,172
Inventories	*18*	**797,680**	929,883
Completed properties for sale		**5,399,355**	4,594,245
Properties under development	*19*	**31,545,999**	34,365,862
Financial assets at fair value through profit or loss	*25*	**11,221,408**	2,864,708
Property, plant and equipment	*32*	**12,865,916**	10,369,166
Investment properties	*33*	**66,683,282**	60,362,581
Right-of-use assets	*34*	**2,016,590**	1,539,538
Intangible assets	*38*	**335,698**	341,569
Investment in associates	*40*	**11,323,903**	11,844,320
Other assets		**6,161,236**	602,323

Apart from the above, as at 31 December 2023, investments in subsidiaries are secured to raise interest-bearing bank and other borrowings, including 1,468,625,974 shares of Shanghai Yuyuan Tourist Mart (Group) Co., Ltd., 707,900,000 shares of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., and 686,000,000 shares of Hainan Mining Co., Ltd.

As at 31 December 2023, interest-bearing bank and other borrowings amounting to RMB289,984,000 were guaranteed by Fosun International Holdings Ltd., which is the ultimate holding company of the Group (2022: RMB383,053,000). Interest-bearing bank and other borrowings amounting to RMB156,832,000 (2022: RMB119,923,000) as at 31 December 2023 were guaranteed by third parties.

Certain other interest -bearing bank borrowings and other liabilities were secured by other unlisted subsidiaries shares.

The bank loans bear interest at rates ranging from 0.00% to 12.37% (2022: 0.00% to 11.85%) per annum.

Other assets include items pledged in trade and notes receivables (note 17) with a carrying amount of RMB283,253,000 (31 December 2022: RMB473,279,000), due from related companies (note 21) with a carrying amount of RMB5,465,000,000 (31 December 2022: nil), finance lease receivables (note 26) with a carrying amount of RMB374,492,000 (2022: RMB129,044,000), and debt investments at fair value through other comprehensive income (note 28) with a carrying amount of RMB38,491,000 (2022: nil).

50. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(2) Corporate bonds and enterprise bonds

On 27 November 2019, Yuyuan issued five-year domestic corporate bonds with a par value of RMB600,000,000 and an effective interest rate of 4.95% per annum. Interest is paid annually in arrears and the maturity date is 27 November 2024.

On 20 February 2020, Yuyuan issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 3.60% per annum. On 20 February 2023, Yuyuan repaid in advance with a par value of RMB1,699,100,000. Interest is paid annually in arrears and the maturity date is 20 February 2025.

On 21 April 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB300,000,000 and an effective interest rate of 4.58% per annum. Interest is paid annually in arrears and the maturity date is 21 April 2025.

On 7 August 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 4.56% per annum. On 7 August 2023, Fosun High Technology repaid in advance with a par value of RMB1,890,000,000. Interest is paid annually in arrears and the maturity date is 7 August 2025.

On 2 November 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 4.87% per annum. On 2 November 2023, Fosun High Technology repaid in advance with a par value of RMB1,255,000,000. Among the rest of enterprise and corporate bonds, the ones with a par value of RMB175,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 2 November 2025.

On 4 June 2021, Fosun Insurance Portugal issued five-year corporate bonds with a par value of EUR500,000,000 and an effective interest rate of 4.25% per annum. Interest is paid at the maturity date which is 4 September 2026.

On 27 July 2021, Fosun High Technology issued three-year offshore corporate bonds with a par value of USD200,000,000 and an effective interest rate of 4.42% per annum. Interest is paid semi-annually in arrears and the maturity date is 27 July 2024.

On 18 January 2022, Fosun High Technology issued two-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 6.36% per annum. On 18 January 2023, Fosun High Technology repaid in advance with a par value of RMB1,583,900,000. Interest is paid annually in arrears and the maturity date is 18 January 2024.

On 15 March 2022, Fosun High Technology issued three-year offshore corporate bonds with a par value of USD150,000,000 and an effective interest rate of 3.24% per annum. Interest is paid semi-annually in arrears and the maturity date is 15 March 2025.

On 21 March 2022, Yuyuan issued three-year domestic corporate bonds with a par value of RMB550,000,000 and an effective interest rate of 4.95% per annum. Interest is paid annually in arrears and the maturity date is 21 March 2025.

50. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(3) Private placement bonds

On 22 November 2021, Napier TMK, a subsidiary of Yuyuan, issued three-year private placement bonds with a par value of JPY1,500,000,000 and the effective interest rate is 12.69% per annum. Interest is paid quarterly in arrears and the maturity date is 22 November 2024.

On 28 March 2022, Napier TMK, a subsidiary of Yuyuan, issued thirty-one-month private placement bonds with a par value of JPY3,500,000,000 and the effective interest rate is 5.19% per annum. Interest is paid quarterly in arrears and the maturity date is 31 October 2024.

On 1 April 2022, Tekapo TMK, a subsidiary of Fosun Management Holdings Limited, issued five-year private placement bonds with a par value of JPY700,000,000 and the effective interest rate is 1.69% per annum. Interest is paid quarterly in arrears and the maturity date is 1 April 2027.

On 31 July 2023, Napier TMK, a subsidiary of Yuyuan, issued fifteen-month private placement bonds with a par value of JPY3,500,000,000 and the effective interest rate is 8.00% per annum. Interest is paid quarterly in arrears and the maturity date is 31 October 2024.

(4) Senior notes

On 2 July 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued four-year senior notes with a par value of USD600,000,000 and an effective interest rate of 6.99%. Among these, senior notes with a par value of USD571,224,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 2 July 2024.

On 19 October 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD400,000,000 and an effective interest rate of 6.09%. Among these, senior notes with a par value of USD384,407,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 19 October 2025.

On 8 December 2020, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD300,000,000 and an effective interest rate of 5.56%. Interest is paid semi-annually in arrears and the maturity date is 19 October 2025.

On 27 January 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued six-year senior notes with a par value of USD500,000,000 and an effective interest rate of 5.23%. Among these, senior notes with a par value of USD490,300,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 27 January 2027.

On 18 May 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD500,000,000 and an effective interest rate of 5.20%. Among these, senior notes with a par value of USD488,200,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 18 May 2026.

On 2 July 2021, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of EUR500,000,000 and an effective interest rate of 4.15%. Among these, senior notes with a par value of EUR485,211,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 2 October 2026.

(5) Medium-term notes

On 22 September 2020, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.01% per annum. On 22 September 2023, Fosun High Technology repaid in advance with a par value of RMB990,000,000. Interest is paid annually in arrears and the maturity date is 22 September 2025.

On 9 March 2022, Fosun Pharma issued four-year medium-term notes with a par value of RMB500,000,000 and an effective interest rate of 3.55% per annum. Interest is paid annually in arrears and the maturity date is 9 March 2026.

On 27 October 2023, Fosun High Technology issued two-year medium-term notes with a par value of RMB700,000,000 and an effective interest rate of 6.8% per annum. Interest is paid annually in arrears and the maturity date is 27 October 2025.

50. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(6) Super short-term commercial papers

On 11 July 2023, Fosun High Technology issued super short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 4.99% per annum. Interest is payable at the maturity date which is 9 January 2024.

On 4 September 2023, Fosun High Technology issued super short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 5.16% per annum. Interest is payable at the maturity date which is 31 May 2024.

On 18 September 2023, Yuyuan issued super short-term commercial papers with a par value of RMB600,000,000 and an effective interest rate of 5.30% per annum. Interest is payable at the maturity date which is 11 March 2024.

On 27 September 2023, Fosun High Technology issued super short-term commercial papers with a par value of RMB500,000,000 and an effective interest rate of 5.50% per annum. Interest is payable at the maturity date which is 21 June 2024.

On 18 October 2023, Yuyuan issued super short-term commercial papers with a par value of RMB300,000,000 and an effective interest rate of 5.50% per annum. Interest is payable at the maturity date which is 10 April 2024.

On 14 December 2023, Yuyuan issued super short-term commercial papers with a par value of RMB360,000,000 and an effective interest rate of 5.70% per annum. Interest is payable at the maturity date which is 11 June 2024.

(7) Exchangeable bonds

On 29 March 2022, Fosun High Technology issued 3-year Exchangeable Bonds (the "Exchangeable Bonds") with a par value of RMB2 billion. The Exchangeable Bonds are convertible into ordinary shares of Hainan Mining Co., Ltd. ("Hainan Mining"), a subsidiary of the Group which is a listed company in Shanghai Stock Exchange. The Exchangeable Bonds bear a fixed annual interest rate of 1%. The initial conversion price is RMB10.26 per share. The bondholders can convert the Exchangeable Bonds into the shares of Hainan Mining at the prevailing conversion price during the period from 29 September 2022 to 24 March 2025 (the "Conversion Period"). The Exchangeable Bonds are secured by 336 million shares of Hainan Mining A shares hold by the group. The maturity date of the Exchangeable Bonds is 28 March 2025. On the maturity date Fosun High Technology will redeem the outstanding Exchangeable Bonds at 109% of the par value, excluding the interest in the third year. During the Conversion Period, if the closing price of Hainan Mining's A Shares is not less than 130% (inclusive 130%) of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, or if the total unconverted amount is less than RMB30 million, Fosun High Technology has the right to redeem all or part of the outstanding Exchangeable Bonds at par value plus accrued interest. Within six months before the maturity date of the Exchangeable Bonds, if the closing price of Hainan Mining's A Shares is less than 70% of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, the bondholders have the right to sell all or part of the Exchangeable Bonds at par value plus accrued interest to the issuer. As at 31 December 2023, the prevailing conversion price of the Exchangeable Bonds was RMB10.12 per share.

(8) Other borrowings

In March 2020, Fosun Tourism Group ("FTG"), a subsidiary of the Group, issued asset-backed securities which were backed by the Atlantis Sanya hotel and water park as mortgages with a coupon rate of 5%, and the 100% equity interest in Hainan Atlantis and operating revenue of Atlantis Sanya as a pledge. The principal and interest of the prioritised level shall be repaid semi-annually in 48 instalments in 24 years. The coupon rates of the securities of the prioritised level are subject to adjustments by FTG and the holders have the rights, at their option, to require FTG to redeem at an interval of every three years within the terms of the securities. The fund raised by FTG from the third party investors was recorded as other borrowings amounted to RMB5,482,044,000 (31 December 2022: RMB6,055,787,000) as at 31 December 2023.

In 2023, the Group issued three tranches of asset-backed securities (quasi-REITs) with a coupon rate of 4.5%, which were backed by certain properties in the Bund Financial Center in Shanghai as mortgage. The interest shall be paid quarterly in 18 years. The holder have the rights, at its option, to require the Group to redeem at an interval of every three years within the terms of the securities. The fund raised by the Group from the third party investor was recorded as other borrowings amounted totally to RMB2,912,000,000 as at 31 December 2023.

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 0% to 12.2% (31 December 2022: 0% to 10.0%) per annum.

51. FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

	Notes	2023 RMB'000	2022 RMB'000 (restated)
Financial liabilities for unit-linked contracts	*(i)*	**29,442,770**	23,276,840
Investment contract liabilities	*(ii)*	**37,583,333**	40,765,932
Commissions on the issue of financial products		**–**	(2,652)
Total		**67,026,103**	64,040,120

Notes:

(i) Unit-linked contracts

	2023 RMB'000	2022 RMB'000 (restated)
At 1 January	**23,276,840**	12,708,621
Issues	**4,935,477**	9,236,759
Acquisition of subsidiaries	**–**	4,584,082
Redemptions	**(2,213,996)**	(1,477,217)
Profit or loss	**1,636,603**	(2,432,294)
Other	**(16,683)**	(12,729)
Exchange realignment	**1,824,529**	669,618
At 31 December	**29,442,770**	23,276,840

(ii) Other investment contract liabilities

	2023 RMB'000	2022 RMB'000 (restated)
At 1 January	**40,765,932**	47,160,507
Issues	**8,418,886**	4,679,450
Redemptions	**(14,526,366)**	(12,840,388)
Profit or loss	**700,404**	107,360
Other	**17,052**	15,482
Exchange realignment	**2,207,425**	1,643,521
At 31 December	**37,583,333**	40,765,932

52. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2023 RMB'000	2022 RMB'000
Special purpose fund for technology improvement	**265,977**	194,678
Government grants for property development and fixed asset construction	**977,035**	1,036,391
Total	**1,243,012**	1,231,069

53. SHARE CAPITAL

Shares

	2023 RMB'000	2022 RMB'000
Issued and fully paid:		
8,203,164,124 (2022: 8,220,210,124) ordinary shares	**37,286,880**	37,146,381

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Issued capital RMB'000
At 1 January 2022	**8,318,781,924**	36,919,889
Share award scheme (note 58)	**35,265,200**	226,492
Re-purchase of shares	**(133,837,000)**	–
At 31 December 2022 and 1 January 2023	**8,220,210,124**	37,146,381
Share award scheme (note 58)	**27,737,000**	140,499
Re-purchase of shares	**(44,783,000)**	–
At 31 December 2023	**8,203,164,124**	37,286,880

54. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Other deficits

The balance of other deficits represented the acquisition of the entire equity interest in Fosun Group pursuant to the restructuring of the Group prior to the listing of its shares on the Hong Kong Stock Exchange, after netting off the paid-up capital and capital reserve (arising from the bonus share issue of its subsidiaries) of Fosun Group.

(b) Surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries established in Chinese Mainland (the "PRC Subsidiaries"), each PRC Subsidiary is required to allocate 10% of its profit after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the surplus reserve until this reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the surplus reserve can be capitalised as paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

In accordance with the Company Law of Portugal, a percentage of not less than 10% or 5% of each year's net profit, depending on whether a company is an insurance or other company, must be transferred to the legal reserve, until the legal reserve totals the amount of share capital, or the legal reserve totals 20% of the registered capital. The legal reserve may not be distributed, but only be used to increase share capital or to offset accumulated losses.

55. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2023	2022 (Restated)
Percentage of equity interest held by non-controlling interests:		
Fosun Pharma	**63.93%**	63.96%
Fosun Insurance Portugal	**15.01%**	15.01%

Fidelidade – Companhia de Seguros, S.A. and its subsidiaries are collectively referred to as "Fosun Insurance Portugal".

	2023 RMB'000	2022 RMB'000 (Restated)
Profit for the year allocated to non-controlling interests:		
Fosun Pharma	**1,582,449**	2,329,608
Fosun Insurance Portugal	**218,136**	166,260
Dividends paid to non-controlling interests:		
Fosun Pharma	**717,234**	866,113
Accumulated balances of non-controlling interests at the reporting dates:		
Fosun Pharma	**29,275,999**	28,521,589
Fosun Insurance Portugal	**3,147,634**	2,734,206

55. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2023	**Fosun Insurance Portugal RMB'000**	**Fosun Pharma RMB'000**
Total revenue	**30,500,770**	**41,248,505**
Total expenses	**(28,690,489)**	**(38,341,101)**
Profit for the year	**1,810,281**	**2,907,404**
Total comprehensive income for the year	**2,885,691**	**2,939,260**
Total assets	**160,013,995**	**113,431,227**
Total liabilities	**(136,010,705)**	**(56,853,342)**
Net cash flows (used in)/from operating activities	**(709,096)**	**3,414,217**
Net cash flows from/(used in) investing activities	**3,310,455**	**(3,819,290)**
Net cash flows used in financing activities	**(2,841,021)**	**(1,336,250)**

2022	Fosun Insurance Portugal RMB'000 (Restated)	Fosun Pharma RMB'000
Total revenue	26,187,462	43,811,385
Total expenses	(24,658,501)	(39,857,751)
Profit for the year	1,528,961	3,953,634
Total comprehensive income for the year	44,133	4,061,677
Total assets	148,929,596	107,113,190
Total liabilities	(127,339,129)	(53,054,997)
Net cash flows (used in)/from operating activities	(4,771,219)	4,217,571
Net cash flows from/(used in) investing activities	6,308,470	(4,064,038)
Net cash flows (used in)/from financing activities	(3,483,055)	4,428,475

56. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL

The major acquisition of subsidiaries accounted for as business combinations not under common control is set out as follows:

In April 2023, Gland Pharma International PTE Ltd, a subsidiary of Fosun Pharma, acquired 100% equity interest in Phixen SAS from a third party. The consideration was RMB862,179,000. The acquisition was undertaken to further develop the business under health segment of the Group.

In June 2023, Alma Hong Kong 2023 Limited ("Alma HK"), a subsidiary of Fosun Pharma, entered into an asset purchase agreement with PhotonMed International Limited ("PhotonMed HK") and its owner, pursuant to which Alma HK has agreed to purchase the business (comprising the target assets). After the completion of the acquisition on 28 June 2023, Alma HK shall issue 40% of its shares to PhotonMed HK so that Alma and PhotonMed HK will hold 60% and 40% of the total issued shares of Alma HK, respectively. The total consideration is an amount of up to RMB270,000,000, including contingent portion up to RMB37,500,000, which is subject to adjustment in relation to the target revenue and earnings. The acquisition was undertaken to further develop the business under health segment of the Group.

In October 2023, Fosun Pharma, acquired 6% equity interests in Jianjia Medical Investment Management Co., Ltd. ("Jianjia Medical"), a former associate, at the consideration of RMB120,000,000. After the completion of the acquisition, Fosun Pharma held 51% equity interest in Jianjia Medical. The acquisition was undertaken to further develop the business under the health segment of the Group.

