

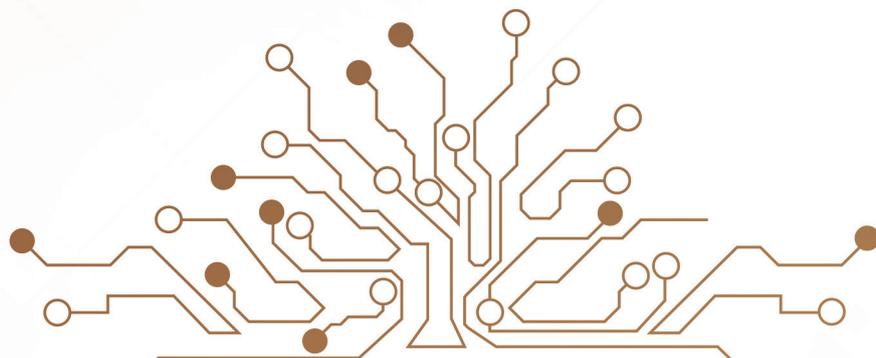
FOSUN 复星

復星國際有限公司
FOSUN INTERNATIONAL LIMITED

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

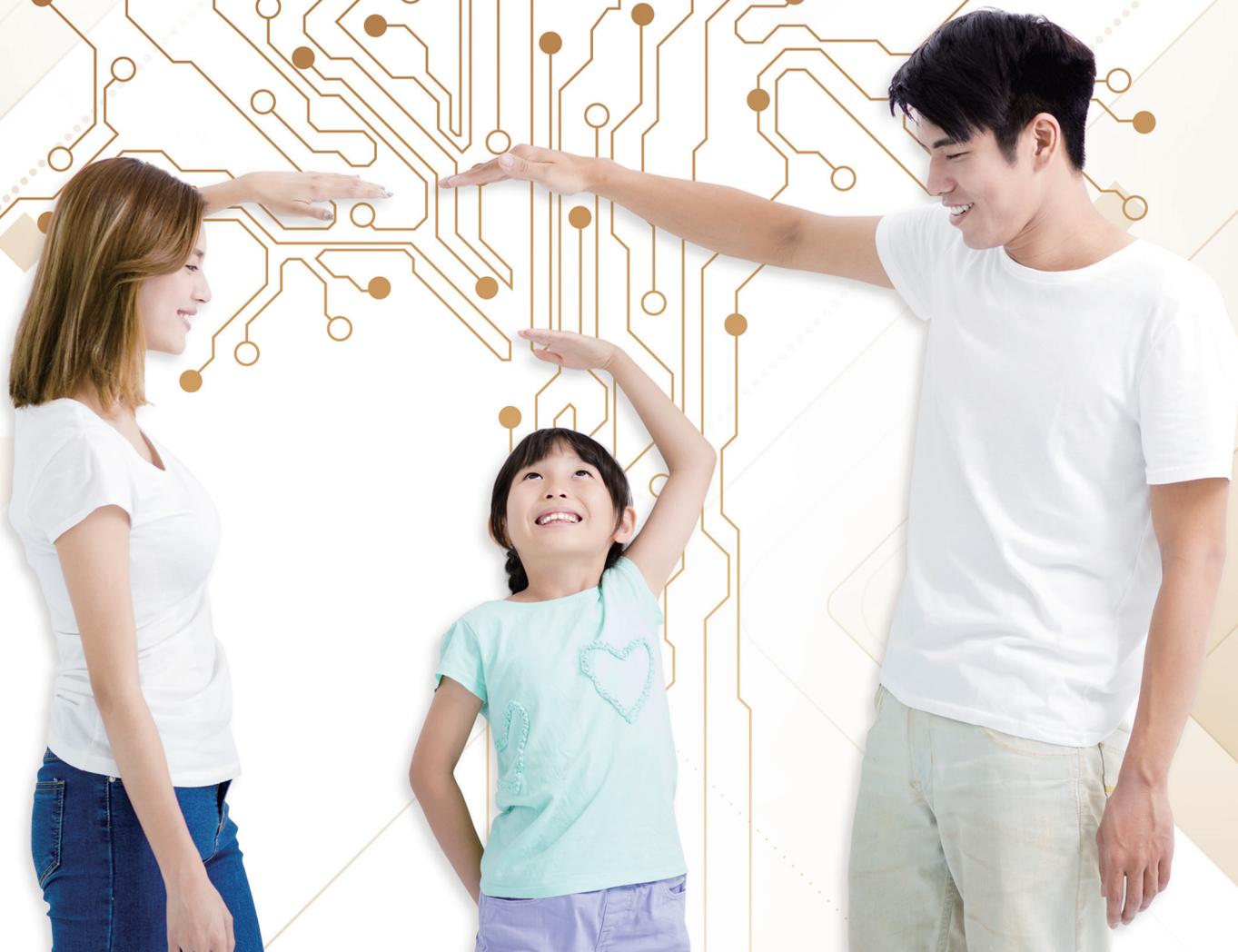
INTERIM REPORT

2020



韧 · 劲

RESILIENCE & STRENGTH



FOSUN INTERNATIONAL

An Innovation-Driven Consumer Group

“Resilience & Strength”

In 2019, Fosun formally defined the new positioning of “innovation-driven consumer group” and put forward the “Focus” strategy for the first time in early 2020. It indicated that Fosun has completed the preliminary industrial and regional expansion deployment. The next strategic focus will be strengthening Fosun’s existing industries and regional operations, and continue to enhance the competitiveness and operational efficiency of its industry operations.

In 2020, the world has been severely hit by the COVID-19 epidemic. Fosun’s global businesses encountered challenges due to the epidemic in the first half of the year. However, its financial position remained solid and its liquidity stayed strong. If Fosun is to sum up its performance for the first half of 2020 in one word, that word will be “resilience”. Fosun’s diversified business mix, global asset allocation and “Industry Operations + Industrial Investment” model for development have enabled Fosun to effectively hedge against market risks and seize opportunities in times of crises and changes. At the same time, Fosun’s industry operations have also shown great resilience by virtue of its profound experience in their industries and long-term investment in innovation. More importantly, the epidemic has brought a new organizational evolution to Fosun. Upon the outbreak of the epidemic, we have promptly activated our wartime mechanism for fighting against the disease. The move has strengthened our organizational and execution capabilities. Meanwhile, we have been able to ensure the safety of both our customers and employees while seeking opportunities in times of crises. This has also accelerated the transformation and upgrade of our businesses.

For Fosun’s development in the second half of the year and further down the line, “strength” is its watchword. Fosun’s development calls for stamina. Looking ahead, the Group will execute its strategy with four focuses. First, we will focus on technology innovation - we will continue to invest and deploy resources in it and also speed up the commercialization of the results of technology innovation. Second, Fosun will focus on building up its FC2M (“F” stands for “Fosun” and “family”, C2M means client-to-maker) ecosystem. Fosun will reach its customers through a combination of online and offline channels with its omni-channel marketing and sales strategy; it will digitalize its customer relationship management and adopt a customer-oriented approach to drive the creation and iteration of its products. Third, we will continue to focus on evolving our human resources organization structure and make the wartime mechanism for dealing with the emergencies a regular part of its system for business management. We will also promote cooperation internally and recruit more talents who can serve as beacons for Fosun in its development. Finally, we will also focus on lean operations that can lead to higher efficiency of both asset utilization and individual employees on average in all aspects, including production, sales and marketing, supply chain management and staff deployment. This can enable the Group to grow rapidly and healthily.

CONTENTS

Financial Summary	2
Business Overview	3
Management Discussion & Analysis	5
Interim Condensed Consolidated Statement of Profit or Loss	28
Interim Condensed Consolidated Statement of Comprehensive Income	29
Interim Condensed Consolidated Statement of Financial Position	31
Interim Condensed Consolidated Statement of Changes in Equity	35
Interim Condensed Consolidated Statement of Cash Flows	37
Notes to Interim Condensed Consolidated Financial Information	39
Statutory Disclosures	78
Corporate Information	97
Glossary	98

FINANCIAL SUMMARY

In RMB million	For the six months ended 30 June	
	2020	2019
Revenue	63,269.2	68,475.4
Health	16,423.9	16,465.4
Happiness	26,940.4	30,893.9
Wealth	20,424.4	21,476.9
<i>Insurance</i>	14,150.4	15,534.3
<i>Finance</i>	1,312.4	1,065.5
<i>Investment</i>	4,961.6	4,877.1
Eliminations	(519.5)	(360.8)
Profit/(loss) attributable to owners of the parent^{Note}	2,012.1	7,608.8
Health	805.4	865.1
Happiness	(391.9)	1,822.3
Wealth	1,598.6	4,921.4
<i>Insurance</i>	(1,057.9)	1,015.9
<i>Finance</i>	468.6	804.6
<i>Investment</i>	2,187.9	3,100.9
Earnings per share – basic (in RMB)	0.24	0.89
Earnings per share – diluted (in RMB)	0.24	0.89

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

BUSINESS OVERVIEW

Adhering to the positioning as an innovation-driven consumer group, the Group has been actively solidifying its foothold in three major businesses, namely Health, Happiness and Wealth. Faced with the huge impact of the COVID-19 epidemic, the Group has quickly responded, actively invested in vaccine research and development (“R&D”) cooperation, and turned the disadvantaged situation into opportunities through digital, online and family-oriented strategies. The results are promising and gradually improving, revitalizing ourselves from the China business to the international business.

Health Business

The Group’s Health business focuses on innovation-driven pharmaceutical manufacturing and health services ecosystem and adheres to the “4 IN” (innovation, internationalization, integration and intelligentization) strategies. Progress has been obtained in COVID-19 vaccines, biopharmaceutical drugs, small molecular innovative drugs, cell-mediated immunity, high-value generic drugs and international R&D collaboration. Highly promising products have been obtained certifications or permitted early entry into new phases of clinical trials in Chinese, the United States, Indian and the European Union markets.

In March 2020, Fosun Pharma’s subsidiary was licensed by BioNTech SE to exclusively develop and commercialize COVID-19 vaccine products in Chinese mainland, Hong Kong, Macau Special Administration Region and Taiwan Region based on its mRNA technology platform. In July 2020, this company received an approval from the National Medical Products Administration for a clinical trial of its licensed COVID-19 mRNA vaccine (BNT162b1) for the prevention of COVID-19 epidemic.

In April 2020, a wholly-owned subsidiary of Shanghai Henlius received two “Certificates of GMP Compliance of a Manufacturer” issued by Chief Pharmaceutical Inspector, a health regulatory body in Poland. Shanghai Henlius’ biopharmaceutical manufacturing facility in Xuhui District, Shanghai has passed the Good Manufacturing Practice (GMP) inspection by the European Union in respect of HLX02 trastuzumab injection (trade name in European Union: Zercepac®) drug substance (DS) and drug product (DP) lines. In August 2020, the new drug application of HLX02

trastuzumab injection (trade name in Chinese Mainland: 漢曲優) independently developed by Shanghai Henlius has been approved by the National Medical Products Administration.

In July 2020, after the Hong Kong Stock Exchange approved the proposed spin-off and separate listing application of Gland Pharma by Fosun Pharma and the Company, Gland Pharma has filed the draft red-herring prospectus with the Securities and Exchange Board of India, National Stock Exchange of India Limited and BSE Limited (an Indian stock exchange located in Mumbai); and applied for the in-principle approval for the listing of its equity shares on the National Stock Exchange of India Limited and BSE Limited.

Happiness Business

Despite being the segment with the most impressive growth in 2018 and 2019, the Happiness business has faced grave challenges from the epidemic in the first half of 2020. The Group has timely accelerated our digitalization, online, and family-oriented progress and millions of users have been accumulated on our online platforms such as Dongjia, Thomas Cook Lifestyle Platform and Foryou Club.

During the Reporting Period, Yuyuan recorded remarkable results with its “organic growth + external expansion”, “self-developed brand + external cooperation” and “online + offline” businesses all achieving outstanding performances. The business network has been expanding rapidly against the trend, in particular the accelerated store expansion in the second quarter. Since the resumption of business, from April to June 2020, the sales from direct-sales stores had been restored to the level of the corresponding period of last year. Yuyuan has acquired 55.4% equity interests in Djula, a French fashion jewellery brand and entered into an agreement with a high-end Italian jewellery group to jointly develop the Damiani and Salvini brands in the Chinese market. Yuyuan has also completed the acquisition of 29.99998% equity interest in Jinhui Liquor Co., Ltd. (listed on SSE with stock code 603919) in August 2020 to extend the whole food & beverage industry product chain. With the live streaming sales by KOLs (Key Opinion Leader) and amateurs forming the integral part of our regular sales channels, the sales momentum in online streaming has surged after the epidemic and the Tmall sales revenue of Laomiao Gold from January to June 2020 has also doubled year-on-year as a result.

BUSINESS OVERVIEW

Wealth Business

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

Relying on the strength of the insurance-based fundamental assets under the Wealth business, we make full use of profound industrial operating capabilities and global investment capabilities to build a global asset management ecosystem, where our fundamental assets contribute steady profits, our core high-growth assets bring in fast-growing profits, and our innovative assets lay the foundation for the long-term growth potential and competitive power.

There were many highlights in the insurance segment:

As important subsidiaries of the Group, Fosun Insurance Portugal achieved a 5.2% year-on-year increase in non-life gross written premium along with an expansion in market share in Portugal, representing the best underwriting performance since joining the Group, with combined ratio at 89.1%.

Peak Reinsurance's results remain strong and resilient to the impact of COVID-19 epidemic, with robust growth and improved underwriting results year-on-year. Gross written premium increased by 4.9% on a year-on-year basis, of which property & casualty insurance renewal achieved a 16.2% increase year-on-year. The technical combined ratio¹ for non-life reinsurance dropped to 93.4%, a year-on-year improvement of 7.1 percentage points, driving net income to increase substantially by 93.3% year-on-year.

Against the background of an unprecedented public health crisis and an economic shutdown, during the Reporting Period, H&A's assets under management increased 13% year-on-year. At the same time, H&A's gross income rose by 22.5% year-on-year. H&A's profit before tax increased 85.5% year-on-year.

Performance Targets for the Second Half of the Year

After the epidemic, we are determined to develop into an innovation-driven consumer group, implement a normalized mechanism for "wartime preparedness" and accelerate organizational evolution. At present, the domestic business has been fully resumed growth while overseas business has been restored gradually. In the second half of the year, we will rapidly evolve under the new situation, continue to promote our business through digital, online and family-oriented strategies, strengthen the capacity of profound industrial operation and upgrade the 0-to-1 products to 1-to-N development.



¹ Technical combined ratio = (loss incurred + acquisition costs)/net earned premium

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

As at the end of the Reporting Period, total assets of the Group amounted to RMB744,985.6 million, representing an increase of approximately 4.1% from the end of 2019.

During the Reporting Period, revenue of the Group amounted to RMB63,269.2 million, representing a year-on-year decrease of RMB5,206.2 million, or approximately 7.6%, mainly attributable to the year-on-year decrease in the revenue of tourism and culture business of RMB4,534.9 million, as impacted by COVID-19 epidemic. From the perspective of product lines, during the Reporting Period, revenue of pharmaceutical and R&D, medical and health services, and medical equipment and diagnosis of Health Business represents 61%, 23% and 16% of the total Health Business revenue of the Group, respectively; revenue of branded consumer goods and tourism and culture of Happiness Business represents 83% and 17% of the total Happiness Business revenue of the Group, respectively; revenue of household finance, corporate finance and investment of Wealth Business represents 49%, 27% and 24% of the total Wealth Business revenue of the Group, respectively.

During the Reporting Period, profit attributable to owners of the parent amounted to RMB2,012.1 million, representing a year-on-year decrease of RMB5,596.7 million, or approximately 73.6%, in particular, (i) industrial operating profit² amounted to RMB4,058.7 million, representing a year-on-year decrease of RMB2,059.2 million from RMB6,117.9 million in 2019, or 33.7%, mainly due to decrease in profit contribution from tourism and culture business as well as other industrial operating profit, representing a year-on-year decrease of RMB1,128.1 million and RMB931.1 million respectively; (ii) investment income and others decreased by RMB3,537.5 million.

ASSET ALLOCATION OF THE GROUP

Unit: RMB million

Segment	Total assets as at 30 June 2020	Total assets as at 31 December 2019	Change from the end of 2019
Health	90,735.8	91,740.1	-1.1%
Happiness	177,590.7	178,393.9	-0.5%
Wealth	492,678.2	461,507.4	6.8%
Insurance	219,323.0	209,784.5	4.5%
Finance	88,916.3	77,278.8	15.1%
Investment	184,438.9	174,444.1	5.7%
Eliminations	(16,019.1)	(15,960.2)	0.4%
Total	744,985.6	715,681.2	4.1%

² Industrial operation profit included the profit contribution from operational subsidiaries as well as joint ventures and associates which are accounted under equity method.

MANAGEMENT DISCUSSION & ANALYSIS

Corporate Structure^{1 2 3} (as of 30 June 2020)

Health			Happiness			Wealth			
Pharmaceutical	Medical Services & Health Management	Health Products	Tourism & Leisure	Fashion	Consumer & Lifestyle	Insurance	Finance	Investment	
Fosun Pharma ⁴ 38.51%	Fosun United Health Insurance 20%	Silver Cross 90.11%	FTG 80.97%	FFG 83.40%	Yuyuan ¹² 68.56%	Fosun Insurance Portugal ¹⁵ 84.9884%	H&A 99.91%	Fosun Capital 100%	Nanjing Nangang 60%
Shanghai Henlius	Luz Saúde ⁵ 99.85%	Sanyuan Foods ⁶ 20.45%	Club Med	LANVIN ⁸ 76.46%	Tsingtao Brewery ¹³ 15.67%	AmeriTrust 100%	BCP 29.01%	IDERA 98%	Hainan Mining 51.57%
Sisram Med	Starcastle Senior Living 100%	St Hubert ⁷ 98.12%	Atlantis Sanya	Wolford ⁹ 58.45%	AHAVA ¹⁴ 100%	Peak Reinsurance 86.51%	Fosun Hani Securities 100%	Bund Finance Center 50%	FFT ¹⁶ 100%
Gland Pharma	Chan Cheng Hospital			Caruso ¹⁰ 73.79%	Baihe Jiayuan 69.16%	Pramerica Fosun Life Insurance 50%	Mybank 15.22%	28 Liberty 100%	
Sinopharm				St. John ¹¹ 68.91%	Wolves 100%	Yong'an P&C Insurance 40.68%	Guide 71.25%		

Notes:

- This simplified corporate structure illustrates the key investments of the Group only. The equity percentage reflects the total direct shareholdings held by the Group, associates, joint ventures and funds managed by the Group as at 30 June 2020.
- The companies marked in the dotted-line borders are invested by Fosun Pharma. For specific information, please refer to the disclosure of Fosun Pharma.
- The companies marked in the shaded boxes are invested by FTG. For specific information, please refer to the disclosure of FTG.
- As at 27 August 2020, the equity interest held by the Group in Fosun Pharma increased to 38.54% through purchasing the shares of Fosun Pharma from the secondary market.
- The Company and Fidelidade held 49% and 50.85% equity interest in Luz Saúde, respectively. Therefore, the Group held 92.22% effective equity interest in Luz Saúde.
- The Company through its wholly-owned subsidiary and a fund under management of the Group held 16.67% and 3.78% equity interest, respectively, in Sanyuan Foods. The Group held 37.27% effective equity interest in such fund. Therefore, the Group held 18.08% effective equity interest in Sanyuan Foods.
- St Hubert SAS was held 98.12% by an associate of the Group in which the Group held 51% equity interest.
- Jeanne Lanvin SAS was held 76.46% by an associate of the Group in which the Group held 83.40% equity interest.
- Wolford was held 58.45% by an associate of the Group in which the Group held 83.40% equity interest.
- Raffaele Caruso S.p.A. was held 73.79% by an associate of the Group in which the Group held 83.40% equity interest.
- St. John Knits International, Incorporated was held 68.91% by an associate of the Group in which the Group held 83.40% equity interest.
- As at 27 August 2020, the equity interest held by the Group in Yuyuan increased to 68.59% through purchasing the shares of Yuyuan from the secondary market.
- Tsingtao Brewery was held 11.64% by two wholly-owned subsidiaries of the Company, 1.64% and 0.25% by Fidelidade and Peak Reinsurance, respectively, and 2.14% by a fund managed by the Group. Therefore, the Group held 13.25% effective equity interest in Tsingtao Brewery. As at 27 August 2020, the effective equity interest in Tsingtao Brewery held by the Group has been diluted to 13.12% due to the issuance of A shares by Tsingtao Brewery.
- Yuyuan through its subsidiary held 100% equity interest in AHAVA.
- The Company through its wholly-owned subsidiary held 84.9884% equity interest in Fidelidade, 80% equity interest in Multicare and 80% equity interest in Fidelidade Assistência.
- FFT was 100% held by a subsidiary of the Group which was invested through the funds managed by the Group.

MANAGEMENT DISCUSSION & ANALYSIS

HEALTH

HEALTH

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

Unit: RMB million

	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change over the same period of last year
Revenue	16,423.9	16,465.4	-0.3%
Profit attributable to owners of the parent	805.4	865.1	-6.9%

During the Reporting Period, revenue of the Health business was substantially the same compared to the same period of last year. The decrease in profit attributable to owners of the parent was mainly due to the decrease in the profit contribution of Luz Saúde as impacted by COVID-19 epidemic, which was partially offset by the increase in profits of Fosun Pharma.

Fosun Pharma

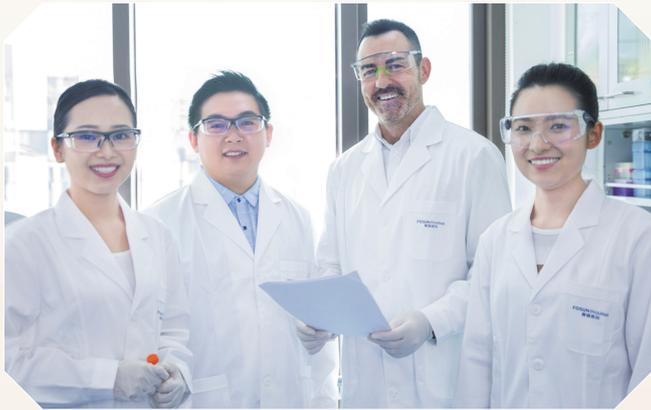
Adhering to the business philosophy of "Innovation for Good Health", Fosun Pharma and its subsidiaries ("**Fosun Pharma Group**") are striving to become a first-tier enterprise in the global mainstream pharmaceutical and healthcare market. In 1994, the predecessor of Fosun Pharma was founded, and was listed on the SSE four years later. In 2004, its predecessor officially changed its name to Shanghai Fosun Pharmaceutical (Group) Co., Ltd. In 2005, Fosun Pharma was among the first group of Chinese A-share listed companies included in the CSI 300 Index. In the same year, Fosun Pharma's research center was accredited as a national-level research center. In 2012, Fosun Pharma was listed on the Main Board of the Hong Kong Stock Exchange. As at the end of the Reporting Period, the Group held 38.51% equity interest in Fosun Pharma.