In October 2023, Fosun High Technology, a subsidiary of Group, acquired 29.56% equity interests in Zhejiang Wansheng Co., Ltd. ("Wansheng") from Nanjing Iron & Steel Co., Ltd. ("Nanjing Iron & Steel"). The consideration was RMB2,650,000,000 and the unpaid cash consideration as at 31 December 2023 was RMB1,650,000,000 which was included in accrued liabilities and other payables and the equity interests in Wansheng were pledged to Nanjing Iron & Steel. The acquisition was undertaken to further develop the business under Intelligent Manufacturing segment of the Group.

56. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL *(Continued)*

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows:

	2023 Fair value recognised on acquisition RMB'000
Cash and bank balances	1,496,052
Restricted cash	83,717
Trade and notes receivables	1,076,174
Inventories	893,286
Due from related companies	5
Prepayments, other receivables and other assets	830,449
Assets classified as held for sale	500
Financial assets at fair value through profit or loss	204,850
Debt investments at fair value through other comprehensive income	81,648
Equity investments designated at fair value through other comprehensive income	101,087
Property, plant and equipment (note 32)	6,080,736
Investment properties (note 33)	8,205
Right-of-use assets (note 34(a))	1,922,174
Intangible assets (note 38)	1,267,638
Investments in joint ventures	2,021
Deferred tax assets (note 42)	157,311
Trade and notes payables	(1,566,657)
Contract liabilities	(126,414)
Tax payable	(16,355)
Derivative financial instruments (Liabilities)	(1,171)
Accrued liabilities and other payables (excluding lease liabilities)	(827,452)
Lease liabilities (note 34(b))	(1,409,713)
Interest-bearing bank and other borrowings	(2,652,161)
Deferred tax liabilities (note 42)	(428,386)
Total identifiable net assets at fair value	7,177,544

56. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(I) ACQUISITION OF SUBSIDIARIES ACCOUNTED FOR AS BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL *(Continued)*

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows: *(Continued)*

	2023 Fair value recognised on acquisition RMB'000
Non-controlling interests	**(4,417,194)**
Total net assets acquired	**2,760,350**
Goodwill on acquisition (note 41)	**1,703,428**
Total	**4,463,778**

	2023 RMB'000
Satisfied by:	
Cash	**3,052,295**
Investments in associates	**411,483**
Prepayments, other receivables and other assets	**1,000,000**
Total	**4,463,778**

The fair values of the trade and notes receivables and prepayments, other receivables and other assets as at the dates of acquisition amounted to RMB1,076,174,000 and RMB830,449,000, respectively. The fair values of the acquired trade and notes receivables and prepayments, other receivables and other assets as at the date of acquisition approximate to their gross contractual amounts. None of these receivables are expected to be uncollectible.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the acquired subsidiaries contributed RMB2,226,060,000 to the Group's turnover and net loss of RMB141,692,000 to the consolidated profit for the year ended 31 December 2023.

Had the combinations taken place at the beginning of the year, the revenue and the profit after tax of the Group for the would have been RMB202,226,680,000 and RMB5,395,140,000 respectively.

56. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(II) ACQUISITION OF A SUBSIDIARY NOT ACCOUNTED FOR AS BUSINESS COMBINATION

In November 2023, Xinmao Investment Co., Limited, a subsidiary of Hainan Mining increased its equity interest in Kodal Mining UK ("KMUK") to 51% at a total payment of USD94,340,000 (equivalent to RMB676,644,000) and KMUK has been consolidated into the Group since then. This acquisition aims to further develop the Group's business under Intelligent Manufacturing segment. The major assets of KMUK are mining rights in Mali. The non-controlling interests arised from this acquisition amounted to RMB721,619,000.

The above acquisition has been accounted for an acquisition of assets in the Group's consolidated financial statements. The purchase cost of the Group is allocated to the assets and liabilities, respectively, on the basis of their relative fair values at the date of purchase.

(III) AN ANALYSIS OF THE CASH FLOWS IN RESPECT OF THE ACQUISITION OF SUBSIDIARIES AS SET OUT IN (I) AND (II) ABOVE IS AS FOLLOWS:

	2023 RMB'000
Consideration settled by cash	(3,728,939)
Cash and cash equivalents acquired	2,213,036
Unpaid cash consideration as at 31 December 2023	1,735,560
Prepayment of cash consideration for acquisition not yet incorporated into mergers as at 31 December 2023	(15,000)
Net inflow of cash and cash equivalents included in cash flows used in investing activities	204,657

(b) Disposal of subsidiaries

The major disposal of subsidiaries during the year were as follows:

In May 2023, FTG, a subsidiary of the Group, entered into an equity transfer agreement with Goldman Sachs Group to sell the Casa Cook and Cook's Club brands and related overseas businesses for a consideration of EUR8,000,000 (equivalent to RMB57,604,000).

In May 2023, FTG, a subsidiary of the Group, completed the disposal of its 54% equity interests in a subsidiary, Société Villages Hôtel des Caraïbes ("SVHC"), for a consideration of EUR22,072,000 (equivalent to RMB164,055,000). SVHC owned the Les Boucaniers Resort in France. FTG then entered into a lease contract with the buyer for the leaseback of the assets of Les Boucaniers on a 15-year term and continued to operate the resort. FTG measured the right-of-use assets arising from the leaseback for the proportion that related to the right of use retained by the Group and recognised the amount of the gain that relates to the rights transferred to the buyer.

In May 2023, Alpha Yu B.V. ("Alpha Yu"), a subsidiary of the Group, disposed 80% of the equity interests in International Gemological Institute B.V., IGI Netherlands B.V., and International Gemological Institute (India) Private Limited (collectively referred to as IGI Group) to BCP ASIA II TOPCO PTE. LTD. for the consideration of USD456,000,000 (equivalent to RMB3,206,102,000).

56. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

The major disposal of subsidiaries during the year were as follows: *(Continued)*

	2023 RMB'000	2022 RMB'000
Net assets disposed of:		
Cash and bank balances	**281,974**	2,354,599
Trade and notes receivables	**126,382**	200,123
Inventories	**24,734**	1,656,710
Due from related companies	**23,311**	248,568
Prepayments, other receivables and other assets	**354,159**	667,166
Derivative financial instruments (assets)	**–**	96,542
Financial assets at fair value through profit or loss	**1,340,576**	595,189
Debt investment at fair value through other comprehensive income	**–**	10,297,210
Property, plant and equipment (note 32)	**461,179**	2,198,121
Investment properties (note 33)	**4,673,886**	3,604,901
Right-of-use assets (note 34(a))	**33,903**	459,587
Intangible assets (note 38)	**659,114**	1,730,937
Investments in associates	**1,273,627**	886,546
Goodwill (note 41)	**111,653**	2,399,786
Deferred tax assets (note 42)	**6,366**	423,770
Trade and notes payables	**(52,162)**	(239,690)
Contract liabilities	**(249)**	(351,173)
Tax payable	**(9,556)**	(76,760)
Accrued liabilities and other payables	**–**	–
(excluding lease liabilities)	**(258,500)**	(787,930)
Lease liabilities (note 34(b))	**–**	(127,237)
Due to related companies	**(2,778)**	(76,894)
Interest-bearing bank and other borrowings	**(2,110,333)**	(2,032,671)
Insurance contract liabilities	**–**	(8,481,707)
Deferred income	**(49,554)**	(26,184)
Deferred tax liabilities (note 42)	**(424,121)**	(666,477)
Non-controlling interests	**(2,026,099)**	(3,137,889)
	4,437,512	11,815,143

56. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

	2023 RMB'000	2022 RMB'000
Reclassification adjustments from other comprehensive losses upon disposal	**50,759**	920,976
	4,488,271	12,736,119
Right-of-use assets recognised in sales and leaseback	**37,959**	153,459
Fair value of the retained interests in subsidiaries disposed of	**(223,312)**	(3,659,465)
Provision for disposal costs	**11,357**	2,953
Net gain on disposal of subsidiaries (note 6)	**1,606,965**	1,253,732
Total	**5,921,240**	10,486,798
Satisfied by:		
Cash	**5,921,240**	10,486,798

An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	2023 RMB'000	2022 RMB'000
Cash consideration	**5,921,240**	10,486,798
Cash and cash equivalents disposed of	**(281,974)**	(2,354,599)
Cash consideration received in advance for disposal of subsidiaries	**–**	(63,750)
Receipt of unreceived cash consideration for disposal as at 31 December 2022	**4,355,267**	557,703
Cash consideration unreceived as at 31 December 2023	**(25,941)**	(4,370,267)
Net inflow of cash and cash equivalents included in cash flows from investing activities	**9,968,592**	4,255,885

57. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,548,640,000 and RMB3,584,034,000, respectively, in respect of lease arrangements for land, buildings, machinery, furniture, fixtures and other equipment (2022: RMB4,162,465,000 and RMB4,270,387,000).

(b) Changes in liabilities arising from financing activities

	Bank and other loans RMB'000	Other borrowings in accrued liabilities and other payables RMB'000	Lease liabilities RMB'000	Assets sold under agreements to repurchase RMB'000	Interest payable RMB'000	Financial liabilities at fair value through profit or loss (exclude Gold leases) RMB'000
At 31 December 2022 and at 1 January 2023	226,919,151	–	17,861,755	151,868	1,472,642	909,661
Changes from financing cash flows	(17,899,659)	3,562,624	(3,798,481)	(7,720)	–	5,441
Changes from operating cash flows	–	–	–	43,915	–	–
Interest paid	–	–	–	–	(12,808,936)	–
New leases	–	–	3,584,034	–	–	–
Disposal	–	–	(159,548)	–	–	–
Fair value change	–	–	–	–	–	(53,345)
Foreign exchange movement	2,247,583	–	811,179	–	111,654	–
Interest expense	115,007	–	838,375	–	11,110,782	–
Interest capitalised under properties under development	–	–	–	–	952,670	–
Interest capitalised under property, plant and equipment	–	–	–	–	103,312	–
Increase arising from acquisition of subsidiaries	2,652,161	–	1,409,713	–	–	–
Decrease arising from disposal of subsidiaries	(2,110,333)	–	–	–	–	–
At 31 December 2023	**211,923,910**	**3,562,624**	**20,547,027**	**188,063**	**942,124**	**861,757**

57. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

(b) Changes in liabilities arising from financing activities *(Continued)*

	Bank and other loans RMB'000	Loans from non-controlling shareholders of subsidiaries* RMB'000	Lease liabilities RMB'000	Assets sold under agreements to repurchase RMB'000	Interest payable RMB'000	Financial liabilities at fair value through profit or loss (exclude Gold leases) RMB'000
At 31 December 2021 and at 1 January 2022	237,119,485	286,249	14,622,443	1,467,606	2,105,773	–
Changes from financing cash flows	(25,284,307)	–	(2,734,351)	151,868	–	843,819
Equity component of exchangeable bonds	(127,932)	–	–	–	–	–
Changes from operating cash flows	–	–	–	(1,467,606)	–	–
Interest paid	–	–	–	–	(12,207,034)	–
New leases	–	–	4,270,387	–	–	–
Disposal	–	–	(252,993)	–	–	–
Fair value change	–	–	–	–	–	65,842
Foreign exchange movement	4,515,676	26,503	513,715	–	113,151	–
Interest expense	113,151	–	642,346	–	9,709,339	–
Covid-19-related rent concessions from lessors	–	–	(148,452)	–	–	–
Interest capitalised under properties under development	–	–	–	–	1,733,940	–
Interest capitalised under property, plant and equipment	–	–	–	–	17,473	–
Increase arising from acquisition of subsidiaries	12,615,749	–	1,075,897	–	–	–
Decrease arising from disposal of subsidiaries	(2,032,671)	–	(127,237)	–	–	–
At 31 December 2022	226,919,151	312,752	17,861,755	151,868	1,472,642	909,661

* Included in accrued liabilities and other payables

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	**364,348**	346,215
Within investing activities	**(176,235)**	121,887
Within financing activities	**3,798,481**	2,734,351
Total	**3,986,594**	3,202,453

58. SHARE-BASED PAYMENTS

(a) Share award scheme of the Company

The Company adopts a share award scheme ("Share Award Scheme") for the purpose to align the interests of the eligible persons with those of the Group through ownership of shares, dividends and other distributions paid on shares and/or the increase in value of the shares; and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group

SHARE AWARD SCHEME VII

On 1 April 2020, the Board of Directors of the Company has resolved to award an aggregate of 8,501,000 award shares ("Award Shares 2020 I") to 83 selected participants under the share award scheme ("Share Award Scheme VII"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 3 June 2020.

Award Shares 2020 I shall be locked up immediately upon granting. The Award Shares 2020 I granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2020 I held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2020 I granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2020 I granted amounted to approximately HKD82,482,000. The Group has recognised an amount of HKD10,316,000 (equivalent to RMB9,281,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB7,582,000).

SHARE AWARD SCHEME VIII

On 28 August 2020, the Board of Directors of the Company has resolved to award an aggregate of 70,000 award shares ("Award Shares 2020 II") to 2 selected participants under the share award scheme ("Share Award Scheme VIII"). Award Shares 2020 II are settled by way of award shares which had lapsed before vesting.

Award Shares 2020 II shall be locked up immediately upon granting. The Award Shares 2020 II granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2020 II held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2020 II granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2020 II granted amounted to approximately HKD258,000. The Group has recognised an amount of HKD19,000 (equivalent to RMB17,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB49,000).

58. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

SHARE AWARD SCHEME IX

On 31 March 2021, the Board of Directors of the Company has resolved to award an aggregate of 12,790,000 award shares ("Award Shares 2021 I") to 88 selected participants under the share award scheme ("Share Award Scheme IX"). Award Shares are awarded to selected participants by way of issue and allotment of new shares pursuant to a specific mandate obtained in the annual general meeting held on 3 June 2021.

Award Shares 2021 I shall be locked up immediately upon granting. The Award Shares 2021 I granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2021 I held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2021 I granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2021 I granted amounted to approximately HKD141,131,000. The Group has recognised an amount of HKD20,106,000 (equivalent to RMB18,089,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB43,005,000).

SHARE AWARD SCHEME X

On 25 August 2021, the Board of Directors of the Company has resolved to award an aggregate of 265,000 award shares ("Award Shares 2021 II") to 5 selected participants under the share award scheme ("Award Shares Scheme X"). Award Shares 2021 II are settled by way of award shares which had lapsed before vesting.

Award Shares 2021 II shall be locked up immediately upon granting. The Award Shares 2021 II granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2021 II held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the Award Shares 2021 II granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2021 II granted amounted to approximately HKD1,038,000. The Group has reversed an amount of HKD38,000 (equivalent to RMB34,000) as expenses during the year ended 31 December 2023 (2022: recognised expenses equivalent to RMB437,000).

SHARE AWARD SCHEME XI

On 24 March 2022, the Board resolved to award an aggregate of 30,979,000 award shares ("the 2022 First Award Shares") to 143 Selected Participants under the 2015 Share Award Scheme. The 2022 First Award Shares have been issued and allotted pursuant to a specific mandate obtained in the annual general meeting of the Company held on 2 June 2022.

The 2022 First Award Shares shall be locked up immediately upon granting. The 2022 First Award Shares granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. The 2022 First Award Shares held by participants, of which (i) 25,695,000 award shares shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the 2022 First Award Shares granted upon the expiry of each lock-up period; of which (ii) 5,284,000 award shares shall be unlocked in one tranches in the proportion of 100% of the total number of the 2022 First Award Shares granted upon the expiry of each lock-up period.

The aggregate fair value of the 2022 First Award Shares granted amounted to approximately HKD215,092,000. The Group has recognised an amount of HKD76,682,000 (equivalent to RMB68,991,000) as expenses during the year ended 31 December 2023. (2022: equivalent to RMB85,944,000).

58. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

SHARE AWARD SCHEME XII

On 31 August 2022, the Board resolved to award an aggregate of 4,286,200 award shares ("the 2022 Second Award Shares") to 31 Selected Participants under the 2015 Share Award Scheme. The 2022 Second Award Shares have been issued and allotted pursuant to a specific mandate obtained in the extraordinary general meeting of the Company held on 19 October 2022.

The 2022 Second Award Shares shall be locked up immediately upon granting. The 2022 Second Award Shares granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. The 2022 Second Award Shares held by participants of which (i) 1,330,000 award shares shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the 2022 Second Award Shares granted upon the expiry of each lock-up period; of which (ii) 2,956,200 award shares shall be unlocked in one tranches in the proportion of 100% of the total number of the 2022 Second Award Shares granted upon the expiry of each lock-up period.

The aggregate fair value of the 2022 Second Award Shares granted amounted to approximately HKD19,807,000. The Group has recognised an amount of HKD12,330,000 (equivalent to RMB11,093,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB3,254,000).

SHARE AWARD SCHEME XIII

On 30 March 2023, the Board resolved to award an aggregate of 25,937,000 award shares ("the 2023 Award Shares") to 113 Selected Participants under the 2023 Share Award Scheme. The 2023 Award Shares have been issued and allotted pursuant to a specific mandate obtained in the annual general meeting of the Company held on 16 March 2023.