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MANAGEMENT DISCUSSION & ANALYSIS

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



During the Reporting Period, the revenue of Fosun Pharma Group slightly decreased by 0.85% to RMB13,965 million as compared to the corresponding period in 2019. In particular, the revenue from pharmaceutical manufacturing and R&D segment amounted to RMB9,952 million, representing a decrease of 7.97% as compared to the corresponding period of 2019. The revenue from medical devices and medical diagnosis segment amounted to RMB2,639 million, representing an increase of 47.18% as compared to the corresponding period of 2019. The revenue from healthcare service segment amounted to RMB1,359 million, representing a decrease of 6.85% as compared to the corresponding period of 2019. In the first quarter, the pandemic affected the injection business of the healthcare service segment and the pharmaceutical manufacturing and R&D segment of Fosun Pharma Group to a certain extent. With the orderly resumption of production and operation, revenue for the second quarter amounted to RMB8,098 million, representing an increase of 38.04% as compared to the first quarter, and a year-on-year increase of 9.96% from the second quarter of 2019.

During the Reporting Period, Fosun Pharma Group recorded net profit attributable to shareholders of the listed company amounted to RMB1,715 million, representing an increase of

13.1%, as compared to the corresponding period of 2019. Such increase was mainly due to: (1) contributions from various anti-pandemic products including the nucleic acid test kits for 2019-nCoV, negative pressure ambulances and ventilators; (2) revenue from core products such as febuxostat tablets (You Li Tong), pitavastatin calcium tablets (Bang Zhi) and escitalopram tablets (Qi Cheng) increased rapidly, and the sales of human rabies vaccine sustained rapid growth; rituximab injection (Han Li Kang) achieved rapid sales growth after obtaining approval for its additional production scale (2,000L), with revenue amounting to RMB224 million for the first half of the year, and revenue for this June exceeding RMB100 million; and (3) benefitting from the demands in the regulated markets, Gland Pharma, a subsidiary, maintained rapid growth.

During the Reporting Period, Fosun Pharma Group continued to enhance its R&D expenditure. The total R&D expenditure amounted to RMB1,689 million, representing an increase of 25.02% as compared to the corresponding period of 2019. In particular, the R&D expenses amounted to RMB1,204 million, representing an increase of RMB355 million or 41.81% as compared to the corresponding period of 2019.



MANAGEMENT DISCUSSION & ANALYSIS

Shanghai Henlius

Shanghai Henlius is a leading biopharmaceutical 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. Shanghai Henlius was established in 2010 and listed on the Main Board of the Hong Kong Stock Exchange in September 2019. As at the end of the Reporting Period, the Group held 53.33% equity interest in Shanghai Henlius through its subsidiaries.

In order to achieve the vision of “be the most trusted and admired innovative biotech company in the world by focusing on providing quality and affordable medicines for all patients”, Shanghai Henlius has implemented the following strategies: 1. Further strengthening Shanghai Henlius’ leading position in continuous biosimilar development and grasping first-entrant advantages; 2. Developing innovative product portfolios centered on combined immune therapy of tumours by making use of its powerful and comprehensive biopharmaceutical pipeline and mature monoclonal antibody development platform; 3. Expanding production capacity and improving cost-effectiveness while maintaining high quality standards; 4. Improving commercialization capabilities through internal sales and marketing teams and partnerships; 5. Expanding its global footprints through selective strategic cooperation.

Shanghai Henlius is engaged in biopharmaceutical R&D, biopharmaceutical service and biopharmaceutical production. Since its inception, Shanghai Henlius has established, and continued to expand a comprehensive pipeline of biosimilar and bio-innovative drugs. During the Reporting Period, Shanghai Henlius’ total revenue was RMB110.4 million, an increase of approximately RMB93.4 million compared with the same period of 2019, mainly due to the growth in sales from commercialization of Shanghai Henlius’ core products. For the six months ended 30 June 2020, primarily through the profit sharing arrangements under the cooperation agreement with Fosun Pharmaceutical Industrial Development Company Limited (上海復星醫藥產業發展有限公司), Shanghai Henlius achieved a total sales revenue of HLX01 (漢利康) of RMB95.8 million, and realized licensing income of RMB5.2 million. Gross profit was RMB52.0 million. However, mainly due to the expansion of R&D activities, the total loss increased from RMB316.9 million for the six months ended 30 June 2019 to RMB448.0 million for the six months ended 30 June 2020.

Benefiting from efficient biopharmaceutical industry-wide platform that integrates R&D, production and commercialization, outstanding global regulatory registration and clinical operation capability, a comprehensive quality management system as well as strong commercial operation capability, Shanghai Henlius has gradually made significant progress on product R&D and commercialization during the Reporting

Period: 1. Promoting a sustainable and steady growing product pipeline; 2. Forward-looking production capacity layout with high cost-efficiency; 3. Advanced commercialization strategy and layout ; 4. Results of internationalized layout.

As at the end of the Reporting Period, Shanghai Henlius recognized R&D expenditure of approximately RMB756.9 million, representing an increase of 43.2% year-on-year. In August 2020, the new drug application of HLX02 trastuzumab injection (trade name in Chinese Mainland: 漢曲優) independently developed by Shanghai Henlius has been approved by the National Medical Products Administration.

In 2020, Shanghai Henlius will further expand its biopharmaceutical pipeline covering oncology, auto-immune diseases and more fields, capitalize on the achieved first-entrant advantages to further advance the implementation of its internationalization strategy, improve the production base construction, expand production capacity and accelerate the commercialization of more high-quality biological products to benefit more patients worldwide.



MANAGEMENT DISCUSSION & ANALYSIS

HAPPINESS

HAPPINESS

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

Unit: RMB million

	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change over the same period of last year
Revenue	26,940.4	30,893.9	-12.8%
(Loss)/profit attributable to owners of the parent	(391.9)	1,822.3	-121.5%

During the Reporting Period, revenue of the Happiness business recorded a year-on-year decrease of 12.8% compared to the same period of last year, which was mainly attributable to the significant revenue decrease of FTG as impacted by COVID-19 epidemic. The profit attributable to owners of the parent decreased by 121.5% as loss attributable to owners of the parent of RMB391.9 million during the Reporting Period compared to the same period of last year, mainly due to the decrease in profit contribution from FTG, as well as the decrease in the investment gain of Happiness business as affected by the volatility of financial market, which was partly offset by the increase in profits of Yuyuan.

Yuyuan

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

Yuyuan was formerly known as Shanghai Yuyuan Shopping Mall (上海豫園商場), which was transformed into Shanghai Yuyuan Shopping Mall Co., Ltd. (上海豫園商場股份有限公司) in June 1987. In May 1992, Shanghai Yuyuan Tourist Mart Co., Ltd. (上海豫園旅遊商城股份有限公司) was established and its shares were listed on the SSE in September of the same year which officially changed its name to Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司) in July 2019. In November 2002, the Group became the largest shareholder of Yuyuan. As at the end of the Reporting Period, the Group held approximately 68.56% equity interest in Yuyuan.



MANAGEMENT DISCUSSION & ANALYSIS



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

During the Reporting Period, Yuyuan achieved a revenue of RMB20,054.2 million and total net profits attributable to shareholders of the parent company of RMB1,105.1 million, representing a year-on-year increase of 0.9% and 10.4%, respectively.

Yuyuan has encouraged its expansion and external cooperation, setting eyes on the long term layout: Yuyuan acquired a 55.4% equity interest in French fashion jewellery brand Djula in March 2020; the proposed acquisition of a 29.99998% equity interest of Jinhui Liquor Co., Ltd. announced in May 2020 has been completed in August 2020, aiming at the entry of the high-quality Chinese liquor and the extension of food and beverage industry product chain. The acquisition of Fosun Jinmei (Shanghai) Cosmetics Co., Ltd. was completed in June 2020, gradually enriching the layout in the cosmetics industry. In July 2020, Yuyuan entered into an agreement with a high-end Italian jewellery group to jointly develop the Damiani and Salvini brands in the Chinese market through a joint venture.

After the epidemic was brought under control, all jewellery fashion stores nationwide have fully resumed operations since mid-April. Currently, all shops in Yuyuan business district have been re-opened and the resumption rate of real estate projects with composite functions have reached 100%.

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



FTG

FTG is one of the world's leading leisure-focused integrated tourism groups, and the worldwide largest leisure tourism resorts group in terms of revenue in 2019 according to Frost & Sullivan Report. In 2009, the Group established the commercial business department, the predecessor of FTG, with a focus on the tourism and commerce sectors. In 2015, the Group acquired control of Club Med and subsequently transferred it to FTG upon reorganization. FTG was officially established in 2016, and was spun off from the Group and successfully listed on the Main Board of the Hong Kong Stock Exchange in December 2018. As at the end of the Reporting Period, the Group held approximately 80.97% equity interest in FTG.

Through FTG's lifestyle proposition, "Everyday is FOLIDAY", FTG seeks to infuse concepts of tourism and leisure into everyday living, and provide tailor-made, one-stop solutions through FOLIDAY global ecosystem. Focusing on the leisure and tourism needs of families around the world, FTG is engaged in the entire industry chain of leisure and tourism with integration of global resources.

MANAGEMENT DISCUSSION & ANALYSIS

The principal activities of FTG are (i) resorts, which FTG operates through Club Med, Club Med Joyview, Casa Cook and Cook's Club; (ii) tourism destinations, including Atlantis Sanya, Lijiang FOLIDAY Town, Taicang FOLIDAY Town, etc.; and (iii) services and solutions in various tourism and leisure settings.

During the Reporting Period, total revenue amounted to RMB4,527.8 million and loss attributable to owners of the parent of FTG amounted to RMB898.7 million which was significantly impacted by the epidemic.

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. Due to the global outbreak of COVID-19 epidemic, all resorts of Club Med were temporarily closed for months.

FTG has acquired the hotel brands of Casa Cook and Cook's Club to expand its global business of resorts and hotels. As at 21 August 2020, FTG has entered into franchise agreements with eight hotels in Europe, which are currently in operation, and three new hotels in China.

Atlantis Sanya, located on the Haitang Bay National Coast of Sanya in Hainan province, China, as the first tourism destination project of FTG, opened in April 2018, has become an icon of tourism upgrading version 3.0 of Sanya. Affected by COVID-19 epidemic, the number of tourists declined obviously. With the gradual control of COVID-19 epidemic in China in mid-March 2020, Atlantis Sanya has performed various marketing and promotion activities to promote its business. For the three months ended 30 June 2020, the business volume was approximately 75.1% of that of the same period in 2019; the occupancy rate by room was 61.3%, higher than the rate of the same period in 2019.

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

As of the end of the Reporting Period, Foryou Club (FTG's loyalty program) had accumulated approximately 5.4 million members. In July 2020, FTG launched "Thomas Cook Lifestyle Platform", which integrates our internal superior resources,

takes content as the core driver, and forms an open internet platform based on vacation and life products. The platform had 104,000 registered users from 6 July 2020 to 31 July 2020. FTG aims to further expand our FOLIDAY platform business leveraging the extensive brand awareness and profound influence of Thomas Cook brand.

FTG is already developing new resorts and refurbishing the operating resorts and intend to keep doing so in the future. The beach resort La Palmyre has accomplished the renovation project and reopened in January 2020. Among the new resorts, La Rosière will open at the end of 2020 and Club Med Seychelles will open in the coming winter. In addition, FTG plans to open a number of new resorts by 2022, including a seaside resort in Marbella, a mountain resort in Quebec Charlevoix, resort La Rosière Collection in France, and at least five new resorts in China, including a resort in Lijiang FOLIDAY Town.



MANAGEMENT DISCUSSION & ANALYSIS

WEALTH

WEALTH

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

Insurance

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

Unit: RMB million

	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change over the same period of last year
Revenue	14,150.4	15,534.3	-8.9%
(Loss)/profit attributable to owners of the parent	(1,057.9)	1,015.9	-204.1%

During the Reporting Period, the revenue of Insurance segment decreased by 8.9% compared to the same period of last year, mainly because of the revenue decrease in Fosun Insurance Portugal during its business restructuring period, which was partly offset by the growth in the revenue of Peak Reinsurance as a result of business expansion. Profit attributable to owners of the parent decreased by 204.1% as loss attributable to owners of the parent of RMB1,057.9 million during the Reporting Period compared with the same period of last year, mainly attributable to the loss on fair value adjustment of Insurance segment investment due to the volatility of financial market.

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

MANAGEMENT DISCUSSION & ANALYSIS

Fosun Insurance Portugal

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

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

During the Reporting Period, Fosun Insurance Portugal achieved a total market share in Portugal of 24.9%, being the market leader. In Life and Non-Life business, Fosun Insurance Portugal achieved market shares of 18.9% and 29.0%, respectively.

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

During the Reporting Period, Fosun Insurance Portugal recorded total premium income of EUR1,548.5 million (first half of 2019: EUR2,244.0 million), non-life business combined ratio of 89.1% (first half of 2019: 96.9%), net earned premium of EUR1,002.3 million (first half of 2019: EUR1,293.9 million), net profit attributable to owners of the parent of EUR47.4 million (first half of 2019: EUR51.6 million), net assets attributable to owners of the parent of EUR2,528.2 million (first half of 2019: EUR2,414.7 million), investable assets of EUR17,149 million (first half of 2019: EUR17,387 million) and total investment return of 0.9% (not annualized) (first half of 2019: 1.3% (not annualized)).

Following the acquisition of 51% equity interest in La Positiva in 2019, Fosun Insurance Portugal's Peruvian operation has reached the third position in the local insurance market with a market share of 13% in June 2020 (12.1% in June 2019). In January 2020, FID Chile, a non-life insurance subsidiary of

Fosun Insurance Portugal in Chile, has initiated its operations. During the Reporting Period, Fosun Insurance Portugal's international business recorded overall premiums of EUR387 million representing 25% of its total premiums.

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



Peak Reinsurance

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

Based at the heart of the Asia Pacific region in Hong Kong and authorized by the Insurance Authority of Hong Kong, Peak Reinsurance is one of the few locally established reinsurance companies in Asia Pacific, underwriting both life and non-life reinsurance business. It was established with the clear purpose to support the needs of communities and emerging middle-class society through meeting their reinsurance needs. It strives to provide innovative and forward-looking reinsurance services for customers in the regions of Asia Pacific, Europe,

MANAGEMENT DISCUSSION & ANALYSIS

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

Since launched, Peak Reinsurance has a track record of year-on-year premium growth. During the Reporting Period, it generated premium income of USD855.9 million (first half of 2019: USD815.8 million) and net earned premium income of USD637.4 million (first half of 2019: USD570.0 million), reflecting a stable growth despite a difficult period for the reinsurance industry as well as the global economy due to COVID-19 epidemic. Peak Reinsurance continues to make consistent profit since the commencement of its operations. During the Reporting Period, net profit of Peak Reinsurance reached USD26.1 million.

The underwriting margin improved to 10.8% in the first half underwriting year of 2020 (the first half underwriting year of 2019: 7.4%) due to further portfolio molding and rates hardening in Japan and US. Additionally, Peak Reinsurance introduced a strong corporate focus on the Non Commoditized Business which will ensure strong pricing stability based on business development.

As of 30 June 2020, Peak Reinsurance's total investment return was 0.7% (not annualized) with investable assets and net assets at USD2.0 billion and USD1.1 billion, respectively. Solvency remains very strong with solvency adequacy ratio of 358%. Peak Reinsurance continues to deliver stable and sustainable returns since its establishment.

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

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

Peak Reinsurance's outstanding achievement has been widely recognized in the industry. In June 2020, Moody's assigned a first-time A3 insurance financial strength rating (IFSR) to Peak Reinsurance, with a stable outlook. Moody's rationale for Peak

Reinsurance's A3 IFSR is a reflection of the company's good franchise in the Asian reinsurance market, solid capitalization, expanding product and geographic diversification and product mix with low reserving risks. It enjoys an A- (Excellent) rating from AM Best and ranks the 30th Global Reinsurance Group by Standard & Poor in terms of net written premium.

The business continuity has been ensured with no day of closure since the beginning of the COVID-19 epidemic. As such any backlog from Peak Reinsurance's side was avoided. As Peak Reinsurance is not a specialty underwriter and still has a business concentration in Asia area where epidemic's influence is low, Peak Reinsurance considers the total impact of COVID-19 epidemic for 2020 performance will be mild.



Pramerica Fosun Life Insurance

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

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

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

During the Reporting Period, Pramerica Fosun Life Insurance recorded premium income of RMB1,569.5 million with a

MANAGEMENT DISCUSSION & ANALYSIS

decrease of 46.7% year-on-year, mainly due to the impact of the epidemic and the requirement of solvency adequacy ratio, the bancassurance channel strictly controlled the sales of single-pay products. As at the end of the Reporting Period, net asset was RMB1,462.6 million, representing a decrease of 10.7% compared with the end of 2019. Pramerica Fosun Life Insurance recorded net loss of RMB13.2 million, representing a decrease of loss by 92.2% year-on-year, solvency adequacy ratio of 161.2%, investable assets of RMB11,395.5 million, total investment return of 2.9% (not annualized).

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

With enlarging and strengthening every basic group as the core, the agent channel strives to set up the model of high performance salesman and build a "Three-High" team (high income, high capacity and high retention), to establish core competitive edge for long-term value operation. During the epidemic outbreak in 2020, agent teams mainly shifted to online management and customer operation, enriched the online training system and marketing toolkits, and promoted the "every new recruit shall strive to sell four policies per month" culture to improve the team's capacity. At the same time, in order to seize the market opportunities for health products in the post-epidemic period, Pramerica Fosun Life Insurance launched "Zhenxing Health Guardian" health ecology program for family customers in May 2020, so as to facilitate the agent team to attract customers and expand customer operation activities. During the Reporting Period, the average monthly activity rate and the average monthly star-agent rate of the agent team increased by 31 and 26 percentage points respectively compared with those in the same period in 2019, marking an obvious optimization of the "health gene". The original premium income of the agent channel in the first half of 2020 was increased to RMB190.5 million, representing an increase by 3.8% year-on-year.

The bancassurance channel aims to achieve scale growth with new business value to certain degree. During the Reporting Period, the bancassurance channel focused on cultivating the team's ability to promote the regular-pay products and operate bank outlets. The average monthly activity rate of the team on regular-pay products was maintained at the high level, and share of health products surged year-on-year. Through improving the three ecology platforms on health, endowment and wealth, Pramerica Fosun Life Insurance satisfies the needs of health management and wealth inheritance of high-net-worth clients. Due to the impact of the epidemic and the requirement of solvency adequacy ratio, the bancassurance channel strictly controlled the sales of single-pay products during the Reporting Period. The original premium income of

the first half of 2020 was decreased to RMB1,208.4 million, representing a decrease by 53.0% year-on-year.

The intermediary and internet channel maintains steady growth, by establishing competitive edge through "Product + Service + Ecology" mode and focusing on premium partners. By utilizing the scientific and technological means such as big-data risk control, Pramerica Fosun Life Insurance controls risks in the underwriting terminal, ensures value contribution, accumulates customers and renewal premium at the same time. The original premium income of intermediary and internet channel during the Reporting Period was decreased to RMB147.2 million, representing a decrease by 5.2% year-on-year.

Pramerica Fosun Life Insurance will implement the "Long-term Value Management" strategy and the "Four Focus" strategic path to establish the comprehensive development structure, and support the stable and rapid movement of the organization. Pramerica Fosun Life Insurance will continuously focus on construction of "Three-High" team and expansion of ecology system, to serve family customers with high-quality teams and services. Pramerica Fosun Life Insurance will continuously improve organizational capabilities with talent and technology upgrading, create competitiveness with "Products + Services", enhance development strength with two-wheel drive of "assets + liabilities", and improve the risk control capability. Pramerica Fosun Life Insurance will have a stable and sustainable development in the future.



MANAGEMENT DISCUSSION & ANALYSIS

Finance

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

Unit: RMB million

	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change over the same period of last year
Revenue	1,312.4	1,065.5	23.2%
Profit attributable to owners of the parent	468.6	804.6	-41.8%

During the Reporting Period, the revenue of Finance segment increased, which benefited from the continuously increase in assets under management and the growth in investment banking of H&A. The decrease in profit attributable to owners of the parent was mainly due to the decrease in the profit of BCP as a result of its additional provision for the credit risk under the impact of the COVID-19 epidemic.

Hauck & Aufhäuser Privatbankiers AG (H&A)

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

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

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

Against the background of an unprecedented public health crisis and an economic halt, the assets under H&A's service and management reached EUR150 billion as at the end of the Reporting Period, representing an increase of 13% compared with the same period of 2019. At the same time, H&A's gross

income increased by 22.5% year-on-year to EUR114.4 million during the Reporting Period and its profit before tax increased from EUR15.2 million in mid-2019 to EUR28.2 million in mid-2020, with its total assets growing to EUR6,934 million.

H&A acquired Sal. Oppenheim jr. & Cie., a Luxembourg-based company, in December 2017, representing an important milestone in its growth strategy. The acquisition of Sal. Oppenheim jr. & Cie. was followed by another acquisition of the majority stake in Crossroads Capital Management Limited in Ireland. The acquisition gave H&A an opportunity to strengthen its brand and further enrich the product offering of its Asset Servicing. H&A announced in 2020 its planned acquisition of Bankhaus Lampe subject to authorities' approval with the aim of forming a new leading private bank in Germany.

H&A's growth story has gained recognition from the public, as a result of which the bank received several awards for its product and service quality in 2019, including the "best German private bank" granted by Handelsblatt and the "Golden Bull Award" for discretionary portfolio management in 2019.



BCP

In 1985, a group of over 200 shareholders and a team of experienced banking professionals incorporated BCP. During the period from 1995 to 2000, BCP solidified its position in the Portuguese banking market through a series of strategic mergers and acquisitions, and became one of the largest banks in Portugal. Since 2000, BCP started to expand into the 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. In 2010, BCP entered the Chinese mainland market through its Guangzhou representative office and relaunched its business activities in Macau Special Administration Region with a full onshore banking license. In November 2016, the Group invested in BCP. As at the end of the Reporting Period, the Group held 29.01% equity interest in BCP.

MANAGEMENT DISCUSSION & ANALYSIS

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

During the Reporting Period, the consolidated core income of BCP amounted to EUR1,104.3 million, 2.0% above EUR1,082.3 million achieved in the same period of previous year, mainly reflects the growth in net interest income plus net fees and commissions income in a particularly adverse economic environment. The net income attributable to bank's shareholders stood at EUR76.0 million compared with EUR169.8 million in the same period of previous year, due to the impact of the COVID-19 epidemic for which BCP needs to book additional provisions for the credit risk, amounting to EUR108.8 million on consolidated terms.

As at the end of the Reporting Period, the total assets of BCP amounted to EUR86,556 million, increasing by 7.0% year-on-year. The loans to customers amounted to EUR55,988 million, representing a 2.4% year-on-year growth. In particular, the good performance of loans to customers in Portugal led to a 3.3% year-on-year increase, reaching EUR38,402 million, which largely reflects the credit granted under the credit lines launched by the government in the context of the COVID-19 epidemic.

The balance of the government-secured loans provided by BCP as at the end of the Reporting Period amounted to approximately EUR2 billion and were made available to more than 12,500 companies, which has significantly reinforced BCP's ties with customer corporations and put it at the forefront in supporting the economy. It should also be noted that the non-performing exposure (NPE) reduced EUR1,179 million at BCP's group level resulting from the success of the divestment strategy, leading the NPE ratio as a percentage of the total loan portfolio to decline from 9.1% as at 30 June 2019 to 7.0% as at the end of the Reporting Period. At the same time, the reinforcement in the coverage of NPE at BCP's group level increased 4.2 percentage points year-on-year to 57.8% as at the end of the Reporting Period.