The 2023 Award Shares shall be locked up immediately upon granting. The 2023 Award Shares granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. The 2023 Award Shares held by participants, of which (i) 25,325,000 award shares shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of the 2023 Award Shares granted upon the expiry of each lock-up period; of which (ii) 612,000 award shares shall be unlocked in one tranches in the proportion of 100% of the total number of the 2023 Award Shares granted upon the expiry of each lock-up period.

The aggregate fair value of the 2023 Award Shares granted amounted to approximately HKD123,914,000. The Group has recognised an amount of HKD59,886,000 (equivalent to RMB53,880,000) as expenses during the year ended 31 December 2023.

SHARE AWARD SCHEME XIV

On 31 August 2023, the Board of Directors of the Company has resolved to award an aggregate of 1,800,000 award shares ("Award Shares 2023 II") to 17 selected participants under the 2023 Share Award Scheme. Award Shares 2023 II have been issued and allotted pursuant to a specific mandate obtained in the annual general meeting of the Company held on 16 March 2023.

Award Shares 2023 II shall be locked up immediately upon granting. Award Shares 2023 II granted to participants shall be subject to various lock-up periods ranging from one year to three years, respectively, immediately from the date of grant. Award Shares 2023 II held by participants shall be unlocked in three tranches in the proportion of 33%, 33% and 34% of the total number of Award Shares 2023 II granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2023 II granted amounted to approximately HKD7,417,000. The Group has recognised an amount of HKD2,366,000 (equivalent to RMB2,129,000) as expenses during the year ended 31 December 2023.

58. SHARE-BASED PAYMENTS *(Continued)*

(a) Share award scheme of the Company *(Continued)*

SHARE AWARD SCHEME I

On 30 August 2021, the Board of Directors of the Company has resolved to award no more than 3,860,000 shares of FTG held by the Company ("Award Shares 2021 III") to 33 selected participants under the share award scheme ("Share Award Scheme I").

Award Shares 2021 III shall be locked up immediately upon granting. The Award Shares 2021 III granted to participants shall be subject to various lock-up periods ranging from one year to two years, respectively, immediately from the date of grant. Award Shares 2021 III held by participants shall be unlocked in two tranches in the proportion of 50% and 50% of the total number of the Award Shares 2021 III granted upon the expiry of each lock-up period.

The aggregate fair value of the Award Shares 2021 III granted amounted to approximately HKD38,103,000. The Group has reversed an amount of HKD1,521,000 (equivalent to RMB1,369,000) as expenses during the year ended 31 December 2023 (2022: recognised expenses equivalent to RMB9,074,000).

The following shares were outstanding under the Share Award Scheme during the year:

	2023 **RMB'000**	2022 RMB'000
At 1 January	**46,265,480**	20,212,530
Granted during the year	**27,737,000**	35,265,200
Forfeited and cancelled during the year	**(1,344,020)**	(585,620)
Vested during the year	**(23,786,510)**	(8,626,630)
At 31 December	**48,871,950**	46,265,480

The number of outstanding shares as at 31 December 2023 for each tranche of Share Award Scheme is as follows:	**2023**	2022
Share Award Scheme VII	**–**	2,674,780
Share Award Scheme VIII	**–**	10,200
Share Award Scheme IX	**4,125,900**	8,378,350
Share Award Scheme X	**28,900**	56,950
Share Award Scheme XI	**16,572,450**	30,879,000
Share Award Scheme XII	**877,700**	4,266,200
Share Award Scheme XIII	**25,467,000**	–
Share Award Scheme XIV	**1,800,000**	–
At 31 December	**48,871,950**	46,265,480

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company

The Company adopts share option schemes ("Share Option Schemes") for the purpose of providing incentives and/or rewards to eligible persons for their contribution to the Group, and continuing efforts to promote the interests of the Group.

SHARE OPTION SCHEME I

On 8 January 2016, the Company granted 111,000,000 options ("Options 2016") to subscribe for an aggregate of 111,000,000 ordinary shares in the Company under its Share Option Scheme. Each of the Options 2016 shall entitle the holder of such Option 2016 to subscribe for one share upon exercise of such Option 2016 at an exercise price of HKD11.53 per share.

The Options 2016 are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2016, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2016");

ii. up to a further 30% of the Options 2016, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2016; and

iii. in respect of the remaining 50% of the Options 2016, which, for the avoidance of doubt, comprise those Options 2016 which have not been exercised (and have not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2016.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD156,619,000. The Group has reversed an amount of HKD40,366,000 (equivalent to RMB36,318,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB48,533,000).

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME II

On 4 May 2017, the Company has granted 56,400,000 options ("Options 2017") to subscribe for an aggregate of 56,400,000 ordinary shares in the Company under its Share Option Scheme. Each of the Options 2017 shall entitle the holder of such Option 2017 to subscribe for one share upon exercise of such Option 2017 at an exercise price of HKD11.75 per share.

The Options 2017 are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2017, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2017");

ii. up to a further 30% of the Options 2017, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2017; and

iii. in respect of the remaining 50% of the Options 2017, which, for the avoidance of doubt, comprise those Options 2017 which have not been exercised (and have not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2017.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD92,885,000. The Group has reversed an amount of HKD7,844,000 (equivalent to RMB7,057,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB13,082,000).

SHARE OPTION SCHEME III

On 28 March 2018, the Company has granted 51,701,000 options ("Options 2018") to subscribe for an aggregate of 51,701,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 27,000,000 option shares were granted to selected global core management; and (ii) 24,701,000 option shares were granted to selected outstanding employees. Each of the Options 2018 shall entitle the holder of such Option 2018 to subscribe for one share upon exercise of such Option 2018 at an exercise price of HKD17.58 per share.

The Options 2018 granted to selected global core management are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2018, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2018");

ii. up to a further 30% of the Options 2018, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2018; and

iii. in respect of the remaining 50% of the Options 2018, which, for the avoidance of doubt, comprise those Options 2018 which have not been exercised (and have not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2018.

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME III *(Continued)*

The Options 2018 granted to selected outstanding employees are exercisable by each grantee in five tranches as set out below:

i. up to the first 20% of the Options 2018, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2018");

ii. up to a further 20% of the Options 2018, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2018; and

iii. up to a further 20% of the Options 2018, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2018; and

iv. up to a further 20% of the Options 2018, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2018; and

v. in respect of the remaining 20% of the Options 2018, which, for the avoidance of doubt, comprise those Options 2018 which have not been exercised (and have not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the Option Period 2018.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD148,269,000. The Group has recognised an amount of HKD6,163,000 (equivalent to RMB5,545,000) as expenses during the year ended 31 December 2023 (2022: reversed expenses equivalent to RMB2,709,000).

SHARE OPTION SCHEME IV

On 27 March 2019, the Company has granted 83,880,000 options ("Options 2019 I") to subscribe for an aggregate of 83,880,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 66,000,000 option shares were granted to selected global core management; and (ii) 17,880,000 option shares were granted to selected outstanding employees. Each of the Options 2019 I shall entitle the holder of such Option 2019 I to subscribe for one share upon exercise of such Option 2019 I at an exercise price of HKD12.86 per share.

The Options 2019 I granted to selected global core managements are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2019 I, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 I");

ii. up to a further 30% of the Options 2019 I, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Option Period 2019 I; and

iii. in respect of the remaining 50% of the Options 2019 I, which, for the avoidance of doubt, comprise those Options 2019 I which have not been exercised (and have not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Option Period 2019 I.

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME IV *(Continued)*

The Options 2019 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2019 I, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 I");

ii. up to a further 25% of the Options 2019 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2019 I; and

iii. up to a further 25% of the Options 2019 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2019; and

iv. in respect of the remaining 25% of the Options 2019 I, which, for the avoidance of doubt, comprise those Options 2019 I which have not been exercised (and have not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2019 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD191,839,000. The Group has recognised an amount of HKD13,818,000 (equivalent to RMB12,432,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB2,368,000).

SHARE OPTION SCHEME V

On 28 August 2019, the Company has granted 2,380,000 options ("Options 2019 II") to subscribe for an aggregate of 2,380,000 ordinary shares in the Company under its Share Option Scheme, Each of the options 2019 II shall entitle the holder of such Option 2019 II to subscribe for one share upon exercise of such Option 2019 II at an exercise price of HKD9.95 per share.

The Options 2019 II which are classified as type I and type II are granted to newly-joined management staff and the intelligent technology professionals of the Group.

Type I exercising schedule:

i. up to the first 25% of the Options 2019 II, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 II");

ii. up to a further 25% of the Options 2019 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2019 II; and

iii. up to a further 25% of the Options 2019 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2019 II; and

iv. in respect of the remaining 25% of the Options 2019 II, which, for the avoidance of doubt, comprise those Options 2019 II which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2019 II.

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME V *(Continued)*

Type II exercising schedule:

i. up to the first 50% of the Options 2019 II, at any time from the date falling on the second anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2019 II");

ii. up to a further 25% of the Options 2019 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2019 II; and

iii. in respect of the remaining 25% of the Options 2019 II, which, for the avoidance of doubt, comprise those Options 2019 II which have not been exercised (and have not lapsed) since the second anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2019 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD1,847,000. The Group has reversed an amount of HKD241,000 (equivalent to RMB217,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB1,889,000).

SHARE OPTION SCHEME VI

On 1 April 2020, the Company has granted 20,900,000 options ("Options 2020 I") to subscribe for an aggregate of 20,900,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 9,400,000 option shares were granted to selected global core management; and (ii) 11,500,000 option shares were granted to selected outstanding employees. Each of the Options 2020 I shall entitle the holder of such Option 2020 I to subscribe for one share upon exercise of such Option 2020 I at an exercise price of HKD8.79 per share.

The Options 2020 I granted to selected global core managements are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2020 I, at any time from the date falling on the third anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2020 I");

ii. up to a further 30% of the Options 2020 I, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2020 I; and

iii. in respect of the remaining 50% of the Options 2020 I, which, for the avoidance of doubt, comprise those Options 2020 I which have not been exercised (and have not lapsed) since the third anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the Option Period 2020 I.

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME VI *(Continued)*

The Options 2020 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2020 I, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2020 I");

ii. up to a further 25% of the Options 2020 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2020 I; and

iii. up to a further 25% of the Options 2020 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2020 I; and

iv. in respect of the remaining 25% of the Options 2020 I, which, for the avoidance of doubt, comprise those Options 2020 I which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2020 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD31,391,000. The Group has recognised an amount of HKD2,055,000 (equivalent to RMB1,848,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB4,468,000).

SHARE OPTION SCHEME VII

On 28 August 2020, the Company has granted 190,000 options ("Options 2020 II") to subscribe for an aggregate of 190,000 ordinary shares in the Company under its Share Option Scheme, Each of the options 2020 II shall entitle the holder of such Option 2020 II to subscribe for one share upon exercise of such Option 2020 II at an exercise price of HKD8.86 per share.

The Options 2020 II are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2020 II, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2020 II");

ii. up to a further 25% of the Options 2020 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2020 II; and

iii. up to a further 25% of the Options 2020 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2020 II; and

iv. in respect of the remaining 25% of the Options 2020 II, which, for the avoidance of doubt, comprise those Options 2020 II which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2020 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD141,000. The Group has recognised an amount of HKD17,000 (equivalent to RMB15,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB28,000).

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME VIII

On 31 March 2021, the Company has granted 39,910,000 options ("Options 2021 I") to subscribe for an aggregate of 39,910,000 ordinary shares in the Company under its Share Option Scheme, of which (i) 32,200,000 option shares are granted to selected global core management; and (ii) 7,710,000 option shares are granted to selected outstanding employees. Each of the Options 2021 I shall entitle the holder of such Option 2021 I to subscribe for one share upon exercise of such Option 2021 I at an exercise price of HKD10.91 per share.

The Options 2021 I granted to selected global core managements are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2021 I, at any time from the date falling on the third anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2021 I");

ii. up to a further 30% of the Options 2021 I, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2021 I; and

iii. in respect of the remaining 50% of the Options 2021 I, which, for the avoidance of doubt, comprise those Options 2021 I which have not been exercised (and have not lapsed) since the third anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the Option Period 2021 I.

The Options 2021 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2021 I, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2021 I");

ii. up to a further 25% of the Options 2021 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2021 I; and

iii. up to a further 25% of the Options 2021 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2021 I; and

iv. in respect of the remaining 25% of the Options 2021 I, which, for the avoidance of doubt, comprise those Options 2021 I which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2021 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD71,812,000. The Group has recognised an amount of HKD16,228,000 (equivalent to RMB14,601,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB16,203,000).

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME IX

On 25 August 2021, the Company has granted 780,000 options ("Options 2021 II") to subscribe for an aggregate of 780,000 ordinary shares in the Company under its Share Option Scheme. Each of the Options 2021 II shall entitle the holder of such Option 2021 II to subscribe for one share upon exercise of such Option 2021 II at an exercise price of HKD9.90 per share.

The Options 2021 II are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2021 II, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2021 II");

ii. up to a further 25% of the Options 2021 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2021 II; and

iii. up to a further 25% of the Options 2021 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2021 II; and

iv. in respect of the remaining 25% of the Options 2021 II, which, for the avoidance of doubt, comprise those Options 2021 II which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2021 I I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD606,000. The Group has reversed an amount of HKD320,000 (equivalent to RMB288,000) as expenses during the year ended 31 December 2023 (2022: recognised expenses equivalent to RMB495,000).

SHARE OPTION SCHEME X

On 24 March 2022, the Company has granted 59,300,000 options ("Options 2022 I") to subscribe for an aggregate of 59,300,000 ordinary shares in the Company under the 2017 Share Option Scheme, of which (i) 49,400,000 option shares are granted to selected global core management; and (ii) 9,900,000 option shares are granted to selected outstanding employees.. Each of the Options 2022 I shall entitle the holder of such Option 2022 I to subscribe for one share upon exercise of such Option 2022 I at an exercise price of HKD8.71 per share.

The Options 2022 I granted to selected global core managements are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2022 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2022 I;

ii. up to a further 30% of the Options 2022 I, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2022 I; and

iii. in respect of the remaining 50% of the Options 2022 I, which, for the avoidance of doubt, comprise those Options 2022 I which have not been exercised (and have not lapsed) since the third anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the Option Period 2022 I.

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME X *(Continued)*

The Options 2022 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2022 I, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2022 I");

ii. up to a further 25% of the Options 2022 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2022 I; and

iii. up to a further 25% of the Options 2022 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2022 I; and

iv. in respect of the remaining 25% of the Options 2022 I, which, for the avoidance of doubt, comprise those Options 2021 II which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2022 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD71,886,000. The Group has recognised an amount of HKD15,889,000 (equivalent to RMB14,295,000) as expenses during the year ended 31 December 2023 (2022: equivalent to RMB14,775,000).

SHARE OPTION SCHEME XI

On 31 August 2022, the Company has granted 180,000 options ("Options 2022 II") to subscribe for an aggregate of 180,000 ordinary shares in the Company under the 2017 Share Option Scheme. Each of the Options 2022 II shall entitle the holder of such Option 2022 II to subscribe for one share upon exercise of such Option 2022 II at an exercise price of HKD5.95 per share.

The Options 2022 II are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2022 II, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2022 II");

ii. up to a further 25% of the Options 2022 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2022 II; and

iii. up to a further 25% of the Options 2022 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2022 II; and

iv. in respect of the remaining 25% of the Options 2022 II, which, for the avoidance of doubt, comprise those Options 2022 II which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2022 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD87,000. The Group has recognised an amount of HKD27,000 (equivalent to RMB24,000) as expenses during the year ended 31 December 2023. (2022: equivalent to RMB23,000).

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME XII

On 30 March 2023, the Company has granted 71,070,000 options ("options 2023 I") subscribe for an aggregate of 71,070,000 ordinary shares in the Company under the 2023 Share Option Scheme, of which (i) 62,100,000 option shares are granted to selected global core management; and (ii) 8,970,000 option shares are granted to selected outstanding employees. Each of the Options 2023 I shall entitle the holder of such Option 2023 I to subscribe for one share upon exercise of such Option 2023 I at an exercise price of HKD6.16 per share.

The Options 2023 I granted to selected global core managements are exercisable by each grantee in three tranches as set out below:

i. up to the first 20% of the Options 2023 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2023 I;

ii. up to a further 30% of the Options 2023 I, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2023 I; and

iii. in respect of the remaining 50% of the Options 2023 I, which, for the avoidance of doubt, comprise those Options 2022 I which have not been exercised (and have not lapsed) since the third anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the Option Period 2023 I.

The Options 2023 I granted to selected outstanding employees are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2023 I, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2023 I");

ii. up to a further 25% of the Options 2023 I, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2023 I; and

iii. up to a further 25% of the Options 2023 I, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2023 I; and

iv. in respect of the remaining 25% of the Options 2023 I, which, for the avoidance of doubt, comprise those Options which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2023 I.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD98,235,000. The Group has recognised an amount of HKD21,140,000 (equivalent to RMB19,020,000) as expenses during the year ended 31 December 2023.

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME XIII

On 31 August 2023, the Company has granted 190,000 options ("Options 2023 II") to subscribe for an aggregate of 190,000 ordinary shares in the Company under the 2023 Share Option Scheme. Each of the Options 2023 II shall entitle the holder of such Option 2023 to subscribe for one share upon exercise of such Option 2023 II at an exercise price of HKD4.93 per share.