In the following years, BCP will continue to promote the five overarching strategic priorities which were defined for the future, which are talent optimization, mobile-centric digitization, growth and leadership in Portugal, growth in international footprint, and business model sustainability, to enable BCP to accomplish the strategic objectives in steady state.



Investment

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

Unit: RMB million

	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change over the same period of last year
Revenue	4,961.6	4,877.1	1.7%
Profit attributable to owners of the parent	2,187.9	3,100.9	-29.4%

During the Reporting Period, the revenue of the investment segment remained basically the same as that for the same period of last year. The decrease in profit attributable to owners of the parent compared to the same period of last year was mainly attributable to the decrease in investment gains during the Reporting Period.

MANAGEMENT DISCUSSION & ANALYSIS

Fosun Capital

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

Given its strong foothold in the Group's global presence and industrial depth, Fosun Capital sticks to the concept of "profession creating value" and follows the unique investment pattern of "combining China's growth momentum with global resources", in an effort to capture investment opportunities arising from China's growth momentum by integrating high-quality resources with industrial advantages. 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, and achieve deep industrial integration and interaction.

In the past 13 years since its establishment, Fosun Capital has launched and managed a number of assets, including fund of funds, private equity investment funds, industry funds of listed companies and other types of equity investment funds. As at the end of the Reporting Period, Fosun Capital managed seven funds and the assets under management were over RMB20 billion. Fosun Capital is specialized in investment in the six fields including intelligent manufacturing, fashion consumption, TMT (Telecommunication, Media and Technology), healthcare, automotive and industrial services as well as new environmental protection energy.

In the first seven months of 2020, five of the portfolio companies under Fosun Capital have applied for IPO. In 2020, Fosun Capital was selected as one of the "Top 30 Best China's Private Equity Investment Institutions of 2019" by *Chinese Venture*.

In the future, Fosun Capital will pay more attention to the areas such as science and technology R&D, import substitution and consumption upgrade. At the same time, it will seek opportunities for foreign currency asset management to transform from an RMB fund management company to an international asset management company.

Fosun RZ Capital

Fosun RZ Capital is the only globalized venture capital (VC) investment platform under the Group, and one of the most active Corporate Venture Capital (CVC) platforms in the world. Fosun RZ Capital's vision is to become a top investment

institution that exploits its advantages as both an industrial platform and an independent fund to take root in China and cover major growing economic regions globally, with the aim of generating excellent investment returns and long-term strategic value for the Group.

Fosun RZ Capital is specialized in three investment areas namely intelligent technologies, industrial internet and innovative consumption. Through investment, Fosun RZ Capital promotes the upgrading of the Group's various industrial sectors, helps the Group deepen its understanding of cutting-edge technologies and explore new industry directions. With China at the core of its strategic initiatives, on the one hand, Fosun RZ Capital is bridging the United States and Israel to capture the opportunities for cutting-edge technologies from a global perspective; on the other hand, it also deploys India and Southeast Asia to seize the opportunity of copying mature market experience of China and the United States to emerging markets. During the Reporting Period, Fosun RZ Capital had more than 45 employees in 7 offices around the world.

Fosun RZ Capital's global core team has an average of more than 10 years' investment experience. Since its incorporation, Fosun RZ Capital has invested in an average of around 20 new projects in each year. As at the end of the Reporting Period, Fosun RZ Capital has total assets under management amounting to billions of Renminbi. As at the end of 2019, two of its portfolio companies have launched IPO in the United States, among which Molecular Data, a leading technology-driven platform in the chemical industry in China invested by Fosun RZ Capital, successfully launched its IPO on NASDAQ and over ten projects have exited successfully in cash rendering outstanding performance. During the Reporting Period, over ten portfolio companies gained financing from subsequent rounds of fundraising.

During the Reporting Period, Fosun RZ Capital has also been selected as one of the "Top 100 Best Chinese Venture Capital Institutions 2019" and "Top 10 Best Chinese New Consumption Venture Capital Investment Cases 2019" by ChinaVenture, "China's Top 100 Venture Capital voted by Entrepreneurs 2019" by 36Kr, "Top 50 Venture Firms in China 2019" by Jiemian (a new financial media) and "2019 Top 25 Best Chinese CVC" by *National Business Daily*.

In the future, Fosun RZ Capital's investment will deepen its involvement in technological innovation and strive to capture more technology-driven opportunities. Fosun RZ Capital will broaden and deepen its industrial presence, continue to improve its VC investment capability and actively help Fosun develop innovative business sectors.

MANAGEMENT DISCUSSION & ANALYSIS

Nanjing Iron & Steel

Nanjing Iron & Steel was listed on the SSE in 2000. In 2003, the Group, indirectly held the equity interest in Nanjing Iron & Steel through an entity which was established by Fosun and the controlling shareholder of Nanjing Iron & Steel at that time. Nanjing Iron & Steel has become a leading whole-process integrated iron and steel company operating with high efficiency. Leveraging its advanced technical equipment, it is capable of producing 10 million tons of crude steel per year. As at the end of the Reporting Period, the Group held approximately 25.88% effective equity interest in Nanjing Iron & Steel through Nanjing Nangang.

Nanjing Iron & Steel is committed to becoming an advanced material intelligent manufacturer with global competitiveness and constructing a new steel material oriented industrial chain ecosystem in which the segments empower each other and achieve compound increase with insisting on the concept of "scientific and technological innovation drives the development of the industry". As one of the largest single media-plates production bases worldwide, possessing two production systems of sheet materials and long steel plates, it provides high-quality steel plates for the domestic and international major projects. Nanjing Iron & Steel's businesses related to the iron and steel include the production, sales and processing and delivery of steel products, which was also accompanied by intelligent purchase, information technology, e-commerce, modern logistics and new material ecosystem. Nanjing Iron & Steel gave full play to its "high-efficiency production and low-cost intelligent manufacturing" capability, focused on the strategically advanced iron and steel materials and advantageous products, and enhanced the competitiveness of special sheet materials and special steel products. Adhering to customer orientation, Nanjing Iron & Steel established C2M ecosystem in order to enhance customer loyalty, and provides its customers with complete and personalized solutions.

During the Reporting Period, Nanjing Iron & Steel overcame the impact of the epidemic and achieved the operating revenue of RMB24,358.3 million, representing a year-on-year increase of 1.1%. As impacted by the epidemic, the net profit attributable to shareholders of the listed company was RMB1,115.6 million, representing a year-on-year decrease of 39.4%, the net profit attributable to shareholders of the listed company in the second quarter was RMB654.3 million, representing an increase of 41.8% quarter-on-quarter.

During the Reporting Period, Nanjing Iron & Steel's output of pig iron, crude steel and steel products were 5,095.5 thousand tons, 5,534.7 thousand tons and 4,856.9 thousand tons, respectively, representing a year-on-year increase of 5.90%, 2.58% and -3.45% (some production lines were adjusted for maintenance during the epidemic) respectively. Among them, the crude steel output in May 2020 exceeded 1 million tons for the first time, reaching a record high in a single month.

Nanjing Iron & Steel unites domestic and foreign innovation forces, collaborates with a three-level R&D system, and commercializes the achievements of frontier key technologies and international leading technologies. During the Reporting Period, Nanjing Iron & Steel carried out more than 10 international technology cooperation projects and more than 40 domestic technology cooperation projects. Nanjing Iron & Steel's "Key technology innovation and industrialization project on high performance steel plate for high tech ships and marine engineering" won the second prize of Jiangsu Science and Technology Award. The "Key manufacturing technology and application project on ultra-high strength quenched and tempered structure steel plate for construction machinery" won the second prize of Metallurgical Science and Technology Progress Award. The "Key production technology development and application project on wide and thin ship plate for cruise ships" won the third prize of Metallurgical Science and Technology Progress Award. During the Reporting Period, Nanjing Iron & Steel completed the research and development of 46 new high-value-added products including the world's widest invar alloy and low temperature section steel, and promoted 4 national-level R&D projects. During the Reporting Period, Nanjing Iron & Steel was granted an additional 54 patents. Among them, 14 are invention patents and 40 are utility model patents.

Nanjing Iron & Steel implemented the extensive protection of the Yangtze River, constructed the Yangtze River Ecological Wetland Park, and beautified the ecological environment along the Yangtze River. Crude steel emission of main pollutants, sulphur dioxide and nitrogen oxide in tons decreased by 38.34% and 44.96% year-on-year, respectively.

Looking forward, in terms of operations, Nanjing Iron & Steel will, with focus on energy-saving process, smart production line, high-quality products, experience-base service, and win-win value, advance the construction of digital plants and continuously improve the quality of smart operations. We will promote the construction of smart centralized control center, smart energy dispatching center, and financial sharing center in the iron district to realize centralized, intelligent and efficient management and control. In terms of R&D, Nanjing Iron & Steel with focus on cutting-edge and key technologies, is committed to creating core technologies with independent intellectual property rights, driving the development of the company from iron and steel manufacturer to materials

MANAGEMENT DISCUSSION & ANALYSIS

service provider, advancing the construction of high-end R&D platforms and boosting digital R&D capabilities. In terms of products, oriented by customer needs, it will provide high-end products and integrate solutions by means of “enhancing product competitiveness” and “structure optimization”. In terms of ecology, Nanjing Iron & Steel will continue to advance the transformation of ultra-low-emission projects. It will promote “ecological restoration and integration of production and city” to achieve the goal of “Green ecology + Garden”.



Hainan Mining

Established in August 2007, Hainan Mining was listed on the SSE in December 2014. Roc Oil Company Pty Limited (“ROC”), the subsidiary of Hainan Mining, engages in the full range of upstream business activities in the oil and gas industry from exploration and appraisal to development and production. As at the end of the Reporting Period, the Group held 51.57% equity interest in Hainan Mining.

Hainan Mining has been practicing “1+N” ecological construction, implementing vertical deployment of the industry chain. In 2019, it completed the acquisition of ROC and started its global deployment.

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

During the Reporting Period, the total revenue of Hainan Mining amounted to RMB1,270.1 million, representing a year-on-year decrease of 43.7%, and net profit attributable to shareholders amounted to RMB18.8 million, representing a year-on-year decrease of 58.2%. The epidemic affected downstream demand and international crude oil prices.

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 ground mining equipment,

strengthen delicacy management for facilities, and has realized two-well production, which has significantly increased its ground mining production capacity. During the Reporting Period, the underground mining production at Shilu Mine reached 1.939 million tons, an increase of 39% year-on-year; the raw ore production reached 3.01 million tons, an increase of 38% year-on-year; and the finished ore production reached 1.647 million tons, an increase of 38% year-on-year.

In respect of sales of ore, Hainan Mining endeavours to actively expand the scope of trade, and achieve a win-win situation; it carefully retains existing clients while aggressively developing new customers, persuading several companies to resume using its ore, and making efforts to seek the signing of strategic cooperation with major clients.

In respect of oil and gas exploitation, confronting extreme volatility in oil price and significant decrease in demand, ROC took timely measures to stabilize the output and operation of its oil fields. With technical methods, it deferred and decreased unnecessary capital expenses to increase reserves and dilute fixed amortization cost to reduce the production cost. At the same time, on the premise of ensuring security and liquidity, the short-term yield of portfolio is increased to hedge the loss risk of stock investment.

Under the impact of epidemic, major economies except China came across a clear slowdown in growth. Against the backdrop of global economy under huge pressure, most of the countries have adopted active fiscal and monetary policies, with which the market demand for iron and iron ore resumed in China, yet with possibility that there may be bigger volatility in the future; fluctuation in oil and gas prices appears increasingly clear, but the demand is still weak. In the second half of 2020, Hainan Mining will endeavour to fully combine the company’s development strategy with sale of lump ore, project investment and mergers and acquisitions, digitalized management, optimization of talents team and refined management. At the same time, it will apply new technologies to achieve green mines construction, putting the “clear water and green hills” concept of environmental protection into practice.