The Options 2023 II are exercisable by each grantee in four tranches as set out below:

i. up to the first 25% of the Options 2023 II, at any time from the date falling on the first anniversary of the date of grant till the end of the 10-year period commencing from the date of grant ("Option Period 2023 II");

ii. up to a further 25% of the Options 2023 II, at any time from the date falling on the second anniversary of the date of grant till the end of the Option Period 2023 II; and

iii. up to a further 25% of the Options 2023 II, at any time from the date falling on the third anniversary of the date of grant till the end of the Option Period 2023 II; and

iv. in respect of the remaining 25% of the Options 2023 II, which, for the avoidance of doubt, comprise those Options 2023 II which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the Option Period 2023 II.

The aggregate fair value of the Share Option Scheme granted amounted to approximately HKD266,000. The Group has recognised an amount of HKD48,000 (equivalent to RMB43,000) as expenses during the year ended 31 December 2023.

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the major inputs to the model used:

Share option:	**Scheme I**	**Scheme II**	**Scheme III**
Share price (HKD per share)	10.80	11.68	17.58
Volatility (%)	30.00	25.17	32.12
Risk-free interest rate (%)	1.36	1.23	1.91
Expected life of options (year)	10	10	10
Dividend yield (%)	1.57	1.80	1.99

Share option:	**Scheme IV**	**Scheme V**	**Scheme VI**
Share price (HKD per share)	12.86	9.95	8.79
Volatility (%)	38.59	36.71	36.70
Risk-free interest rate (%)	1.43	1.01	0.64
Expected life of options (year)	10	10	10
Dividend yield (%)	2.88	3.17	4.58

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME XIII *(Continued)*

Share option:	Scheme VII	Scheme VIII	Scheme IX
Share price (HKD per share)	8.86	10.88	9.90
Volatility (%)	33.69	28.42	23.58
Risk-free interest rate (%)	0.71	1.61	1.04
Expected life of options (year)	10	10	10
Dividend yield (%)	3.14	–	2.22

Share option:	Scheme X	Scheme XI	Scheme XII
Share price (HKD per share)	8.71	5.95	5.68
Volatility (%)	24.92	24.89	24.87
Risk-free interest rate (%)	2.15	3.09	3.51
Expected life of options (year)	10	10	10
Dividend yield (%)	3.44	5.18	0.25

Share option:	Scheme XIII
Share price (HKD per share)	4.91
Volatility (%)	24.82
Risk-free interest rate (%)	3.86
Expected life of options (year)	10
Dividend yield (%)	0.29

The following options were outstanding under the Share Option Scheme during the year:

	2023 RMB'000	2022 RMB'000
At 1 January	**274,916,850**	242,875,100
Granted during the year	**71,260,000**	59,480,000
Exercised during the year	**–**	–
Forfeited and other changes during the year	**(43,460,500)**	(27,438,250)
At 31 December	**302,716,350**	274,916,850

58. SHARE-BASED PAYMENTS *(Continued)*

(b) Share option scheme of the Company *(Continued)*

SHARE OPTION SCHEME XIII *(Continued)*

The weighted average exercise price of share options which were granted during 2023 was HKD6.80 (2022: HKD8.70), the weighted average exercise price of share options which were forfeited during 2023 were HKD11.55 (2022: HKD11.33), and the weighted average share price for share options exercised during the year was HKD0 per share (2022: HKD0), at a cash consideration of none (2022: Nil).

The number of outstanding share options granted as at 31 December 2023 for each tranche of the Share Option Scheme is as follows:

	2023	2022
	RMB'000	RMB'000
Share Option Scheme I	**37,700,000**	56,200,000
Share Option Scheme II	**27,800,000**	33,980,000
Share Option Scheme III	**10,647,600**	11,690,600
Share Option Scheme IV	**59,251,250**	63,081,250
Share Option Scheme V	**350,000**	450,000
Share Option Scheme VI	**13,752,500**	15,820,000
Share Option Scheme VII	**90,000**	90,000
Share Option Scheme VIII	**32,107,500**	35,795,000
Share Option Scheme IX	**300,000**	712,500
Share Option Scheme X	**52,537,500**	57,007,500
Share Option Scheme XI	**90,000**	90,000
Share Option Scheme XII	**67,900,000**	–
Share Option Scheme XIII	**190,000**	–
At 31 December	**302,716,350**	274,916,850

(c) Equity-settled share-based payment of principal subsidiaries of the Group

HENLIUS

As at 14 April 2018, the second extraordinary general meeting of Henlius, a subsidiary of the Fosun Pharma, passed a share incentive scheme and granted 22,750,000 restricted shares to eligible participants at an exercise price of RMB9.21 per share. As at 10 December 2020, Henlius passed a share incentive scheme and granted 2,780,700 restricted shares to eligible participants at a price of RMB9.21 per share. As at 7 April 2021, at 13 July 2021, and at 30 November 2021, Henlius granted 531,050 restricted shares to eligible participants at an exercise price of RMB9.21 per share. The 531,050 ordinary shares are derived from the forfeited shares at the time of the resignation of the participants in the 2018 and 2020 Share Award Schemes. On 28 February 2022, pursuant to the 2020 Share Award Scheme, 42,000 ordinary shares of the Company were granted to a eligible participant at an exercise price of RMB9.21 per share. All the 42,000 ordinary shares are derived from the forfeited shares at the time of the resignation of the participants in the 2020 Share Award Schemes. Henlius has recognised an amount of RMB2,627,000 as related expenses during the year ended 31 December 2023 (2022: RMB13,221,000).

58. SHARE-BASED PAYMENTS *(Continued)*

(c) Equity-settled share-based payment of principal subsidiaries of the Group *(Continued)*

SISRAM MEDICAL LIMITED

As at 30 November 2021, at 2 December 2021, Sisram Medical Limited, a subsidiary of the Fosun Pharma, granted 4,699,550 restricted shares to eligible participants. Sisram has recognised an amount of RMB3,469,000 as expenses for the year ended 31 December 2023 (2022: RMB21,257,000).

SHANGHAI FOSUN HEALTH TECHNOLOGY (GROUP) CO., LTD.

On June 1, 2022, Shanghai Fosun Health Technology (Group) Co., Ltd. ("Fosun Health"), a subsidiary of the Fosun Pharma, whose equity incentive scheme was approved by the shareholders of Fosun Health at Fosun Pharma's the 2022 first class meeting of A shareholders and the 2022 first class meeting of H shareholders. Pursuant to the Fosun Health equity incentive scheme, 43,590,000 restricted shares and 146,919,000 stock options were granted to incentives at a grant price of RMB1 per share and an exercise price of RMB1 yuan per option. Fosun Health recognised an amount of RMB19,223,000 as related expenses for the year ended 31 December 2023 (2022: RMB17,233,000).

FOSUN TOURISM GROUP ("FTG")

FTG, a subsidiary of the Group, has granted certain share options during previous years. The fair value of the share options granted was RMB184,620,000 (RMB3.47 to RMB4.59 each), based on different vesting periods, of which the Group recognised a share option expense of RMB1,999,000 during the year ended 31 December 2023 (2022: RMB4,129,000).

On 28 August 2020, pursuant to the 2019 free share ownership plan, share units for 2,720,889 ordinary shares of the Company, were granted to eligible participants with vesting periods from one to four years. The aggregate fair value of the free shares granted amounted to approximately RMB22,774,000. FTG has recognised an expense of RMB855,000 during the year ended 31 December 2023 (2022: RMB2,574,000).

On 28 August 2020, pursuant to the 2019 share option plan, 4,979,000 share options were granted to eligible participants with vesting periods from one to four years. The fair value of the share options granted was RMB8,601,000 (RMB1.61 to RMB1.84 each), based on different vesting periods, of which the Group recognised a share option expense of RMB385,000 during the year ended 31 December 2023 (2022: RMB461,000).

On 20 August 2021, pursuant to the 2019 free share ownership plan, share units for 3,146,000 ordinary shares of the Company, were granted to eligible participants with vesting periods from one to four years. The aggregate fair value of the free shares granted during the year amounted to approximately RMB23,569,000. FTG has recognised an expense of RMB3,506,000 for the year ended 31 December 2023 (2022: RMB9,117,000).

58. SHARE-BASED PAYMENTS *(Continued)*

(c) Equity-settled share-based payment of principal subsidiaries of the Group *(Continued)*

FOSUN TOURISM GROUP ("FTG") *(Continued)*

On 20 August 2021, pursuant to the 2019 share option plan, 6,233,000 share options were granted to eligible participants with vesting periods from one to four years. The fair value of the share options granted during the year was RMB11,636,000 (RMB1.72 to RMB2.01 each), based on different vesting periods, of which the Group recognised a share option expense of RMB601,000 during the year ended 31 December 2023 (2022: RMB3,610,000).

On 28 April 2022, pursuant to the 2019 share option plan, 3,083,000 share options were granted to eligible participants with vesting periods from one to four years. The fair value of the share options granted during the year was RMB27,024,000, based on different vesting periods, of which the Group recognised a share option expense of RMB6,921,000 during the year ended 31 December 2023(2022: RMB8,892,000).

On 28 April 2022, pursuant to the 2019 share option plan, 5,654,000 share options were granted to eligible participants with vesting periods from one to four years.

The fair value of the share options granted during the year was RMB16,384,000(RMB2.70 to RMB3.09 each), based on different vesting periods, of which the Group recognised a share option expense of RMB3,199,000 during the year ended 31 December 2023(2022: RMB4,632,000).

On 18 January 2023, pursuant to the 2019 Share Option Plan, 7,246,000 share options were granted to eligible participants with vesting periods from one to four years. The fair value of the share options granted during the year was RMB26,455,000 (RMB3.41 to RMB3.88 each), based on different vesting periods, of which the Group recognised a share option expense of RMB9,705,000 during the year ended 31 December 2023.

On 18 January 2023, pursuant to the 2019 Free Share Ownership Plan, share units for 4,850,000 ordinary shares of the Company, were granted to eligible participants with vesting periods from one to four years.The aggregate fair value of the free shares granted during the year amounted to approximately RMB49,047,000. The Group has recognised an expense of RMB22,146,000 for the year ended 31 December 2023.

YUYUAN

Pursuant to the restricted share incentive schemes and share incentive schemes of Yuyuan, share units for 62,880,676 restricted share and share option of Yuyuan were granted to eligible participants with vesting periods from one to five years. The aggregate fair value of the free shares granted was amounted to approximately RMB256,614,000. The group has recognised an expense of RMB23,925,000 during the year ended 31 December 2023 (2022: RMB27,078,000).

HAINAN MINING

Pursuant to the restricted share incentive schemes and share incentive schemes of Hainan Mining in 2023, restricted share and share option were granted to eligible participants with vesting periods less than four years. The group has recognised an expense of RMB18,073,000 during the year ended 31 December 2023.

59. COMMITMENTS

(a) The Group had the following contractual commitments at the end of the reporting period:

	2023 RMB'000	2022 RMB'000
Contracted, but not provided for:		
Plant and machinery	**2,874,389**	4,078,905
Properties under development	**3,295,154**	3,316,319
Investments	**4,230,115**	5,889,963
Oil and gas assets	**708**	55,020
Total	**10,400,366**	13,340,207
In addition, the Group had the following commitments provided to joint ventures (including the Group's share of commitments made jointly with other joint venturers), which are not included in the above, is as follows:		
Contracted but not provided for:		
Properties under development	**2,176,098**	3,696,787
Total	**2,176,098**	3,696,787

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2023. The future lease payments for these non-cancellable lease contracts are RMB7,100,000 due within one year, RMB17,367,000 due in the second to fifth years, inclusive and RMB9,558,000 due after five years.

60. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	Notes	2023 RMB'000	2022 RMB'000
Principal amount of the guaranteed bank loans and corporate bonds of:			
Related parties		**1,780,500**	1,536,034
Third parties		**338,164**	317,893
Qualified buyers' mortgage loans	*(1)*	**5,970,909**	7,409,793
		8,089,573	9,263,720

Notes:

(1) As at 31 December 2023, the Group provided guarantees of approximately RMB5,970,909,000 (31 December 2022: RMB7,409,793,000) in favour of their customers in respect of mortgage loans provided by banks to these customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the PRC. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The directors consider that in the case of default in payments, the net realisable value of the related properties can cover the outstanding principal together with the accrued interest and penalties, and therefore, no provision has been made in the financial statements for the guarantees.

(2) Owing to the nature of the insurance business, the insurance segment of the Group is involved in legal proceedings in the ordinary course of its activities, including being the plaintiff or the defendant in litigation and arbitration proceedings. Most of such legal proceedings involve claims concerning insurance policies, which are already provisioned, and some additional losses arising therefrom will be indemnified either by reinsurers or by other recoveries, like salvages. Although the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the Group believes that any resulting liabilities will not have a material adverse effect on its financial position or operating results.

61. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the year: (Where certain related party transactions are detailed elsewhere in the financial statements) In addition to the transactions detailed in note 21, note 29, note 56 and note 60 to the financial statements, the Group had the following transactions with related parties during the year:

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Sales of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**6,431,227**	5,720,121
C.Q. Pharmaceutical Holding Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	**1,022,760**	856,137
Sichuan Tuopai Shede Group Co., Ltd. (Notes 2 & 7)	Sales of other products	**32,457**	217,842
Nanjing Iron & Steel Group International Economic and Trade Co. LTD (Notes 13 & 7)	Sales of iron ore and powdered iron	**26,114**	–
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 7)	Sales of waste rubble	**17,683**	392
Ningbo Jinchen Nanjing Iron & Steel Technology Development Co. Ltd (Notes 13 & 7)	Sales of iron ore and powdered iron	**13,395**	–
Shanghai Lingjian Information Technology Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**4,129**	7,310
Beijing Jinxiang Fosun Pharmaceutical Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**2,715**	15,214
Jinfukang Pharmaceutical Group Co., Ltd (Notes 2 & 7)	Sales of pharmaceutical products	**2,390**	4,425
Jinhui Liquor Co., Ltd. (Notes 2 & 7)	Sales of other products	**1,212**	–
Riviera Songhelou (Shanghai) Catering Management Co., Limited (Notes 2 & 7)	Sales of other products	**326**	409
Hainan Haigang Group Co., Ltd. (Notes 3 & 7)	Sales of electricity	**295**	339
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co. Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	**31**	2,894
Beijing Time Network Co., Ltd (Notes 2 & 7)	Sales of other products	**–**	18,386
Suzhou Fujian Xingyi LLP (Notes 2 & 7)	Sales of pharmaceutical products	**–**	10,710
Kunming Forte Real Estate Development Co., Ltd (Notes 2 & 7)	Sales of other products	**–**	8,173
Zhuhai Fuyue Industrial Development Co., Ltd (Notes 2 & 7)	Sales of other products	**–**	4,632
Jin Hui Jiu (Xinjiang) marketing Co. Ltd. (Notes 12 & 7)	Sales of other products	**–**	2,653
Hangzhou Fuyu Real Estate Co., Ltd (Notes 2 & 7)	Sales of other products	**–**	2,073
New Frontier Health Corporation (Notes 2 & 7)	Sales of pharmaceutical products	**–**	286
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 13 & 7)	Sales of other products	**–**	265
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 7)	Sales of other products	**–**	180
Total sales of goods		**7,554,734**	6,872,441

61. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Purchases of goods			
Sinopharm Group Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**360,788**	361,165
C.Q. Pharmaceutical Holding Co., Ltd (Notes 2 & 7)	Purchases of pharmaceutical products	**182,455**	113,709
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 7)	Purchases of lump ore	**23,069**	–
Sichuan Tuopai Shede Group Co., Ltd. (Notes 2 & 7)	Purchases of alcohol	**19,975**	32,742
Dongguan Xingyu Jewelry Industrial Co., Ltd. (Notes 2 & 7)	Purchases of jewellery	**12,395**	20,242
Hainan Haigang Group Co., Ltd. (Notes 3 & 7)	Purchases of rich ore sand and lean ore	**11,327**	31,479
Hangzhou Youpeng Network Technology Co., Ltd. (Notes 2 & 7)	Purchases of jewellery	**7,298**	12,501
Saladax Biomedical, Inc. (Notes 2 & 7)	Purchases of pharmaceutical products	**6,638**	3,276
Shanghai Shihao Industry & Trade Technology Co., Ltd. (Notes 2 & 7)	Purchases of accessories	**4,521**	5,475
Shanghai Xingzhen Furniture Co. Ltd. (Notes 2 & 7)	Purchases of construction materials	**3,307**	–
Shanghai Hengbao Horologe (Notes 2 & 7)	Purchases of accessories	**1,460**	3,664
Shanghai Shishang Industry & Trade Technology Co., Ltd. (Notes 2 & 7)	Purchases of accessories	**1,266**	3,971
Anhui Sunhere Pharmaceuticals Excipients Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**1,107**	3,864
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**1,030**	–
Jinhui Liquor Co., Ltd. (Notes 2 & 7)	Purchases of alcohol	**951**	–
Sichuan Tuopai Shede Marketing Co., Ltd. (Notes 2 & 7)	Purchases of commodities	**600**	–
SINNOWA Medical Science &Technology Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**563**	581
Nanjing Iron & Steel Co., Ltd. (Notes 13 & 7)	Purchases of steel products	**429**	226
Fosun United Health Insurance Co., Ltd. (Notes 2 & 7)	Purchases of insurance products	**405**	99
Jiangsu Nangang Xinyang Supply Chain Co., Ltd (Notes 13 & 7)	Purchases of trade mines products	**391**	1,509
Beijing Zhongyan Dadi Technology Co., Ltd. (Notes 12 & 7)	Purchases of construction materials	**–**	14,690
Total purchases of goods		**639,975**	609,193

61. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Service income			
Zhuhai Fuyue Industrial Development Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	**93,064**	3,873
Shanghai Dijie Real Estate Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**35,067**	33,558
Shanghai Yuyun Industrial Development Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	**21,534**	–
Suzhou Fujian Xingyi LLP (Notes 2 & 8)	Medical related services provided to the related company	**20,729**	–
Fosun United Health Insurance Co., Ltd (Notes 2 & 8)	Reinsurance services provided to the related company	**12,806**	22,458
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**10,758**	8,630
Fosun United Health Insurance Co., Ltd. (Notes 2 & 8)	Medical related services provided to the related company	**8,188**	–
Pramerica Fosun Life Insurance Co., Ltd. (Notes 2 & 8)	Travel services provided to the related company	**8,032**	–
Tianjin Fosun Haihe medical and health industry fund partnership (Limited Partnership) (Notes 2 & 8)	Medical related services provided to the related company	**6,763**	4,928
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**6,510**	12,797
Zhuhai Fuyue Industrial Development Co., Ltd (Notes 2 & 8)	Other services provided to the related company	**5,992**	–
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**5,919**	8,867
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**5,665**	4,767
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**5,142**	2,750
Kunming Forte Real Estate Development Co., Ltd (Notes 2 & 8)	Other services provided to the related company	**4,957**	–
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 8)	Medical related services provided to the related company	**4,950**	6,697
Sichuan Tuopai Shede Group Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**4,080**	–
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 13 & 8)	Property management services provided to the related company	**3,367**	4,639
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**3,550**	5,126

61. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Service income *(Continued)*			
Zhuhai Fuyue Industrial Development Co., Ltd (Notes 2 & 8)	Property management services provided to the related company	**3,148**	3,398
Sichuan Tuopai Shede Group Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**3,105**	1,781
Huaihai Hospital Management (Xuzhou) Co., Ltd. (Notes 2 & 8)	Medical related services provided to the related company	**2,901**	–
Chongqing Langfu Real Estate Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**2,674**	4,895
Sichuan Tuopai Shede Group Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	**2,473**	1,732
Sichuan Tuopai Shede Marketing Co., Ltd. (Notes 2 & 8)	Travel services provided to the related company	**2,280**	–
Yongan Property Insurance Co., Ltd (Notes 2 & 8)	Reinsurance services provided to the related company	**1,926**	23,619
Hangzhou Fuyu Real Estate Co., Ltd (Notes 2 & 8)	Other services provided to the related company	**1,886**	–
Kunming Forte Real Estate Development Co., Ltd (Notes 2 & 8)	Property management services provided to the related company	**1,368**	5,475
Shanghai Yaokang Pharmaceutical Technology Co., Ltd. (Notes 2 & 8)	Medical related services provided to the related company	**1,306**	123
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co. Ltd. (Notes 2 & 8)	Medical related services provided to the related company	**1,264**	2,452
Sinopharm Group Co., Ltd. (Notes 2 & 8)	Medical related services provided to the related company	**933**	–
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	**845**	–
Kunming Forte Real Estate Development Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	**744**	22,520
Hangzhou Fuyu Real Estate Co., Ltd (Notes 2 & 8)	Property management services provided to the related company	**369**	1,555
Hainan Tianhan Technology Co., Ltd (Notes 2 & 8)	Other services provided to the related company	**348**	–
Shanghai Dijie Real Estate Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	**201**	3,720
Shenzhen Yunshangxing Technology Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	**164**	–
Pramerica Fosun Life Insurance Co., Ltd. (Notes 2 & 8)	Reinsurance services provided to the related company	**91**	–
Tongde Equity Investment and Management (Shanghai) Co. Ltd. (Notes 2 & 8)	Medical related services provided to the related company	**60**	122

61. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Service income *(Continued)*			
Shenzhen Yunshangxing Technology Co., Ltd. (Notes 2 & 8)	Property management services provided to the related company	6	128
Xi'an Fuyu Real Estate Development Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	–	4,211
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	–	4,176
Dongyang Fuhong Technology Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	–	3,538
Beijing Yuquan Xincheng Real Estate Development Co., Ltd (Notes 2 & 8)	Other services provided to the related company	–	3,028
Hangzhou Fuyu Real Estate Co., Ltd (Notes 2 & 8)	Consulting services provided to the related company	–	1,640
Nanjing Xinzhi Chain Technology Information Co., Ltd. (Notes 13 & 8)	Other services provided to the related company	–	1,013
Hangzhou Youpeng Network Technology Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	–	943
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	–	906
Nanjing Iron & Steel Co., Ltd. (Notes 13 & 8)	Consulting services provided to the related company	–	769
Pramerica Fosun Life Insurance Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	–	555
Hainan Shilu Iron Mine Park Development Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	–	492
Haijian Changjiang Construction Engineering Co., Ltd. (Notes 2 & 8)	Other services provided to the related company	–	236
Hainan Haigang Group Co., Ltd. (Notes 3 & 8)	Other services provided to the related company	–	18
Total service income		295,165	212,135

61. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Interest income			
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 10)	Interest income	220,619	213,104
Banco Comercial Portugues, S.A. (Notes 2 & 10)	Interest income	62,431	45,221
Acacias Property S.à.r.l (Notes 2 & 10)	Interest income	31,924	28,261
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 10)	Interest income	9,734	15,806
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 10)	Interest income	9,513	11,482
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 10)	Interest income	7,614	7,961
FPH Europe Holdings III (HK) Limited (Notes 2 & 10)	Interest income	3,584	5,808
Tianjin EV Energies Co., Ltd. (Notes 2 & 10)	Interest income	897	–
Fosun Fashion Group (Cayman) Limited (Notes 11 & 10)	Interest income	–	59,144
HCo Lux S.à r.l. (Notes 11 & 10)	Interest income	–	21,602
Nanjing Iron & Steel Co., Ltd. (Notes 13 & 10)	Interest income	–	733
Nature's Sunshine (Far East) Limited (Notes 2 & 10)	Interest income	–	15
Total interest income		346,315	409,137
Rental income			
Suzhou Fujian Xingyi LLP (Notes 2 & 8)	Operating lease to related parties	14,498	–
Dongyang Xingkai Commercial operation management Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	9,286	–
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	8,441	7,756
Pramerica Fosun Life Insurance Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	4,735	5,166
Tongde Equity Investment and Management (Shanghai) Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	970	863
Beijing Xingyuan Innovation Equity Investment Fund Management Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	359	1,489
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	256	228
Sichuan Tuopai Shede Group Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	–	2,470
Suzhou Kentucky Fried Chicken Co., Ltd. (Notes 12 & 8)	Operating lease to related parties	–	1,318
Wuhan Xingyu Zhongchuang Space Management Co., Ltd. (Notes 2 & 8)	Operating lease to related parties	–	255
Zhuhai Fuyue Industrial Development Co., Ltd (Notes 2 & 8)	Operating lease to related parties	–	37
New Frontier Health Corporation (Notes 2 & 8)	Operating lease to related parties	–	13
Total rental income		38,545	19,595

61. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Rental expense			
Shanghai Dijie Real Estate Co., Ltd. (Notes 2 & 8)	Operating lease provided by related parties	**2,424**	2,197
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 8)	Operating lease provided by related parties	**84**	38
Shanghai Fosun Bund Commercial Co., Ltd. (Notes 11 & 8)	Operating lease provided by related parties	**–**	4,215
Total rental expense		**2,508**	6,450
Interest paid for deposits from related parties			
Taizhou Hangshaotai High-speed Railway Investment Management Partnership (Limited Partnership) (Notes 2 & 5)	Interest paid for deposits	**18,739**	12,611
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**3,543**	3,477
Tianjin EV Energies Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**499**	4,195
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**290**	–
Dongyang Xingkai commercial operation management Co., Ltd. (Notes 2 & 5)	Interest paid for deposits	**13**	157
Nanjing Iron & Steel United Co., Ltd. (Notes 13 & 5)	Interest paid for deposits	**–**	9,055
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 13 & 5)	Interest paid for deposits	**–**	224
Nanjing Iron & Steel Co., Ltd. (Notes 13 & 5)	Interest paid for deposits	**–**	142
Total interest paid for deposits from related parties		**23,084**	29,861
Interest paid for loans from related parties			
Beijing Sanyuan Foods Co., Ltd. (Notes 2 & 10)	Interest paid for loans	**79,227**	33,358
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 13 & 10)	Interest paid for loans	**–**	24,370
Total interest paid for loans from related parties		**79,227**	57,728

61. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Other expenses			
Hainan Tianhan Technology Co., Ltd (Notes 2 & 9)	Other service expenses from the related company	**11,447**	8,053
Fosun United Health Insurance Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**10,696**	24,335
Tongde Equity Investment and Management (Shanghai) Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**9,900**	10,398
Jiangsu Jinheng Information Technology Co., Ltd (Notes 13 & 9)	Other service expenses from the related company	**5,009**	15,952
Sinopharm Group Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**4,270**	–
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**2,302**	416
Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**1,753**	497
C.Q. Pharmaceutical Holding Co., Ltd (Notes 2 & 9)	Other service expenses from the related company	**906**	11,649
Shanghai Dijie Real Estate Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**204**	193
Huaihai Hospital Management (Xuzhou) Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**156**	298
Hainan Lvfeng Resources Development Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**95**	63
Shanghai Lingjian Information Technology Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**33**	–
Beijing Jinxiang Fosun Pharmaceutical Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**30**	–
Fosun Nanfeng (Shenzhen) Medical Technology Co., Ltd. (Notes 2 & 9)	Other service expenses from the related company	**–**	8,892
Hainan Haigang Group Co., Ltd. (Notes 3 & 9)	Other service expenses from the related company	**–**	43
Total other expenses from related parties		**46,801**	80,789

61. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Increase of deposits from related companies			
Tianjin EV Energies Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**2,528,206**	3,542,980
Shanghai Hongkou Guangxin Microcredit Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**751,244**	768,460
Taizhou Hangshaotai High-speed Railway Investment Management Partnership (Limited Partnership) (Notes 2 & 5)	Increase of deposits from the related company	**743,735**	2,438,368
Dongyang Xingkai commercial operation management Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**112,210**	251,665
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**95,288**	–
Tianjin Forte Real Estate Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**75,650**	5,871
Hefei Genesys Microelectronics Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**73,747**	8,006
Zhejiang Dongyang China Woodcarving City Investment and Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**58,203**	35,924
Shanghai Qinmiao Technology Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**200**	15
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 5)	Increase of deposits from the related company	**4**	1,916
Nanjing Iron & Steel United Co., Ltd. (Notes 13 & 5)	Increase of deposits from the related company	**–**	3,437,151
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 13 & 5)	Increase of deposits from the related company	**–**	1,232,809
Nanjing Iron & Steel Co., Ltd. (Notes 13 & 5)	Increase of deposits from the related company	**–**	638,544
Total increase of deposits from related companies		**4,438,487**	12,361,709
Guarantees of bank loans and corporate bonds			
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 4)	Bank loans guaranteed by the related company	**800,000**	–
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 4)	Bank loans guarantee to the related company	**675,000**	–
Tianjin EV Energies Co., Ltd. (Notes 2 & 4)	Bank loans guarantee to the related company	**630,000**	783,110
Hangzhou Fuyu Real Estate Co., Ltd (Notes 2 & 4)	Bank loans guarantee to the related company	**461,331**	462,580
Fosun International Holdings Ltd. (Notes 1, 6 & 4)	Bank loans guaranteed by the related company	**289,984**	383,053
Holiday Hotel AG (Notes 2 & 4)	Bank loans guarantee to the related company	**14,169**	12,585
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 4)	Bank loans guarantee to the related company	**–**	158,100
Kunming Forte Real Estate Development Co., Ltd (Notes 2 & 4)	Bank loans guarantee to the related company	**–**	62,249
Zhuhai Fuyue Industrial Development Co., Ltd (Notes 2 & 4)	Bank loans guarantee to the related company	**–**	57,410
Total Guarantees of bank loans and corporate bonds		**2,870,484**	1,919,087

61. RELATED PARTY TRANSACTIONS *(Continued)*

The Group had the following material transactions with related parties during the year: *(Continued)*

Name of related parties	Nature of transactions	2023 RMB'000	2022 RMB'000
Increase of loans to related companies			
Wuhan Fosun Hanzheng Street Property Development Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	771,048	811,540
Changsha Fuyu Real Estate Development Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	143,205	4,772
Fosun Kite Biotechnology Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	75,604	121,139
Tianjin EV Energies Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	49,816	–
Shanghai Fuyi Industrial Development Co., Ltd (Notes 2 & 10)	Increase of loans provided to the related company	36,500	1,464,592
Hefei Genesys Microelectronics Co., Ltd. (Notes 2 & 10)	Increase of loans provided to the related company	8,540	–
Jiangsu Golden Trade Steel Treasure E-Commerce Co. Ltd. (Notes 13 & 10)	Increase of loans provided to the related company	–	30,000
Total increase of loans to related companies		1,084,750	2,432,043
Increase of loans provided from related companies			
Xi'an Fuyu Real Estate Development Co., Ltd (Notes 2 & 10)	Increase of loans provided from the related company	228,440	–
CMVT Ltd. (Notes 2 & 10)	Increase of loans provided from the related company	9,264	–
Nanjing Nangang Iron & Steel United Co., Ltd. (Notes 13 & 10)	Increase of loans provided from the related company	–	1,800,000
Total increase of loans provided from related companies		237,704	1,800,000
Purchase of right-of-use assets			
Holiday Hotel AG (Notes 2 & 7)	Rental services provided by the related company	42,589	–
Total purchase of right-of-use assets		42,589	–

61. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(1) Fosun International Holdings Ltd. is the ultimate holding company of the Group. Fosun Holdings Limited is the holding company of the Group.

(2) They are associates, joint ventures and other related companies of the Group.

(3) They are non-controlling shareholders of the subsidiaries of the Group.

(4) The bank loans were guaranteed by the related companies free of charge. The guarantees were given by the Group for bank loans of the related companies free of charge.

(5) Interest paid for deposits from related parties represents interest paid for deposits placed by related parties in Finance Company, a subsidiary of the Group. The deposits from related parties carry interest which are determined in accordance with the benchmark deposit interest rate of PBOC and the prevailing market deposit interest rate. The deposits will be repaid upon demand of the related parties.

(6) These transactions constituted connected transactions or continuing connected transactions of the Group under Chapter 14A of the Listing Rules. They are exempted from the disclosure requirements under Chapter 14A of the Listing Rules.

(7) The directors consider that the sales and purchases were undertaken on commercial terms similar to those offered to/by unrelated customers/suppliers in the ordinary course of business of the relevant companies.

(8) The directors consider that the income for services provided to related companies were determined based on prices available to third party customers.

(9) The directors consider that the fees for services provided by the related companies were determined based on prices charged to third parties by related companies.

(10) The loans provided by/to the related companies are unsecured. The directors consider that the applicable interest rates are determined in accordance with the prevailing market borrowing rates.

(11) They were former associates or joint ventures, but became subsidiaries of the Group in 2022.

(12) They were no longer an associate or joint venture of the Group in 2022.

(13) They were no longer an associate or joint venture of the Group in 2023.

(14) Compensation of key management personnel of the Group:

	2023 **RMB'000**	2022 RMB'000
Short-term employee benefits	**166,974**	176,622
Equity-settled share award/option scheme expenses	**72,555**	93,365
Pension scheme contributions	**469**	465
Total compensation paid to key management personnel	**239,998**	270,452

62. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows:

2023

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss					Financial assets at fair value through other comprehensive income				
	Designated as such upon initial recognition RMB'000	Other investments* RMB'000	Held for trading RMB'000	Hedging instruments designated in fair value hedges RMB'000	Associates measured at fair value through profit or loss RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Cash and bank balances	–	–	–	–	–	–	–	92,459,644	–	92,459,644
Reverse repurchase agreements	–	–	–	–	–	–	–	6,844,927	–	6,844,927
Loans and advances to customers	–	–	–	–	–	–	–	16,097,595	–	16,097,595
Trade and notes receivables	–	–	–	–	–	–	–	14,414,166	–	14,414,166
Due from related companies	–	–	–	–	–	–	–	18,015,068	–	18,015,068
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	–	–	–	20,798,462	–	20,798,462
Placements with and loans to banks and other financial institutions	–	–	–	–	–	–	–	473,054	–	473,054
Derivative financial instruments	–	–	3,377,808	62,202	–	–	–	–	175,666	3,615,676
Financial assets at fair value through profit or loss	–	38,872,265	14,068,921	–	–	–	–	–	–	52,941,186
Finance lease receivables	–	–	–	–	–	–	–	699,545	–	699,545
Debt investments at fair value through other comprehensive income	–	–	–	–	–	72,473,645	–	–	–	72,473,645
Debt investments at amortised cost	–	–	–	–	–	–	–	29,400,296	–	29,400,296
Policyholder account assets in respect of unit-linked contracts	28,143,522	–	–	–	–	–	–	1,299,248	–	29,442,770
Equity investments designated at fair value through other comprehensive income	–	–	–	–	–	–	2,696,542	–	–	2,696,542
Associates measured at fair value through profit or loss	–	–	–	–	11,247,515	–	–	–	–	11,247,515
Total	28,143,522	38,872,265	17,446,729	62,202	11,247,515	72,473,645	72,473,645	200,502,005	175,666	371,620,091

* Other investments include i) financial assets whose contractual cash flows are not solely payments of principal and interest; ii) investments which have not been irrevocably designated as equity investments at FVOCI; and iii) investments which have not been managed within the business model of only holding to collect contractual cash flows or both collecting contractual cash flows and selling the financial assets.

62. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows: *(Continued)*

2023 *(Continued)*

FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Deposits from customers	–	–	82,216,087	–	82,216,087
Assets sold under agreements to repurchase	–	–	188,063	–	188,063
Accounts payable to brokerage clients	–	–	990,853	–	990,853
Financial liabilities at fair value through profit or loss	–	6,697,408	–	–	6,697,408
Trade and notes payables	–	–	26,407,670	–	26,407,670
Due to banks and other financial institutions	–	–	1,103,458	–	1,103,458
Derivative financial instruments	–	3,919,817	–	119,692	4,039,509
Financial liabilities included in accrued liabilities and other payables	3,385,474*	–	55,855,257	–	59,240,731
Due to related companies and the holding company	–	–	1,033,908	–	1,033,908
Interest-bearing bank and other borrowings	–	–	211,923,910	–	211,923,910
Investment contract liabilities	–	–	37,583,333	–	37,583,333
Financial liabilities for unit-linked contracts	28,143,522	–	1,299,248	–	29,442,770
Total	31,528,996	10,617,225	418,601,787	119,692	460,867,700

* The amount includes the share redemption option granted to non-controlling shareholders of several subsidiaries, of which the fair value change is recognised in reserves due to the nature of the equity transaction with the non-controlling shareholders of the subsidiaries of the Group.

62. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows: *(Continued)*

2022 (restated)

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss					Financial assets at fair value through other comprehensive income				
	Designated as such upon initial recognition RMB'000	Other investments* RMB'000	Held for trading RMB'000	Hedging instruments designated in fair value hedges RMB'000	Associates measured at fair value through profit or loss RMB'000	Debt investments RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Cash and bank balances	–	–	–	–	–	–	–	100,564,000	–	100,564,000
Loans and advances to customers	–	–	–	–	–	–	–	16,162,944	–	16,162,944
Trade and notes receivables	–	–	–	–	–	–	–	13,200,451	–	13,200,451
Due from related companies	–	–	–	–	–	–	–	12,929,293	–	12,929,293
Financial assets included in prepayments, other receivables and other assets	–	–	–	–	–	–	–	23,640,833	–	23,640,833
Placements with and loans to banks and other financial institutions	–	–	–	–	–	–	–	55,010	–	55,010
Derivative financial instruments	–	–	3,061,106	134,147	–	–	–	–	342,085	3,537,338
Financial assets at fair value through profit or loss	–	41,369,818	18,594,401	–	–	–	–	–	–	59,964,219
Finance lease receivables	–	–	–	–	–	–	–	789,562	–	789,562
Debt investments at fair value through other comprehensive income	–	–	–	–	–	63,534,884	–	–	–	63,534,884
Debt investments at amortised cost	–	–	–	–	–	–	–	25,171,823	–	25,171,823
Policyholder account assets in respect of unit-linked contracts	22,163,794	–	–	–	–	–	–	1,113,046	–	23,276,840
Equity investments at fair value through other comprehensive income	–	–	–	–	–	–	2,763,627	–	–	2,763,627
Associates measured at fair value through profit or loss	–	–	–	–	12,209,635	–	–	–	–	12,209,635
Total	22,163,794	41,369,818	21,655,507	134,147	12,209,635	63,534,884	2,763,627	193,626,962	342,085	357,800,459

* Other investments include i) financial assets whose contractual cash flows are not solely payments of principal and interest; ii) investments which have not been irrevocably designated as equity investments at FVOCI; and iii) investments which have not been managed within the business model of only holding to collect contractual cash flows or both collecting contractual cash flows and selling the financial assets.

62. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of the Group's financial instruments as at the end of each reporting period are as follows: *(Continued)*

2022 (restated)

FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Hedging instruments designated in cash flow/net investment hedges RMB'000	Total RMB'000
Deposits from customers	–	–	76,935,942	–	76,935,942
Assets sold under agreements to repurchase	–	–	151,868	–	151,868
Accounts payable to brokerage clients	–	–	3,828	–	3,828
Placements from banks and other financial institutions	–	–	149,062	–	149,062
Financial liabilities at fair value through profit or loss	–	4,306,876	–	–	4,306,876
Trade and notes payables	–	–	24,393,592	–	24,393,592
Due to banks and other financial institutions	–	–	1,141,108	–	1,141,108
Derivative financial instruments	–	2,984,520	–	164,223	3,148,743
Financial liabilities included in accrued liabilities and other payables	2,729,160*	–	58,973,947	–	61,703,107
Due to related companies and the holding company	–	–	3,191,216	–	3,191,216
Interest-bearing bank and other borrowings	–	–	226,919,151	–	226,919,151
Investment contract liabilities	–	–	40,765,932	–	40,765,932
Financial liabilities for unit-linked contracts	22,163,794	–	1,113,046	–	23,276,840
Total	24,892,954	7,291,396	433,738,692	164,223	466,087,265

* The amount includes the share redemption option granted to non-controlling shareholders of several subsidiaries, of which the fair value change is recognised in reserves due to the nature of the equity transaction with the non-controlling shareholders of the subsidiaries of the Group.

63. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2023, the Group endorsed certain notes receivable accepted by banks in Chinese Mainland (the "Endorsed notes") with a carrying amount of RMB236,909,000 (2022: RMB226,335,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"); the Group factored certain notes receivable accepted by banks in Chinese Mainland (the "Factored Notes") with a carrying amount of RMB13,500,000 (2022: nil) to certain factoring companies to finance its operating cash flows (the "Factoring"); in addition, the Group discounted certain notes receivable accepted by banks in the PRC (the "Discounted Notes") to certain banks to finance its operating cash flows (the "Discount") with an aggregate carrying amount of RMB196,235,000 (2022: RMB207,183,000).

In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes Factored Notes and Discounted Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled, the Factored Notes and the short-term borrowings, the Discounted Notes and the short-term borrowings. Subsequent to the Endorsement, the Factoring and Discount, the Group did not retain any rights on the use of the Endorsed Notes, Factored Notes and Discounted Notes, including the sale, transfer or pledge to any other third parties.

Transferred financial assets that are derecognised in their entirety

As at 31 December 2023, the Group endorsed certain notes receivable accepted by banks in the PRC (the "Derecognised Notes") to certain of its suppliers in order to settle the trade payables due to these suppliers with an aggregate carrying amount of RMB773,660,000 (2022: RMB693,444,000). In addition, the Group discounted certain notes receivable accepted by banks in the PRC to certain banks to finance its operating cash flows with an aggregate carrying amount of RMB998,620,000 (2022: RMB937,379,000). The Derecognised Notes had maturity from one to ten months at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC and relevant discounting arrangement with certain banks, the holders of the Derecognised Notes have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement").

In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant.

During the year, the Group has recognised a loss of RMB5,080,000 (2022: RMB7,226,000) on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and the discount have been made evenly throughout the year.

64. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

	Carrying amounts		Fair values	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(Restated)		(Restated)
Financial assets				
Loans and advances to customers	**1,042,474**	1,070,416	**1,085,197**	1,058,019
Financial assets included in prepayments, other receivables and other assets	**1,974,238**	–	**1,974,238**	–
Derivative financial instruments	**3,615,676**	3,537,338	**3,615,676**	3,537,338
Financial assets at fair value through profit or loss	**52,941,186**	59,964,219	**52,941,186**	59,964,219
Debt investments at fair value through other comprehensive income	**72,473,645**	63,534,884	**72,473,645**	63,534,884
Debt investments at amortised cost	**29,400,296**	25,171,823	**29,386,205**	25,129,915
Financial assets included in policyholder account assets in respect of unit-linked contracts	**28,143,522**	22,163,794	**28,143,522**	22,163,794
Equity investments designated at fair value through other comprehensive income	**2,696,542**	2,763,627	**2,696,542**	2,763,627
Associates measured at fair value through profit or loss	**11,247,515**	12,209,635	**11,247,515**	12,209,635
Total	**203,535,094**	190,415,736	**203,563,726**	190,361,431
Financial liabilities				
Deposits from customers	**85,862**	85,962	**77,810**	66,574
Financial liabilities at fair value through profit or loss	**6,697,408**	4,306,876	**6,697,408**	4,306,876
Derivative financial instruments	**4,039,509**	3,148,743	**4,039,509**	3,148,743
Financial liabilities included in accrued liabilities and other payables	**9,232,239**	5,619,255	**9,232,239**	5,619,255
Due to related companies and the holding company	**244,358**	1,092,310	**244,358**	1,092,310
Interest-bearing bank and other borrowings	**116,555,663**	120,640,124	**122,783,119**	119,485,397
Financial liabilities for unit-linked contracts	**28,143,522**	22,163,794	**28,143,522**	22,163,794
Total	**164,998,561**	157,057,064	**171,217,965**	155,882,949

64. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and bank balances, reverse repurchase agreements, finance lease receivables, placements with and loans to banks and other financial institutions, accounts payable to brokerage clients, investment contract liabilities, trade and notes receivables, trade and notes payables, financial assets included in prepayments, other receivables and other assets, placements from banks and other financial institutions, due to banks and other financial institutions, due from related companies and assets sold under agreements to repurchase, the amounts expected to be recovered or settled no more than 12 months in loans and advances to customers, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings, deposits from customers, due to related companies and the holding company approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the financial assets included in prepayments, other receivables and other assets, financial liabilities included in accrued liabilities and other payables, and interest-bearing bank and other borrowings which are expected to be recovered or settled more than 12 months have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the amounts due to related companies and the holding company, financial liabilities included in accrued liabilities and other payables, and interest-bearing bank and other borrowings which are expected to be recovered or settled more than 12 months as at 31 December 2023 was assessed to be insignificant. The fair values of listed bonds and senior notes are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include commodity derivative contracts, forward currency contracts, and currency and interest rate swaps. As at 31 December 2023, the fair values of commodity derivative contracts were measured using quoted market prices of commodity future contracts, while the fair values of the forward currency contracts and the fair values of currency and interest rate swaps were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amounts of the commodity derivative contracts, forward currency contracts, and currency and interest rate swaps are the same as their fair values.

The fair values of listed equity investments without a lock-up period are based on quoted market prices. The fair values of listed equity investments with a lock-up period have been estimated based on assumptions that are supported by observable market prices and the discount for lack of marketability. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income or profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

64. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required by fair value measurement are observable, the instruments are included in level 2. If one or more of the significant inputs is not based on observable market data, the instruments are included in level 3.

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, income approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial assets in Level 3.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2023:

Unobservable inputs and sensitivity analysis for Level 3 assets

The financial assets measured at fair value held by the Group which were classified in Level 3 primarily correspond to debt securities, investment funds and certain unlisted equity securities not quoted in an active market.

The fair value of debt securities, which consist of public and corporate bonds, is determined using broker quotes that cannot be corroborated with observable market transactions. Significant unobservable inputs for these bonds would include proprietary cash flow models and issuer spreads, which are comprised of credit, liquidity, and other security-specific features of the bonds. An increase (decrease) in these issuer spreads would result in a lower (higher) fair value.

The fair values of investment funds classified in Level 3 are based on net asset value (NAV) reports provided by the management of such funds. For certain unlisted equity securities, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the market comparison approach, etc., which requires the Group to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to earnings multiples and price to book multiples, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. An increase (decrease) in multiples would result in a higher (lower) fair value. An increase (decrease) in liquidity discount would result in a lower (higher) fair value. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

64. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Unobservable inputs and sensitivity analysis for Level 3 liabilities

Significant unobservable valuation inputs for the share redemption option granted to non-controlling shareholders of subsidiaries included in accrued liabilities and other payables is the progress of research and development activities, net profit or EBITDA of the subsidiaries.

Significant unobservable valuation input for other financial liabilities included in accrued liabilities and other payables is fair value of net assets of subsidiaries.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

ASSETS MEASURED AT FAIR VALUE:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
31 December 2023				
Derivative financial instruments	616,201	1,794,706	1,204,769	3,615,676
Financial assets at fair value through profit or loss	13,745,622	15,736,431	23,459,133	52,941,186
Debt investments at fair value through other comprehensive income	64,729,256	5,832,838	1,911,551	72,473,645
Financial assets included in policyholder account assets in respect of unit-linked contracts	24,054,587	140,919	3,948,016	28,143,522
Equity investments designated at fair value through other comprehensive income	2,473,230	148,807	74,505	2,696,542
Associates measured at fair value through profit or loss	585,487	6,572,744	4,089,284	11,247,515
Total	106,204,383	30,226,445	34,687,258	171,118,086

64. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

ASSETS MEASURED AT FAIR VALUE: *(Continued)*

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
31 December 2022 (restated)				
Derivative financial instruments	538,473	2,840,342	158,523	3,537,338
Financial assets at fair value through profit or loss	17,581,614	18,921,257	23,461,348	59,964,219
Debt investments at fair value through other comprehensive income	56,839,876	5,392,659	1,302,349	63,534,884
Financial assets included in policyholder account assets in respect of unit-linked contracts	18,538,535	141,465	3,483,794	22,163,794
Equity investments designated at fair value through other comprehensive income	2,651,666	24,542	87,419	2,763,627
Associates measured at fair value through profit or loss	915,136	7,838,465	3,456,034	12,209,635
Total	97,065,300	35,158,730	31,949,467	164,173,497

During the year, the financial assets with a fair value of RMB118,633,000 in Level 2 as at 31 December 2022 were transferred out to Level 1 due to the end of the lock-up period for these equity investments in 2023(2022: RMB1,122,505,000).

The movements in fair value measurements within Level 3 during the year are as follows:

	Equity investments designated at fair value through other comprehensive income RMB'000	Debt investments at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Policyholder account assets in respect of unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Associates measured at fair value through profit or loss RMB'000	Total RMB'000
As at 31 December 2022	87,419	1,302,349	23,461,348	3,483,794	158,523	3,456,034	31,949,467
Total gains recognised in the consolidated statement of profit or loss included in other gains	–	16,510	790,925	226,948	1,025,721	153,771	2,213,875
Total (losses)/gains recognised in other comprehensive income	(7,523)	128,183	–	–	–	–	120,660
Addition	–	719,607	2,446,695	96,380	–	–	3,262,682
Disposals	(6,838)	(356,245)	(3,540,778)	(71,269)	–	(108,190)	(4,083,320)
Disposal of subsidiaries	–	–	(125,535)	–	–	(936,506)	(1,062,041)
Exchange realignment	1,447	101,147	449,473	212,163	20,525	–	784,755
Transfers*	–	–	(22,995)	–	–	1,524,175	1,501,180
As at 31 December 2023	74,505	1,911,551	23,459,133	3,948,016	1,204,769	4,089,284	34,687,258

* During the year, the financial assets with a fair value of RMB1,338,355,000 in Level 3 as at 31 December 2022 were transferred out, and fair value of RMB2,839,535,000 in Level 2 as at 31 December 2022 were transferred in. The transfer was based on the significant input used in the fair value measurement as a whole.

64. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

ASSETS MEASURED AT FAIR VALUE: *(Continued)*

	Equity investments designated at fair value through other comprehensive income RMB'000	Debt investments at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Policyholder account assets in respect of unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Associates measured at fair value through profit or loss RMB'000	Total RMB'000
As at 31 December 2021	74,357	1,507,785	20,129,334	1,057,304	39,752	2,433,326	25,241,858
Total (losses)/gains recognised in the consolidated statement of profit or loss included in other gains	–	(629,044)	564,562	(110,752)	44,138	634,005	502,909
Total gains recognised in other comprehensive income	7,452	6,745	–	–	–	–	14,197
Addition	6,928	685,662	3,744,371	2,421,965	77,225	136,233	7,072,384
Disposals	–	(188,537)	(3,140,586)	(27,969)	–	(126,410)	(3,483,502)
Disposal of subsidiaries	–	(6,189)	(4,692)	–	–	–	(10,881)
Included in assets classified as held for sale	–	–	–	–	–	(700,000)	(700,000)
Exchange realignment	(1,318)	(74,073)	1,138,992	143,246	(2,592)	–	1,204,255
Transfers*	–	–	1,029,367	–	–	1,078,880	2,108,247
As at 31 December 2022	87,419	1,302,349	23,461,348	3,483,794	158,523	3,456,034	31,949,467

* During the year, the financial assets with a fair value of RMB1,059,155,000 in Level 3 as at 31 December 2021 were transferred out, and fair value of RMB3,167,402,000 in Level 2 as at 31 December 2021 were transferred in. The transfer was based on the significant input used in the fair value measurement as a whole.