MANAGEMENT DISCUSSION & ANALYSIS

The Bund Finance Center

Located in the core district of the Bund in Shanghai at 600 Zhongshan No. 2 Road (E) (Postcode: 200010), Shanghai, China, with the Huangpu River to the east and Yuyuan Tourist Mart on the west, the Bund Financial Center (“BFC”) is a benchmark project of Fosun’s “Hive City” and the only large ecological commercial complex located in the heart of the Bund. It formally commenced its construction in November 2011 and embraced its grand opening on 12 December 2019. The gross floor area of BFC is over 420,000 square meters. It integrates ecology with office, retail, catering, entertainment, health, art and tourism, opening a brand-new horizon of life in Shanghai.

The Group has been actively developing its three business lines – Health, Happiness and Wealth at a deep level. Since the outbreak of the epidemic, the Group has been more determined to focus on the family consumption-oriented model. BFC is one of the exemplary models of Fosun’s Happiness ecosystem, which regards “Fashion, Art, Design” as main theme and thoroughly implements the FC2M strategy. The BFC introduces Fosun’s rich industry resources to the areas surrounding landmarks to leverage the multiplier effect and creates the high-end product line of the Group’s commercial projects, providing deep-level services to meet the needs of urban residents.

BFC’s principal businesses include (i) office rental business which offers premium grade-A offices integrated with multiple smart building technologies and comfortable workspace experience with attentive concierge service; (ii) retail business that houses over 200 stores and brands, of which 30 stores are the first of its kind; (iii) catering business that offers an array of high-quality international restaurants; (iv) health business with a 3,000-square-meter gyms with swimming pool, gym equipment, sport classes and boxing training and a high-end medical clinic providing services such as health check-up, chronic disease and sub-health management, stomatological treatment, anti-aging treatment and beauty salon, body shape management and international healthcare; (v) art business conducted through the 4,000-square-meter Fosun Foundation Art Center (Shanghai), which has the world’s first-ever three-layer moving veil system creating an unique and dynamic aesthetic appeal of the building; and exhibitions held in it include American artist Alex Katz’s first solo exhibition in China; and (vi) family-oriented services that feature the Miniversity club of 2,000 square meter jointly established by FTG, Mattel (a children’s entertainment brand) and Club Med (founder of children’s clubs).

During the Reporting Period, BFC recorded total revenue of RMB288.3 million.

Despite the impact of the epidemic at the beginning of the year, BFC consolidated its efforts in the prevention of epidemic, ensured zero infection and maintain a stable occupancy rate. During this period, BFC secured transactions with key corporates and their entry into BFC office. After the epidemic stabilized, BFC heightened its efforts both online and offline, completing the goal of securing 100,000 new members ahead of schedule. BFC also launched an online shopping platform “iShopping” jointly with Fosun, integrating functions including online purchase, membership rights, interactive live streaming and store display. In respect of offline operation, BFC launched “Weekend Fair on 1 May” (五一週末市集), “Family Day on 15 May” (515家庭日), “BFC Dessert Carnival” (BFC甜品嘉年华), “BFC Fengjing Weekend Market” (外滩枫径) and other highlighted activities in succession, rapidly gathering customers together and achieving agreeable results, among which, “BFC Fengjing Weekend Market” attracted accumulatively 2 million visits within two months after its launch.

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



MANAGEMENT DISCUSSION & ANALYSIS

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

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

FFT

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

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

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

During the Reporting Period, the total income of FFT was EUR 218 million, a year-on-year decrease of 35%; the EBITDA was EUR 9 million, a year-on-year decrease of 68%.

Due to the impact of the epidemic situation, the world's mainstream automobile and aviation engine plants have experienced a certain period of shutdown, resulting in a certain

lag in the recognition of revenue and profit during the Reporting Period, and have already resumed normal production.

FFT will continue to focus on the development of its three core businesses in the global market in the future: in terms of flexible automation production line solutions, FFT will continue to expand its market share on the basis of consolidating the advantages accumulated in the automotive industry in the past 50 years. In 2020, FFT China will undertake orders of Foton-Daimler's heavy truck business for the first time to realize the horizontal expansion of customers. Furthermore, FFT will undertake orders for a battery box to accelerate the penetration of the new energy vehicles industry. In terms of general industry automation, FFT has set up a general industry subsidiary, focusing on serving the automation needs of industries other than the automotive industry, transplanting the core technical advantages accumulated by FFT in the automotive industry to the general industry, and further extending its business to new energy battery, automotive electronics, medicine, food and beverage, 3C and other industries, so as to create new business growth.

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

FFT will continue to invest in R&D, establish a global supply chain, reduce costs, enhance the profitability and competitiveness of the main business in the automotive industry, and expand the scale of the performance and market share. FFT makes full use of its accumulated automation know-how, as well as continuous learning and absorption of the skills from different industries, and actively enters into the

MANAGEMENT DISCUSSION & ANALYSIS

automation business in new industries including new energy battery, automotive electronics, pharmaceutical manufacturing, food/dairy packing, 3C and other automatic industries. At the same time, FFT will continue to expand the existing laser, vision, lightweight fixture and other proprietary technologies and standard product series, create excellent intelligent equipment through endogenous R&D and mergers and acquisitions, accelerate the development of its industrial digital business, and provide customers with complete intelligent factory solutions.



FAST-GROWING BUSINESS

Fosun United Health Insurance

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

With determination to be the pioneer and an exemplary company in China's managed healthcare service, Fosun United Health Insurance has established a top-notch healthcare service system which provides Chinese families with cover-all solutions composed 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. As at the

end of the Reporting Period, Fosun United Health Insurance has successively launched over 100 products in place. Among them, long-term critical illness insurance and managed healthcare insurance are well accepted by the market and customers, thus premium sustained growth.

As at the end of the Reporting Period, Fosun United Health Insurance has expanded its operations into Guangdong Province, Beijing, Shanghai, Sichuan and Jiangsu Provinces, and set up sub-branches in Foshan, Dongguan, Jiangmen, Zhongshan and Huizhou in Guangdong Province. Its nationwide insurance income increased from RMB1,076.0 million in the first half of 2019 to RMB1,096.4 million during the Reporting Period, among which the protection type insurance business achieved a year-on-year increase of 81%. As at the end of the Reporting Period, the total assets increased to RMB2,256.7 million, representing an increase of 13.5% compared to 2019 year end.

Fosun United Health Insurance adhered to "playing the insurance security provider role" by concentrating on offering health and accident insurance policies. During the Reporting Period, revenue from health insurance was RMB1,025.2 million, accounting for 94% of the total insurance income; revenue from accident insurance was RMB71.2 million, accounting for 6% of the total insurance income.

Looking forward, Fosun United Health Insurance will endeavour to create ecological products to provide one-stop insurance and health services for healthy, and sub-healthy people and people with diseases.



Fosun Integrated Care

Fosun Integrated Care is a one-stop, multi-level health and elderly care service brand established by the Group to implement the "Health China" national strategy and cover the entire life cycle of the elderly population. As at the end of the Reporting Period, Fosun Integrated Care held over 11,000 beds and managed area of 530,000 square meters, with an occupancy rate of 97% for mature projects.

MANAGEMENT DISCUSSION & ANALYSIS

Fosun Integrated 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 Integrated Care seamlessly connects global C-end (client-end) and M-end (intelligent manufacturing end) under Fosun to build a global FC2M ecosystem. Fosun Integrated 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 of the global value chain.

In summary, the main business of Fosun Integrated Care includes three major brands: (i) Starcastle Senior Living, a high-end elderly care community institution; (ii) Feng-Lin, an integrated community with four core businesses which are vitality elderly care, nursing-type elderly care, rehabilitation nursing institution and community health; (iii) Xingjian, a high-end nursing home and rehabilitation hospital.

Fosun Integrated Care maintained steady growth during the Reporting Period despite the effect of the epidemic. In particular, total revenue reached RMB58.2 million, with a year-on-year growth of 58.5%, and loss attributable to owners of shareholders of the parent company was RMB27.0 million, with the loss reduced by 28.8% under the background of rapid income growth.

In the second half of 2020, in addition to achieving the three business module sales targets, Fosun Integrated Care will also widen and deepen its business, cooperate with other subsidiaries of the Group to actively expand the health hive. Also it intends to achieve rapid growth through various initiatives such as acquisitions, investments and strategic cooperation, tap into the Group's strong industrial investment capabilities, and raise platform financing when appropriate.

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



FINANCIAL REVIEW

Net Interest Expenditures

Net interest expenditures of the Group decreased to RMB4,734.3 million for the six months ended 30 June 2020 from RMB4,810.6 million for the six months ended 30 June 2019. The decrease in net interest expenditures was mainly attributable to the decline in the interest rate. For the six months ended 30 June 2020, the interest rates of borrowings were approximately between 0.3% and 9.5% as compared with approximately between 0.45% and 9.8% over the same period of last year.

Tax

Tax of the Group was RMB2,200.3 million for the six months ended 30 June 2020, which was decreased by RMB69.6 million compared with that for the six months ended 30 June 2019 of RMB2,269.9 million. The decrease in tax was mainly due to the decrease in taxable profit of the Group.

Capital Expenditures and Capital Commitment

The capital expenditure of the Group mainly consists of additions to property, plant and equipment, exploration and evaluation assets, mining rights, intangible assets, investment properties and oil and gas assets. We have been increasing our investment in the R&D of pharmaceutical products in order to produce more proprietary products with higher gross profit margin. With an aim to further strengthen our leading role in the happiness industry, we have made extra efforts in the Happiness Business. We continued our commitment in property development, but will adjust our strategy according to market conditions. As at 30 June 2020, the Group's capital commitment contracted but not provided for was RMB9,590.5 million. These were mainly committed for property development, addition of plant and machinery and investments. Details of capital commitment are set out in note 14 to interim condensed consolidated financial statements.

MANAGEMENT DISCUSSION & ANALYSIS

Indebtedness and Liquidity of the Group

As of 30 June 2020, the total debt of the Group was RMB232,563.3 million, representing an increase from RMB208,287.1 million as of 31 December 2019, which was mainly due to the increase in borrowings as a result of business expansion of various segments of the Group. As of 30 June 2020, mid-to-long-term debt of the Group accounted for 53.4% of total debt, while 60.3% as of 31 December 2019. As of 30 June 2020, cash and bank balance and term deposits increased by RMB20,963.7 million to RMB115,864.2 million as compared with RMB94,900.5 million as of 31 December 2019.

During the Reporting Period, the Group actively enhanced its liquidity, successfully issued accumulated RMB18.76 billion bonds in the public market (average financing cost of 4.06%) and successfully raised a syndication loan of approximately equivalent USD1.2 billion. During the Reporting Period, the average financing cost was 4.72%, which decreased by 0.34 percentage point as compared to that of the full year of 2019.