ASSETS FOR WHICH FAIR VALUES ARE DISCLOSED:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	**Significant observable inputs Level 2 RMB'000**	**Significant unobservable inputs Level 3 RMB'000**	**Total RMB'000**
31 December 2023				
Loans and advances to customers	**–**	**–**	**1,085,197**	**1,085,197**
Financial assets included in prepayment, of the receivables and other assets	**–**	**1,974,238**	**–**	**1,974,238**
Debt investments at amortised cost	**23,672,212**	**5,126,206**	**587,787**	**29,386,205**
Total	**23,672,212**	**7,100,444**	**1,672,984**	**32,445,640**
31 December 2022				
Loans and advances to customers	–	–	1,058,019	1,058,019
Debt investments at amortised cost	19,070,664	5,658,195	401,056	25,129,915
Total	19,070,664	5,658,195	1,459,075	26,187,934

64. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

LIABILITIES MEASURED AT FAIR VALUE:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
31 December 2023				
Financial liabilities for unit-linked contracts	**24,054,587**	**140,919**	**3,948,016**	**28,143,522**
Financial liabilities included in accrued liabilities and other payables	**–**	**–**	**3,385,474**	**3,385,474**
Financial liabilities at fair value through profit or loss	**5,746,472**	**950,936**	**–**	**6,697,408**
Derivative financial instruments	**17,761**	**1,931,544**	**2,090,204**	**4,039,509**
Total	**29,818,820**	**3,023,399**	**9,423,694**	**42,265,913**
31 December 2022				
Financial liabilities for unit-linked contracts	18,538,535	141,465	3,483,794	22,163,794
Financial liabilities included in accrued liabilities and other payables	–	–	2,729,160	2,729,160
Financial liabilities at fair value through profit or loss	3,364,387	942,489	–	4,306,876
Derivative financial instruments	8,579	2,171,566	968,598	3,148,743
Total	21,911,501	3,255,520	7,181,552	32,348,573

64. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

LIABILITIES MEASURED AT FAIR VALUE: *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	Financial liabilities included in accrued liabilities and other payables RMB'000	Financial liabilities for unit-linked contracts RMB'000	Derivative financial instruments RMB'000	Total RMB'000
31 December 2022	**2,729,160**	**3,483,794**	**968,598**	**7,181,552**
Total (gains)/losses recognised in the consolidated statement of profit or loss included in other income	**(47,205)**	**226,948**	**82,698**	**262,441**
Addition	**703,519**	**96,380**	**960,872**	**1,760,771**
Decrease	**–**	**(71,269)**	**–**	**(71,269)**
Exchange realignment	**–**	**212,163**	**78,036**	**290,199**
At 31 December 2023	**3,385,474**	**3,948,016**	**2,090,204**	**9,423,694**
31 December 2021	1,729,069	1,057,304	919,481	3,705,854
Total gains recognised in the consolidated statement of profit or loss included in other income	(47,761)	(110,752)	–	(158,513)
Addition	1,047,852	2,421,965	18,735	3,488,552
Decrease	–	(27,969)	–	(27,969)
Exchange realignment	–	143,246	30,382	173,628
At 31 December 2022	2,729,160	3,483,794	968,598	7,181,552

64. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

LIABILITIES FOR WHICH FAIR VALUES ARE DISCLOSED:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
31 December 2023				
Interest-bearing bank and other borrowings	**31,918,898**	**90,864,221**	**–**	**122,783,119**
Deposits from customers	**–**	**–**	**77,810**	**77,810**
Due to related companies and the holding companies	**–**	**244,358**	**–**	**244,358**
Financial liabilities included in accrued liabilities and other payables	**–**	**5,846,765**	**–**	**5,846,765**
Total	**31,918,898**	**96,955,344**	**77,810**	**128,952,052**
31 December 2022 (restated)				
Interest-bearing bank and other borrowings	24,266,009	95,219,388	–	119,485,397
Deposits from customers	–	–	66,574	66,574
Due to related companies and the holding companies	–	1,092,310	–	1,092,310
Financial liabilities included in accrued liabilities and other payables	–	2,890,095	–	2,890,095
Total	24,266,009	99,201,793	66,574	123,534,376

65. LIQUIDITY INFORMATION

The Group presents all assets and liabilities to being in order of liquidity in the consolidated statement of financial position. The Group further discloses the amounts expected to be recovered or settled no more/more than twelve months for each asset and liability line item in the table below.

As at 31 December 2023	Total RMB'000	No more than 12 months RMB'000	More than 12 months RMB'000
ASSETS			
Cash and bank balances	92,459,644	91,809,939	649,705
Reverse repurchase agreements	6,844,927	6,844,927	–
Loans and advances to customers	16,097,595	15,055,121	1,042,474
Trade and notes receivables	14,414,166	14,414,166	–
Inventories	26,233,846	26,233,846	–
Completed properties for sale	16,598,108	16,598,108	–
Properties under development	46,776,244	43,699,045	3,077,199
Contract assets and other assets	229,266	229,266	–
Due from related companies	18,015,068	17,644,106	370,962
Prepayments, other receivables and other assets	31,953,684	25,958,636	5,995,048
Assets classified as held for sale	2,906,203	2,906,203	–
Placements with and loans to banks and other financial institutions	473,054	40,798	432,256
Derivative financial instruments	3,615,676	2,884,854	730,822
Financial assets at fair value through profit or loss	52,941,186	34,483,856	18,457,330
Finance lease receivables	699,545	246,067	453,478
Reinsurance contract assets	9,117,577	5,848,156	3,269,421
Insurance contract assets	1,803,797	1,246,787	557,010
Debt investments at fair value through other comprehensive income	72,473,645	7,645,481	64,828,164
Debt investments at amortised cost	29,400,296	9,799,024	19,601,272
Policyholder account assets in respect of unit-linked contracts	29,442,770	1,019,981	28,422,789
Equity investments designated at fair value through other comprehensive income	2,696,542	–	2,696,542
Property, plant and equipment	55,226,701	–	55,226,701
Investment properties	93,340,801	–	93,340,801
Right-of-use assets	23,852,435	–	23,852,435
Exploration and evaluation assets	542,140	–	542,140
Mining rights	1,311,399	–	1,311,399
Oil and gas assets	1,974,760	–	1,974,760
Intangible assets	36,790,363	–	36,790,363
Investments in joint ventures	12,584,076	–	12,584,076
Investments in associates	68,254,580	–	68,254,580
Goodwill	29,547,898	–	29,547,898
Deferred tax assets	9,769,597	–	9,769,597
Total assets	808,387,589	324,608,367	483,779,222

65. LIQUIDITY INFORMATION *(Continued)*

As at 31 December 2023	Total RMB'000	No more than 12 months RMB'000	More than 12 months RMB'000
LIABILITIES			
Deposits from customers	82,216,087	82,130,225	85,862
Assets sold under agreements to repurchase	188,063	188,063	–
Accounts payable to brokerage clients	990,853	990,853	–
Financial liabilities at fair value through profit or loss	6,697,408	6,697,408	–
Liabilities directly associated with the assets classified as held for sale	79,178	79,178	–
Trade and notes payables	26,407,670	26,407,670	–
Contract liabilities	19,865,129	19,540,492	324,637
Tax payable	13,148,210	13,148,210	–
Due to banks and other financial institutions	1,103,458	1,103,458	–
Derivative financial instruments	4,039,509	3,072,674	966,835
Accrued liabilities and other payables	74,582,013	46,096,804	28,485,209
Due to the related companies	2,199,034	789,550	1,409,484
Interest-bearing bank and other borrowings	211,923,910	95,368,247	116,555,663
Reinsurance contract liabilities	3,103,216	2,920,479	182,737
Insurance contract liabilities	62,811,295	19,902,067	42,909,228
Investment contract liabilities	37,583,333	5,037,346	32,545,987
Financial liabilities for unit-linked contracts	29,442,770	55,777	29,386,993
Due to the holding company	244,358	–	244,358
Deferred income	1,243,012	–	1,243,012
Deferred tax liabilities	21,944,245	–	21,944,245
Total liabilities	599,812,751	323,528,501	276,284,250
NET ASSETS	208,574,838	1,079,866	207,494,972

65. LIQUIDITY INFORMATION *(Continued)*

As at 31 December 2022	Total RMB'000 (Restated)	No more than 12 months RMB'000	More than 12 months RMB'000
ASSETS			
Cash and bank balances	100,564,000	100,071,263	492,737
Loans and advances to customers	16,162,944	15,092,528	1,070,416
Trade and notes receivables	13,200,451	13,200,451	–
Inventories	25,649,708	25,649,708	–
Completed properties for sale	15,028,738	15,028,738	–
Properties under development	62,079,128	56,611,465	5,467,663
Contract assets and other assets	610,268	610,268	–
Due from related companies	12,929,293	12,558,844	370,449
Prepayments, other receivables and other assets	35,442,321	29,963,768	5,478,553
Assets classified as held for sale	19,817,066	18,030,509	1,786,557
Placements with and loans to banks and other financial institutions	55,010	17,895	37,115
Derivative financial instruments	3,537,338	2,879,068	658,270
Financial assets at fair value through profit or loss	59,964,219	35,323,667	24,640,552
Finance lease receivables	789,562	331,208	458,354
Reinsurance contract assets	8,841,570	6,489,684	2,351,886
Insurance contract assets	1,775,046	1,044,031	731,015
Debt investments at fair value through other comprehensive income	63,534,884	9,592,013	53,942,871
Debt investments at amortised cost	25,171,823	10,283,828	14,887,995
Policyholder account assets in respect of unit-linked contracts	23,276,840	1,854,480	21,422,360
Equity investments designated at fair value through other comprehensive income	2,763,627	–	2,763,627
Property, plant and equipment	45,668,203	–	45,668,203
Investment properties	95,743,357	–	95,743,357
Right-of-use assets	21,297,657	–	21,297,657
Exploration and evaluation assets	584,684	–	584,684
Mining rights	480,763	–	480,763
Oil and gas assets	1,890,258	–	1,890,258
Intangible assets	34,278,110	–	34,278,110
Investments in joint ventures	9,903,075	–	9,903,075
Investments in associates	68,653,959	–	68,653,959
Goodwill	27,413,654	–	27,413,654
Deferred tax assets	9,268,677	–	9,268,677
Total assets	**806,376,233**	**354,633,416**	**451,742,817**

65. LIQUIDITY INFORMATION *(Continued)*

As at 31 December 2022	Total RMB'000 (Restated)	No more than 12 months RMB'000	More than 12 months RMB'000
LIABILITIES			
Deposits from customers	76,935,942	76,849,980	85,962
Assets sold under agreements to repurchase	151,868	151,868	–
Accounts payable to brokerage clients	3,828	3,828	–
Placements from banks and other financial institutions	149,062	149,062	–
Financial liabilities at fair value through profit or loss	4,306,876	4,306,876	–
Liabilities directly associated with the assets classified as held for sale	117,467	117,467	–
Trade and notes payables	24,393,592	24,393,592	–
Contract liabilities	24,332,437	23,966,338	366,099
Tax payable	12,078,193	12,078,193	–
Due to banks and other financial institutions	1,141,108	1,141,108	–
Derivative financial instruments	3,148,743	2,120,706	1,028,037
Accrued liabilities and other payables	77,262,805	55,062,509	22,200,296
Due to the related companies	5,104,219	2,098,906	3,005,313
Interest-bearing bank and other borrowings	226,919,151	106,279,027	120,640,124
Reinsurance contract liabilities	3,517,286	3,053,692	463,594
Insurance contract liabilities	59,205,512	15,418,292	43,787,220
Investment contract liabilities	40,765,932	13,274,724	27,491,208
Financial liabilities for unit-linked contracts	23,276,840	109,810	23,167,030
Due to the holding company	122,606	–	122,606
Deferred income	1,231,069	–	1,231,069
Deferred tax liabilities	23,136,678	–	23,136,678
Total liabilities	607,301,214	340,575,978	266,725,236
NET ASSETS	199,075,019	14,057,438	185,017,581

65. LIQUIDITY INFORMATION *(Continued)*

As at 1 January 2022	Total RMB'000 (Restated)	No more than 12 months RMB'000	More than 12 months RMB'000
ASSETS			
Cash and bank balances	96,779,519	96,278,048	501,471
Loans and advances to customers	16,793,872	15,469,317	1,324,555
Trade and notes receivables	10,618,340	10,618,340	–
Inventories	22,263,338	22,263,338	–
Completed properties for sale	14,781,146	14,781,146	–
Properties under development	51,208,864	38,007,620	13,201,244
Contract assets and other assets	36,125	36,125	–
Due from related companies	18,210,088	16,739,960	1,470,128
Prepayments, other receivables and other assets	35,480,359	30,938,636	4,541,723
Assets classified as held for sale	556,217	556,217	–
Placements with and loans to banks and other financial institutions	425,483	389,384	36,099
Derivative financial instruments	3,057,582	1,512,688	1,544,894
Financial assets at fair value through profit or loss	67,608,984	40,009,235	27,599,749
Finance lease receivables	838,689	612,374	226,315
Reinsurance contract assets	7,938,130	4,461,417	3,476,713
Insurance contract assets	6,189,854	2,323,072	3,866,782
Debt investments at fair value through other comprehensive income	80,908,414	19,253,551	61,654,863
Debt investments at amortised cost	25,984,474	6,319,685	19,664,789
Policyholder account assets in respect of unit-linked contracts	12,708,621	2,049,768	10,658,853
Equity investments designated at fair value through other comprehensive income	3,054,695	2,519,203	535,492
Property, plant and equipment	42,387,533	–	42,387,533
Investment properties	67,229,732	–	67,229,732
Right-of-use assets	18,608,758	–	18,608,758
Exploration and evaluation assets	411,330	–	411,330
Mining rights	496,997	–	496,997
Oil and gas assets	1,959,612	–	1,959,612
Intangible assets	27,116,359	–	27,116,359
Investments in joint ventures	33,395,605	–	33,395,605
Investments in associates	92,808,915	–	92,808,915
Goodwill	24,804,818	–	24,804,818
Deferred tax assets	7,947,331	–	7,947,331
Total assets	**792,609,784**	**325,139,124**	**467,470,660**

65. LIQUIDITY INFORMATION *(Continued)*

As at 1 January 2022	Total RMB'000 (Restated)	No more than 12 months RMB'000	More than 12 months RMB'000
LIABILITIES			
Deposits from customers	71,851,392	71,742,751	108,641
Assets sold under agreements to repurchase	1,467,606	1,467,606	–
Accounts payable to brokerage clients	421,560	421,560	–
Placements from banks and other financial institutions	122,735	122,735	–
Financial liabilities at fair value through profit or loss	4,078,714	4,078,714	–
Liabilities directly associated with the assets classified as held for sale	27,151	27,151	–
Trade and notes payables	21,406,410	21,406,410	–
Contract liabilities	20,942,466	20,315,595	626,871
Tax payable	11,896,130	11,896,130	–
Due to banks and other financial institutions	4,375,871	1,541,056	2,834,815
Derivative financial instruments	5,740,791	3,027,559	2,713,232
Accrued liabilities and other payables	56,945,549	37,977,917	18,967,632
Due to the related companies	3,836,309	3,836,309	–
Interest-bearing bank and other borrowings	237,119,485	105,227,290	131,892,195
Reinsurance contract liabilities	2,205,168	2,138,870	66,298
Insurance contract liabilities	70,306,631	19,402,844	50,903,787
Investment contract liabilities	47,160,507	10,841,079	36,319,428
Financial liabilities for unit-linked contracts	12,708,621	109,911	12,598,710
Due to the holding company	2,770,224	–	2,770,224
Deferred income	971,999	–	971,999
Deferred tax liabilities	16,645,826	–	16,645,826
Total liabilities	593,001,145	315,581,487	277,419,658
NET ASSETS	199,608,639	9,557,637	190,051,002

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, finance lease receivables, amounts due from/to related companies, debt investments at amortised cost and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, trade and notes payables and deposits from customers, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. At 31 December 2023, approximately 51% (2022: 54%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/(decrease) in basis points RMB'000	Increase/(decrease) in profit before tax RMB'000
2023	**75**	**(800,413)**
	(75)	**800,413**
2022	75	(795,371)
	(75)	795,371

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar, Hong Kong dollar and EUR exchange rates, with all other variables held constant, of the Group's profit before tax arising from United States dollar, Hong Kong dollar and EUR denominated financial instruments and the Group's equity, excluding the impact of retained earnings due to the changes of the exchange fluctuation reserve of certain overseas subsidiaries of which the functional currencies are currencies other than RMB.