Unit: RMB million

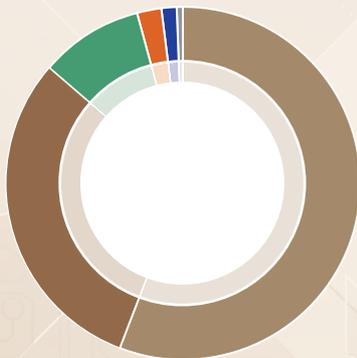
	30 June 2020	31 December 2019
Total debt	232,563.3	208,287.1
Cash and bank and term deposits	115,864.2	94,900.5

The original denomination of the Group's debt as well as cash and bank and term deposits by currencies, equivalent in RMB, as at 30 June 2020, is summarized as follows:

Total Debt

Unit: RMB million equivalent

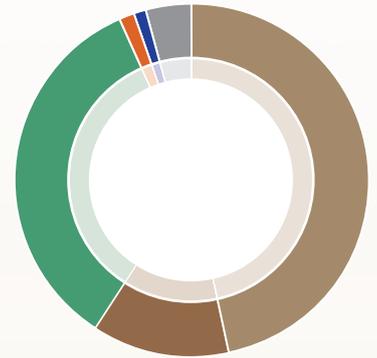
◆ RMB	130,262.6
◆ USD	70,738.5
◆ EUR	22,430.8
◆ JPY	4,640.0
◆ HKD	3,799.3
◆ Others	692.1



Cash and Bank and Term Deposits

◆ RMB	54,217.6
◆ USD	14,505.2
◆ EUR	39,689.9
◆ JPY	1,578.0
◆ HKD	1,185.7
◆ Others	4,687.8

Unit: RMB million equivalent



Total Debt to Total Capital Ratio

As of 30 June 2020, the ratio of total debt to total capital was increased to 56.9% as compared with 53.5% as of 31 December 2019. Healthy debt ratios and abundant funds can reinforce the Group's ability to defend against external risk exposure and ensure the Group to capture investment opportunities.

Basis of Calculating Interest Rate

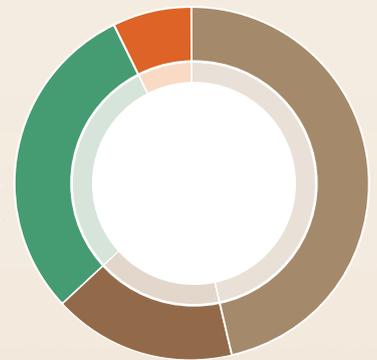
To stabilize interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure according to the interest rate policy, seeking to optimize the interest rate level. As at 30 June 2020, 59.6% of the Group's total borrowings bore interest at a fixed interest rate.

The Maturity Profile of Outstanding Borrowings

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

Outstanding borrowings classified by year of maturity as at 30 June 2020 are as follows:

◆ 46.6%	Within one year
◆ 16.6%	In the second year
◆ 29.6%	In the third to fifth years, inclusive
◆ 7.2%	Over five years



MANAGEMENT DISCUSSION & ANALYSIS

Available Facilities

As at 30 June 2020, save for cash and bank and term deposits of RMB115,864.2 million, the Group had unutilized banking facilities of RMB176,874.4 million. The Group has signed strategic cooperation agreements with various foreign and Chinese banks. According to these agreements, the banks committed to strengthening further on the existing relationship, and provide comprehensive financial support toward Fosun's "Health, Happiness & Wealth" businesses. Prior approval of individual projects from banks in accordance with bank regulations of China must be obtained before the use of these banking facilities. As at 30 June 2020, available banking facilities under these arrangements totaled RMB324,289.9 million, of which RMB147,415.5 million was utilized.

Pledged Assets

As at 30 June 2020, the Group had pledged assets of RMB101,074.0 million (31 December 2019: RMB95,475.5 million) for bank borrowings. Details of pledged assets are set out in note 10 to interim condensed consolidated financial statements.

Contingent Liabilities

The Group's contingent liabilities was RMB10,041.0 million as at 30 June 2020 (31 December 2019: RMB8,602.8 million). Details of contingent liabilities are set out in note 15 to interim condensed consolidated financial statements.

Interest Coverage

For the six months ended 30 June 2020, EBITDA divided by net interest expenditures was 2.9 times as compared with 4.4 times for the same period in 2019. The decrease was mainly due to that EBITDA of the Group decreased to RMB13,776.9 million for the six months ended 30 June 2020 from RMB21,124.5 million for the six months ended 30 June 2019.

Financial Policies and Risk Management

General policy

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

Foreign currency exposure

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

Interest rate exposure

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

Application of derivatives

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

Forward-Looking Statements

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
REVENUE	3	63,269,235	68,475,442
Cost of sales		(38,708,624)	(43,749,865)
Gross profit		24,560,611	24,725,577
Other income and gains	3	7,383,163	13,018,314
Selling and distribution expenses		(10,008,730)	(10,429,198)
Administrative expenses		(10,301,509)	(10,370,687)
Other expenses		(5,177,449)	(1,954,301)
Finance costs	4	(5,037,956)	(4,934,179)
Amount reported in profit or loss applying the overlay approach		982,147	(493,419)
Share of profits and losses of:			
Joint ventures		900,529	309,532
Associates		2,071,733	3,616,114
PROFIT BEFORE TAX	5	5,372,539	13,487,753
Tax	6	(2,200,250)	(2,269,932)
PROFIT FOR THE PERIOD		3,172,289	11,217,821
Attributable to:			
Owners of the parent		2,012,111	7,608,763
Non-controlling interests		1,160,178	3,609,058
		3,172,289	11,217,821
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic			
– For profit for the period (RMB)		0.24	0.89
Diluted			
– For profit for the period (RMB)		0.24	0.89

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
PROFIT FOR THE PERIOD	3,172,289	11,217,821
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Financial assets designated under the overlay approach:		
Amount reported in other comprehensive (loss)/income applying the overlay approach	(982,147)	493,419
Income tax effect	219,411	(157,940)
	(762,736)	335,479
Debt investments at fair value through other comprehensive income:		
Change in fair value	(1,098,761)	1,987,134
Changes in allowance for expected credit losses	16,073	22,844
Reclassification adjustments for gains on disposal included in the consolidated statement of profit or loss	(2,779)	(311,800)
Income tax effect	342,662	(321,140)
	(742,805)	1,377,038
Change in other life insurance contract liabilities due to potential losses/(gains) on financial assets	94,723	(144,773)
Income tax effect	4,076	(11,808)
	98,799	(156,581)
Fair value adjustments of hedging instruments in cash flow hedges	69,816	(61,883)
Income tax effect	(11,715)	2,264
	58,101	(59,619)
Fair value adjustments of hedging of a net investment in a foreign operation	172,776	(54,046)
Income tax effect	(40,652)	12,342
	132,124	(41,704)
Share of other comprehensive loss of joint ventures	-	(470)
Share of other comprehensive income of associates	23,979	16,630
Exchange differences on translation of foreign operations	(902,722)	253,115
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(2,095,260)	1,723,888

	For the six months ended 30 June	
	2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
OTHER COMPREHENSIVE INCOME (continued)		
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Revaluation gain/(losses) upon transfer from owner-occupied property to investment property	51,283	(5,322)
Income tax effect	(10,565)	1,353
	40,718	(3,969)
Actuarial reserve relating to employee benefit	350	(24,116)
Income tax effect	(408)	2,786
	(58)	(21,330)
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	(167,453)	(520,129)
Income tax effect	13,744	1,340
	(153,709)	(518,789)
Share of other comprehensive income of associates	49,403	–
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(63,646)	(544,088)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(2,158,906)	1,179,800
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,013,383	12,397,621
Attributable to:		
Owners of the parent	416,201	8,679,474
Non-controlling interests	597,182	3,718,147
	1,013,383	12,397,621

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Note	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	39,661,005	39,610,397
Investment properties		64,905,189	59,360,379
Right-of-use assets		16,246,738	18,777,362
Exploration and evaluation assets		479,343	507,028
Mining rights		527,710	536,023
Oil and gas assets		1,700,108	1,687,056
Intangible assets		22,171,929	23,326,888
Goodwill		22,603,204	20,252,439
Investments in joint ventures		25,193,216	25,757,655
Investments in associates		93,028,805	88,379,506
Financial assets at fair value through profit or loss		24,295,193	25,358,039
Equity investments designated at fair value through other comprehensive income		801,548	898,596
Debt investments at fair value through other comprehensive income		65,469,957	68,233,284
Debt investments at amortised cost		26,192,309	25,709,406
Properties under development		14,925,609	18,211,654
Due from related companies		995,892	854,603
Prepayments, other receivables and other assets		3,377,094	4,024,361
Deferred tax assets		6,546,400	5,787,038
Inventories		41,218	41,218
Policyholder account assets in respect of unit-linked contracts		1,204,852	907,648
Insurance and reinsurance debtors		112,284	126,409
Reinsurers' share of insurance contract provisions		5,120,411	4,669,061
Term deposits		1,201,452	1,253,305
Placements with and loans to banks and other financial institutions		39,805	39,078
Loans and advances to customers		364,763	426,292
Derivative financial instruments		373,416	303,116
Finance lease receivables		796,184	911,142
Total non-current assets		438,375,634	435,948,983

	Note	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
CURRENT ASSETS			
Cash and bank balances		114,662,795	93,647,199
Financial assets at fair value through profit or loss		28,882,030	36,039,326
Debt investments at fair value through other comprehensive income		22,316,127	20,209,046
Debt investments at amortised cost		7,500,700	7,868,974
Derivative financial instruments		976,538	977,860
Trade and notes receivables	9	9,002,827	7,694,125
Contract assets and other assets		1,671,369	191,938
Prepayments, other receivables and other assets		21,755,416	19,056,697
Inventories		9,377,741	8,668,650
Completed properties for sale		11,804,481	12,640,372
Properties under development		38,389,605	33,036,615
Due from related companies		11,704,019	13,745,593
Policyholder account assets in respect of unit-linked contracts		203,908	176,539
Insurance and reinsurance debtors		17,008,903	13,973,826
Reinsurers' share of insurance contract provisions		5,868,636	5,958,133
Placements with and loans to banks and other financial institutions		–	273,511
Loans and advances to customers		4,350,323	4,195,966
Finance lease receivables		1,058,769	1,306,901
		306,534,187	279,661,271
Assets of a disposal group classified as held for sale		75,791	70,942
Total current assets		306,609,978	279,732,213

	Notes	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	10	108,278,748	82,738,138
Contract liabilities		20,851,424	21,419,105
Trade and notes payables	11	16,392,872	16,718,466
Accrued liabilities and other payables		34,177,779	36,122,172
Tax payable		9,572,272	10,020,028
Deposits from customers		49,289,885	40,892,261
Due to the holding company		1,182,140	3,058,650
Due to related companies		2,876,030	3,340,958
Derivative financial instruments		1,641,906	1,396,069
Accounts payable to brokerage clients		547,618	156,513
Unearned premium provisions		9,634,709	8,972,868
Provision for outstanding claims		21,215,243	21,321,027
Provision for unexpired risks		268,206	248,466
Financial liabilities for unit-linked contracts		129,386	133,031
Investment contract liabilities		10,500,929	7,621,231
Other life insurance contract liabilities		1,686,032	1,756,869
Insurance and reinsurance creditors		10,333,260	8,217,474
Financial liabilities at fair value through profit or loss		2,688,681	2,245,801
Due to banks and other financial institutions		3,533,146	1,994,062
Placements from banks and other financial institutions		240,617	17,501
		305,040,883	268,390,690
Liabilities directly associated with the assets classified as held for sale		8,611	8,454
Total current liabilities		305,049,494	268,399,144
NET CURRENT ASSETS		1,560,484	11,333,069
TOTAL ASSETS LESS CURRENT LIABILITIES		439,936,118	447,282,052

	Note	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	10	124,284,540	125,548,919
Deposits from customers		78,209	141,815
Derivative financial instruments		679,137	588,393
Deferred income		1,133,524	1,185,697
Other long term payables		16,440,954	18,364,777
Deferred tax liabilities		15,713,999	15,720,248
Provision for outstanding claims		19,258,442	17,831,984
Financial liabilities for unit-linked contracts		1,280,977	951,156
Investment contract liabilities		56,029,934	61,003,956
Other life insurance contract liabilities		23,921,415	24,361,463
Insurance and reinsurance creditors		186,119	146,361
Contract liabilities		537,703	513,067
Due to banks and other financial institutions		936,612	–
Due to the holding company		3,000,000	–
Total non-current liabilities		263,481,565	266,357,836
Net assets		176,454,553	180,924,216
EQUITY			
Equity attributable to owners of the parent			
Share capital		36,714,828	36,714,828
Treasury shares		(87,489)	(130,259)
Other reserves		83,895,594	85,967,773
		120,522,933	122,552,342
Non-controlling interests		55,931,620	58,371,874
Total equity		176,454,553	180,924,216