	Increase/(decrease) in foreign currency rate %	Increase/(decrease) in profit before tax RMB'000
2023		
If RMB weakens against the United States dollar	**5**	**(73,752)**
If RMB strengthens against the United States dollar	**(5)**	**73,752**
If RMB weakens against the Hong Kong dollar	**5**	**194,306**
If RMB strengthens against the Hong Kong dollar	**(5)**	**(194,306)**
If RMB weakens against EUR	**5**	**(1,001,965)**
If RMB strengthens against EUR	**(5)**	**1,001,965**
2022 (restated)		
If RMB weakens against the United States dollar	5	(138,330)
If RMB strengthens against the United States dollar	(5)	138,330
If RMB weakens against the Hong Kong dollar	5	106,634
If RMB strengthens against the Hong Kong dollar	(5)	(106,634)
If RMB weakens against EUR	5	(1,009,845)
If RMB strengthens against EUR	(5)	1,009,845

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk *(Continued)*

MAXIMUM EXPOSURE AND YEAR-END STAGING

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

31 December 2023	**12-month ECLs**	**Lifetime ECLs**			
	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Simplified approach RMB'000**	**Total RMB'000**
Cash and bank balances – Not yet past due	92,459,644	–	–	–	92,459,644
Loans and advances to customers	15,479,909	329,654	631,672	–	16,441,235
Trade and notes receivables*	–	–	–	15,070,834	15,070,834
Due from related companies – Not yet past due	18,015,068	–	–	–	18,015,068
Financial assets included in prepayments, other receivables and other assets – Normal**	21,285,913	–	–	–	21,285,913
– Doubtful**	–	167,500	799,751	–	967,251
Placements with and loans to banks and other financial institutions	473,054	–	–	–	473,054
Finance lease receivables	706,863	–	53,206	–	760,069
Debt investments at fair value through other comprehensive income	71,283,887	1,176,144	13,614	–	72,473,645
Debt investments at amortised cost	29,002,291	134,996	501,607	–	29,638,894
Policyholder account assets in respect of unit-linked contracts at amortised cost	29,442,770	–	–	–	29,442,770
Total	278,149,399	1,808,294	1,999,850	15,070,834	297,028,377

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk *(Continued)*

MAXIMUM EXPOSURE AND YEAR-END STAGING *(Continued)*

31 December 2022 (Restated)	12-month ECLs		Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Cash and bank balances – Not yet past due	100,564,000	–	–	–	100,564,000
Loans and advances to customers	15,755,199	28,511	603,484	–	16,387,194
Trade and notes receivables*	–	–	–	13,773,458	13,773,458
Due from related companies – Not yet past due	12,929,293	–	–	–	12,929,293
Financial assets included in prepayments, other receivables and other assets – Normal**	24,016,199	–	–	–	24,016,199
– Doubtful**	–	167,500	719,821	–	887,321
Placements with and loans to banks and other financial institutions	55,010	–	–	–	55,010
Finance lease receivables	767,263	–	66,192	–	833,455
Debt investments at fair value through other comprehensive income	62,934,378	591,132	9,374	–	63,534,884
Debt investments at amortised cost	24,553,622	144,989	492,961	–	25,191,572
Policyholder account assets in respect of unit-linked contracts at amortised cost	23,276,840	–	–	–	23,276,840
Total	264,851,804	932,132	1,891,832	13,773,458	281,449,226

* For trade and notes receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and other borrowings.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2023	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Deposits from customers	68,374,803	14,175,820	87,944	–	82,638,567
Assets sold under agreements to repurchase	–	188,063	–	–	188,063
Accounts payable to brokerage clients	990,853	–	–	–	990,853
Financial liabilities at fair value through profit or loss	–	6,697,408	–	–	6,697,408
Trade and notes payables	3,208,409	23,199,261	–	–	26,407,670
Due to banks and other financial institutions	1,103,458	–	–	–	1,103,458
Derivative financial instruments	2,406,165	666,509	780,379	186,456	4,039,509
Financial liabilities included in accrued liabilities and other payables (excluding lease liabilities)	23,986,260	5,789,943	8,917,501	–	38,693,704
Lease liabilities	–	2,663,206	10,459,700	11,078,771	24,201,677
Due to related companies and the holding company	789,550	–	244,358	–	1,033,908
Interest-bearing bank and other borrowings	–	95,368,247	127,722,153	23,937,399	247,027,799
Investment contract liabilities	–	5,037,346	22,693,448	9,852,539	37,583,333
Financial liabilities for Unit-Linked contracts	55,777	–	29,386,993	–	29,442,770
Total	100,915,275	153,785,803	200,292,476	45,055,165	500,048,719

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows: *(Continued)*

2022 (Restated)	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Deposits from customers	67,867,326	9,334,482	88,047	–	77,289,855
Assets sold under agreements to repurchase	–	151,868	–	–	151,868
Accounts payable to brokerage clients	3,828	–	–	–	3,828
Placements from banks and other financial institutions	149,062	–	–	–	149,062
Financial liabilities at fair value through profit or loss		4,306,876	–	–	4,306,876
Trade and notes payables	3,303,543	21,090,049	–	–	24,393,592
Due to banks and other financial institutions	1,141,108	–	–	–	1,141,108
Derivative financial instruments	1,217,879	1,387,992	237,322	305,550	3,148,743
Financial liabilities included in accrued liabilities and other payables (excluding lease liabilities)	33,218,914	5,275,401	5,347,037	–	43,841,352
Lease liabilities		2,601,195	6,150,283	9,110,277	17,861,755
Due to related companies and the holding company	2,098,906	–	1,092,310	–	3,191,216
Interest-bearing bank and other borrowings	–	106,279,027	127,380,403	29,567,626	263,227,056
Investment contract liabilities	2,206,511	11,068,213	16,857,499	10,633,709	40,765,932
Financial liabilities for Unit-Linked contracts	109,810	–	23,167,030	–	23,276,840
Total	111,316,887	161,495,103	180,319,931	49,617,162	502,749,083

In addition, the guarantees provided by the Group will be called in the case of default in payments by the guaranteed companies as set out in note 59.

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk *(Continued)*

The maturity profile of portfolios of insurance contract issued and portfolios of reinsurance contracts held that are liabilities of the Group based on the estimates of the present value of the future cash flows expected to be paid out, is as follows:

2023

Item	Up to 1 year RMB'000	1-2 years RMB'000	2-3 years RMB'000	3-4 years RMB'000	4-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Liabilities							
Insurance contract liabilities	**16,287,792**	**8,399,461**	**5,151,685**	**3,261,518**	**2,405,269**	**16,301,109**	**51,806,834**
Reinsurance contract liabilities	**3,262,032**	**(95,955)**	**(36,321)**	**(11,183)**	**(5,374)**	**(3,419)**	**3,109,780**
Total	**19,549,824**	**8,303,506**	**5,115,364**	**3,250,335**	**2,399,895**	**16,297,690**	**54,916,614**

2022 (restated)

Item	Up to 1 year RMB'000	1-2 years RMB'000	2-3 years RMB'000	3-4 years RMB'000	4-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Liabilities							
Insurance contract liabilities	13,790,706	7,558,944	5,015,794	3,712,161	2,181,663	15,567,882	47,827,150
Reinsurance contract liabilities	3,799,998	(118,361)	(48,216)	(15,856)	(5,191)	(4,017)	3,608,357
Total	17,590,704	7,440,583	4,967,578	3,696,305	2,176,472	15,563,865	51,435,507

The Group is exposed to liquidity risk on insurance policies that permit surrender, withdrawal or other forms of early termination. When surrender, withdrawal or other forms of early termination happens, the Group determines the amounts that are payable on demand to policyholders in accordance with the terms of insurance contracts, which are usually the unearned premiums or the cash values of the relevant part of contracts, after deducting the applicable early termination fees. The Group seeks to manage its liquidity risk by matching to the extent possible the duration of its investment assets with the duration of its insurance policies and to ensure that the Group is able to meet its payment obligations.

Price risk

Price risk is the risk that the fair values of equity and debt investments decrease or increase as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to price risk arising from individual investments classified as financial assets at fair value through profit or loss (note 25), equity investments designated at fair value through other comprehensive income (note 31), debt investments at fair value through other comprehensive income (note 28) and associates measured at fair value through profit or loss (note 40) as at 31 December 2023. The Group's listed investments that are listed on stock exchanges in Hong Kong, Shenzhen, Shanghai, New York, Singapore, and other countries in Europe, Oceania, North America, Latin America, Africa and Asia are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to a reasonably possible change in the fair values of the financial investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the equity investments designated at fair value through other comprehensive income, and debt investments at fair value through other comprehensive income, the impact is deemed to be on the other comprehensive income. No account is given for factors such as impairment which might impact the statement of profit or loss, and no account is given for the impact on other life insurance contract liabilities (profit sharing provision).

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

2023

Investments listed in:	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
Hong Kong				
– Equity investments designated at fair value through other comprehensive income	900,684	5	–	45,034
		(5)	–	(45,034)
– Debt investments at fair value through other comprehensive income	4,133,300	5	–	206,665
		(5)	–	(206,665)
– Financial assets at fair value through profit or loss	6,182,761	5	309,138	–
		(5)	(309,138)	–
– Associates measured at fair value through profit or loss	231,351	5	11,568	–
		(5)	(11,568)	–
Shenzhen				
– Financial assets at fair value through profit or loss	761,455	5	38,073	–
		(5)	(38,073)	–
– Associates measured at fair value through profit or loss	185,933	5	9,297	–
		(5)	(9,297)	–
Shanghai				
– Financial assets at fair value through profit or loss	193,066	5	9,653	–
		(5)	(9,653)	–
– Equity investments designated at fair value through other comprehensive income	11,619	5	–	581
		(5)	–	(581)
United States				
– Debt investments at fair value through other comprehensive income	3,856,601	5	–	192,830
		(5)	–	(192,830)
– Financial assets at fair value through profit or loss	2,046,976	5	102,349	–
		(5)	(102,349)	–
Europe				
– Equity investments designated at fair value through other comprehensive income	1,553,272	5	–	77,664
		(5)	–	(77,664)
– Debt investments at fair value through other comprehensive income	48,776,407	5	–	2,438,820
		(5)	–	(2,438,820)
– Financial assets at fair value through profit or loss	4,251,401	5	212,570	–
		(5)	(212,570)	–

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

2023 *(Continued)*

Investments listed in:	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
Oceania				
– Financial assets at fair value through profit or loss	4,509	5	225	–
		(5)	(225)	–
– Debt investments at fair value through other comprehensive income	671,106	5	–	33,555
		(5)	–	(33,555)
North America				
– Financial assets at fair value through profit or loss	22	5	1	–
		(5)	(1)	–
– Debt investments at fair value through other comprehensive income	140,838	5	–	7,042
		(5)	–	(7,042)
Latin America				
– Financial assets at fair value through profit or loss	528,781	5	26,439	–
		(5)	(26,439)	–
– Debt investments at fair value through other comprehensive income	8,837,097	5	–	441,855
		(5)	–	(441,855)
Asia				
– Equity investments designated at fair value through other comprehensive income	45,802	5	–	2,290
		(5)	–	(2,290)
– Financial assets at fair value through profit or loss	70,553	5	3,528	–
		(5)	(3,528)	–
– Debt investments at fair value through other comprehensive income	1,561,693	5	–	78,085
		(5)	–	(78,085)
Africa				
– Financial assets at fair value through profit or loss	29,397	5	1,470	–
		(5)	(1,470)	–

* Excluding retained profits

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

2022 (Restated)

Investments listed in:	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
Hong Kong				
– Equity investments designated at fair value through other comprehensive income	1,080,166	5	–	54,008
		(5)	–	(54,008)
– Debt investments at fair value through other comprehensive income	5,509,773	5	–	275,489
		(5)	–	(275,489)
– Financial assets at fair value through profit or loss	7,019,994	5	351,000	–
		(5)	(351,000)	–
– Associates measured at fair value through profit or loss	246,961	5	12,348	–
		(5)	(12,348)	–
Shenzhen				
– Financial assets at fair value through profit or loss	1,649,321	5	82,466	–
		(5)	(82,466)	–
– Associates measured at fair value through profit or loss	454,998	5	22,750	–
		(5)	(22,750)	–
Shanghai				
– Financial assets at fair value through profit or loss	557,523	5	27,876	–
		(5)	(27,876)	–
– Equity investments designated at fair value through other comprehensive income	11,973	5	–	599
		(5)	–	(599)
– Associates measured at fair value through profit or loss	213,178	5	10,659	–
		(5)	(10,659)	–
United States				
– Debt investments at fair value through other comprehensive income	3,503,056	5	–	175,153
		(5)	–	(175,153)
– Financial assets at fair value through profit or loss	2,179,742	5	108,987	–
		(5)	(108,987)	–
Europe				
– Equity investments designated at fair value through other comprehensive income	1,525,268	5	–	76,263
		(5)	–	(76,263)
– Debt investments at fair value through other comprehensive income	40,502,782	5	–	2,025,139
		(5)	–	(2,025,139)
– Financial assets at fair value through profit or loss	6,417,824	5	315,878	–
		(5)	(315,878)	–

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Price risk *(Continued)*

2022 (Restated) *(Continued)*

Investments listed in:	Carrying amount of investments RMB'000	Increase/ (decrease) in equity or debt prices %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
Oceania				
– Financial assets at fair value through profit or loss	3,625	5	181	–
		(5)	(181)	–
– Debt investments at fair value through other comprehensive income	480,912	5	–	24,046
		(5)	–	(24,046)
North America				
– Financial assets at fair value through profit or loss	25	5	1	–
		(5)	(1)	–
– Debt investments at fair value through other comprehensive income	132,305	5	–	6,615
		(5)	–	(6,615)
Latin America				
– Financial assets at fair value through profit or loss	375,208	5	18,760	–
		(5)	(18,760)	–
– Debt investments at fair value through other comprehensive income	7,394,875	5	–	369,744
		(5)	–	(369,744)
Asia				
– Equity investments designated at fair value through other comprehensive income	47,333	5	–	2,367
		(5)	–	(2,367)
– Financial assets at fair value through profit or loss	367,541	5	18,377	–
		(5)	(18,377)	–
– Debt investments at fair value through other comprehensive income	1,895,419	5	–	94,771
		(5)	–	(94,771)
Africa				
– Financial assets at fair value through profit or loss	23,598	5	1,180	–
		(5)	(1,180)	–

* Excluding retained profits

66. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a total debt to total capital ratio, which is total debt divided by total equity plus total debt. Total debt includes interest-bearing bank and other borrowings. Total equity includes equity attributable to owners of the parent and non-controlling interests. The total debt to total capital ratios as at the end of the reporting periods were as follows:

	2023	2022
	RMB'000	RMB'000
		(Restated)
Interest-bearing bank and other borrowings	**211,923,910**	226,919,151
Total debt	**211,923,910**	226,919,151
Total equity	**208,574,838**	199,075,019
Total equity and total debt	**420,498,748**	425,994,170
Total debt to total capital ratio	**50%**	53%

67. EVENTS AFTER THE REPORTING PERIOD

Up to the approval date of financial statements, the Group had no subsequent events to be closed.

68. COMPARATIVE AMOUNTS

As stated in note 2.2, the comparative amounts have been restated to reflect the prior period adjustments relating to the adoption of HKFRS 17 and the change in the presentation of all assets and liabilities to being in order of liquidity.

69. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	33,210,731	32,429,202
Investments in associates	198,388	195,564
Deferred tax assets	59,091	19,573
Right-of-use assets	46,339	9,459
Debt investments at amortised cost	–	296,618
Due from subsidiaries	1,580,000	1,580,000
Total non-current assets	35,094,549	34,530,416
CURRENT ASSETS		
Cash and bank balances	1,524,702	880,936
Financial assets at fair value through profit or loss	3,669,291	3,787,625
Derivative financial instruments	–	56,000
Prepayments, other receivables and other assets	934,684	444,131
Due from subsidiaries	102,595,371	102,207,779
Debt investments at amortised cost	1,202,184	708,616
Total current assets	109,926,232	108,085,087
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	15,900,296	17,307,259
Financial liabilities at fair value through profit or loss	861,738	841,925
Derivative financial instruments	208,265	–
Accrued liabilities and other payables	327,354	252,703
Due to subsidiaries	68,858,366	64,203,327
Total current liabilities	86,156,019	82,605,214
NET CURRENT ASSETS	23,770,213	25,479,873
TOTAL ASSETS LESS CURRENT LIABILITIES	58,864,762	60,010,289
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	15,421,661	15,362,036
Due to the holding company	243,561	122,606
Other long-term payables	46,491	–
Total non-current liabilities	15,711,713	15,484,642
Net assets	43,153,049	44,525,647
EQUITY		
Share capital	37,286,880	37,146,381
Treasury shares (note)	(326,634)	(353,338)
Other reserves (note)	6,192,803	7,732,604
Total equity	43,153,049	44,525,647

Guo Guangchang
Director

Gong Ping
Director

69. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(Continued)

Note:

A summary of the Company's reserves is as follows:

Investments listed in:	**Treasury shares RMB'000**	**Other reserve RMB'000**	**Exchange fluctuation reserve RMB'000**	**Fair value reserve RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**
At 1 January 2022	(254,519)	664,320	(2,233,031)	114,369	9,124,906	7,416,045
Final 2021 dividend	–	–	–	–	(2,148,152)	(2,148,152)
Repurchase of shares	43,473	–	–	–	(577,330)	(533,857)
Equity-settled share-based payments	(142,292)	30,756	–	–	–	(111,536)
Total comprehensive income for the year	–	–	3,951,533	–	(1,194,767)	2,756,766
At 31 December 2022 and 1 January 2023	(353,338)	695,076	1,718,502	114,369	5,204,657	7,379,266
Final 2022 dividend	**–**	**–**	**–**	**–**	**(103,349)**	**(103,349)**
Repurchase of shares	**13,659**	**–**	**–**	**–**	**(194,088)**	**(180,429)**
Equity-settled share-based payments	**13,045**	**14,543**	**–**	**–**	**–**	**27,588**
Total comprehensive loss for the year	**–**	**–**	**634,001**	**–**	**(1,890,908)**	**(1,256,907)**
At 31 December 2023	**(326,634)**	**709,619**	**2,352,503**	**114,369**	**3,016,312**	**5,866,169**

70. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2024.

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LEGAL ADVISORS
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