Guo Guangchang

Director

Gong Ping

Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent										
	Issued capital	Treasury shares	Other deficits	Surplus reserve	Fair value	Other reserve	Retained earnings	Exchange fluctuation	Total	Non-controlling interests	Total equity
					reserve			reserve			
RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
At 31 December 2019 (audited)	36,714,828	(130,259)	(443,540)	12,873,389	97,170	5,296,747	68,400,667	(256,660)	122,552,342	58,371,874	180,924,216
Total comprehensive income/(loss) for the Period	-	-	-	-	(1,323,505)	276,534	2,012,111	(548,939)	416,201	597,182	1,013,383
Acquisition of subsidiaries (note 13(a))	-	-	-	-	-	-	-	-	-	978,946	978,946
Distributions to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(3,005,275)	(3,005,275)
Transfer from retained profits	-	-	-	1,477,662	-	-	(1,477,662)	-	-	-	-
Disposal of subsidiaries (note 13(b))	-	-	-	-	-	-	-	-	-	(62,252)	(62,252)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(1,542)	(1,542)
Final dividend declared	-	-	-	-	-	-	(2,078,369)	-	(2,078,369)	-	(2,078,369)
Share of other reserve of associates	-	-	-	-	-	(6,017)	-	-	(6,017)	8,776	2,759
Acquisition of additional interests in subsidiaries	-	-	-	-	-	(70,281)	-	-	(70,281)	(1,816,598)	(1,886,879)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	404,654	404,654
Deemed acquisition of additional interest in a subsidiary	-	-	-	-	-	(66,331)	-	-	(66,331)	(17,449)	(83,780)
Deemed disposal of partial interests in subsidiaries	-	-	-	-	-	(301)	-	-	(301)	3,092	2,791
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of subsidiaries	-	-	-	-	-	18,487	-	-	18,487	278,753	297,240
Repurchase of shares of the Company	-	-	-	-	-	-	(338,223)	-	(338,223)	-	(338,223)
Equity-settled share-based payments of the Company**	-	42,770	-	-	-	52,655	-	-	95,425	-	95,425
Equity-settled share-based payments of subsidiaries	-	-	-	-	-	-	-	-	-	191,459	191,459
At 30 June 2020 (unaudited)	36,714,828	(87,489)	(443,540)	14,351,051*	(1,226,335)*	5,501,493*	66,518,524*	(805,599)*	120,522,933	55,931,620	176,454,553

* These reserve accounts comprise the consolidated other reserves of RMB83,895,594,000 in the interim condensed consolidated statement of financial position.

** According to the share award scheme announced by the Company, 5,043,720 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	Other reserve RMB' 000	Retained earnings RMB' 000	Exchange	Total	Non-controlling interests RMB' 000	Total equity RMB' 000
					reserve RMB' 000			fluctuation reserve RMB' 000			
At 31 December 2018 (audited)	36,660,729	(139,226)	(443,540)	9,156,698	(1,784,134)	4,348,203	61,215,398	(485,290)	108,528,838	51,912,185	160,441,023
Total comprehensive income/(loss) for the Period	-	-	-	-	1,066,214	(227,413)	7,608,763	231,910	8,679,474	3,718,147	12,397,621
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	1,649,577	1,649,577
Distributions to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(2,089,984)	(2,089,984)
Transfer from retained profits	-	-	-	2,859,362	-	-	(2,859,362)	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(28,829)	(28,829)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(662)	(662)
Final dividend declared	-	-	-	-	-	-	(2,730,595)	-	(2,730,595)	-	(2,730,595)
Share of other reserve of associates	-	-	-	-	-	(1,901)	-	-	(1,901)	48,458	46,557
Acquisition of additional interests in subsidiaries	-	-	-	-	-	170,138	-	-	170,138	(607,896)	(437,758)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	250,412	250,412
Deemed acquisition of additional interests in subsidiaries	-	-	-	-	-	427	-	-	427	(427)	-
Deemed disposal of partial interests in subsidiaries	-	-	-	-	-	84,618	-	-	84,618	50,993	135,611
Reclassification of non-controlling interests to liabilities as if the acquisition took place due to put options granted to non-controlling shareholders of subsidiaries	-	-	-	-	-	41,818	-	-	41,818	14,897	56,715
Repurchase of shares of the Company	-	-	-	-	-	-	(95,826)	-	(95,826)	-	(95,826)
Equity-settled share-based payments of the Company**	51,436	1,711	-	-	-	50,615	-	-	103,762	-	103,762
Equity-settled share-based payments of subsidiaries	-	-	-	-	-	-	-	-	-	123,475	123,475
At 30 June 2019 (unaudited)	36,712,165	(137,515)	(443,540)*	12,016,060*	(717,920)*	4,466,505*	63,138,378*	(253,380)*	114,780,753	55,040,346	169,821,099

* These reserve accounts comprise the consolidated other reserves of RMB78,206,103,000 in the interim condensed consolidated statement of financial position.

** According to the share award scheme announced by the Company, the Company issued and the employee benefit trust established by the Company allotted 5,973,750 new shares which were awarded to selected participants and will be vested based on certain vesting conditions. During the Period, 5,078,760 shares were vested.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		12,225,611	6,414,395
Tax paid		(3,075,200)	(4,204,645)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		9,150,411	2,209,750
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment, intangible assets, exploration and evaluation assets and oil and gas assets		(3,905,238)	(3,666,219)
Prepayments for addition of right-of use assets		(65,912)	(401,267)
Increase of investment properties		(639,138)	(3,465,659)
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		(66,551,607)	(41,257,067)
Increase in deposits of derivative financial instruments		(540,341)	–
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		72,773,166	49,581,750
Proceeds from disposal of items of property, plant and equipment, intangible assets, current assets held-for-sale, investment properties and oil and gas assets		376,891	478,663
Disposal of subsidiaries	13(b)	(258,792)	1,686,935
Proceeds from disposal or partial disposal of associates and joint ventures		662,333	843,724
Acquisition of subsidiaries	13(a)	(572,679)	(534,276)
Investment in associates and joint ventures		(2,652,977)	(3,024,829)
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 investment at fair value through other comprehensive income, debt investments at amortised cost, associates and joint ventures		2,714,727	1,842,876
(Increase)/decrease in pledged bank balances and time deposits with original maturity of more than three months		(439,830)	1,363,295
Prepayments for proposed acquisitions of long term assets		(269,203)	(633,578)
Interest received		472,894	421,756
NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES		1,104,294	3,236,104

	For the six months ended 30 June	
	2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling shareholders of subsidiaries	407,445	386,023
New bank and other borrowings	80,671,001	45,987,781
Principal portion of lease payments	(1,284,939)	(905,049)
Repayment of bank and other borrowings	(57,445,153)	(44,595,387)
Decrease in loans from non-controlling shareholders	(2,445,355)	(619,401)
Distributions to non-controlling shareholders of subsidiaries	(2,310,470)	(1,184,389)
Acquisition of additional interests in subsidiaries	(1,573,892)	(598,208)
Interest paid	(5,096,621)	(4,482,114)
Dividends paid to the shareholders of the Company	-	(220,283)
Repurchase of shares of the Company	(338,223)	(95,826)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES	10,583,793	(6,326,853)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,838,498	(880,999)
Cash and cash equivalents at beginning of the Period	81,976,345	91,333,170
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	102,814,843	90,452,171
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
CASH AND BANK BALANCES AT END OF THE PERIOD	115,864,247	103,747,675
Less: Pledged bank balances and term deposits with original maturity of more than three months	(10,147,123)	(9,935,379)
Required reserve deposits	(403,484)	(469,931)
Restricted presale proceeds of properties	(2,498,797)	(2,890,194)
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	102,814,843	90,452,171

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

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 2020 (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 2019.

The financial information relating to the year ended 31 December 2019 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 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on the financial statements for the year ended 31 December 2019. 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 2019, 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.

Amendments to HKFRS 3

Definition of a Business

Amendments to HKFRS 9, HKAS 39 and HKFRS 7

Interest Rate Benchmark Reform

Amendment to HKFRS 16

COVID-19-Related Rent Concessions (early adopted)

Amendments to HKAS 1 and HKAS 8

Definition of Material

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 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the Period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any significant impact on the financial position and performance of the Group.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the six months ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings and retail stores have been reduced, waived or deferred by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB75,720,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2020.

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

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 Finance segment mainly engages in the operation of and investment in the banking and other financial businesses; and
- (v) The Investment segment comprises principally the primary market investments, secondary market investments, and investments in asset management companies and other companies of the Group.

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss after tax except that head office and corporate expenses are excluded from such measurement.

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2020 (unaudited)

	Health	Happiness	Wealth			Eliminations	Total
	RMB' 000	RMB' 000	Insurance RMB' 000	Finance RMB' 000	Investment RMB' 000		
Segment revenue:							
Sales to external customers	16,139,688	26,896,302	14,150,407	1,225,716	4,857,122	-	63,269,235
Inter-segment sales	284,198	44,114	-	86,698	104,472	(519,482)	-
Total revenue	16,423,886	26,940,416	14,150,407	1,312,414	4,961,594	(519,482)	63,269,235
Segment results:	2,886,735	755,873	(694,745)	643,122	2,412,686	(83,868)	5,919,803
Unallocated expenses							(547,264)
Profit before tax	2,886,735	755,873	(694,745)	643,122	2,412,686	(83,868)	5,372,539
Tax	(377,441)	(1,169,940)	(134,098)	(81,294)	(437,477)	-	(2,200,250)
Profit for the Period	2,509,294	(414,067)	(828,843)	561,828	1,975,209	(83,868)	3,172,289
Other segment information:							
Interest and dividend income	115,645	202,658	1,581,162	27,013	337,580	(83,408)	2,180,650
Other income and gains (excluding interest and dividend income)	1,091,345	549,118	1,131,369	113,199	2,320,232	(2,750)	5,202,513
Amount reported in profit or loss applying the overlay approach	-	-	982,147	-	-	-	982,147
Impairment losses recognised in the statement of profit or loss, net	(59,368)	(56,076)	(221,630)	(22,292)	(19,326)	16,344	(362,348)
Finance costs	(566,836)	(1,044,237)	(110,180)	(1,400)	(3,450,565)	135,262	(5,037,956)
Share of profits and losses of							
- Joint ventures	(46,558)	(4,757)	(21,410)	-	973,254	-	900,529
- Associates	652,279	339,725	328,387	442,692	447,644	(138,994)	2,071,733

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2019 (unaudited)

	Health	Happiness	Wealth			Eliminations	Total
	RMB' 000	RMB' 000	Insurance RMB' 000	Finance RMB' 000	Investment RMB' 000		
Segment revenue:							
Sales to external customers	16,199,088	30,891,497	15,534,259	988,263	4,862,335	–	68,475,442
Inter-segment sales	266,312	2,369	–	77,223	14,801	(360,705)	–
Total revenue	16,465,400	30,893,866	15,534,259	1,065,486	4,877,136	(360,705)	68,475,442
Segment results:							
	2,625,222	3,950,171	1,345,810	984,936	5,576,534	(101,306)	14,381,367
Unallocated expenses							(893,614)
Profit before tax	2,625,222	3,950,171	1,345,810	984,936	5,576,534	(101,306)	13,487,753
Tax	(383,623)	(1,618,930)	(50,704)	(48,365)	(180,694)	12,384	(2,269,932)
Profit for the Period	2,241,599	2,331,241	1,295,106	936,571	5,395,840	(88,922)	11,217,821
Other segment information:							
Interest and dividend income	104,852	246,616	1,755,230	46,005	443,291	(78,521)	2,517,473
Other income and gains (excluding interest and dividend income)	944,713	1,582,606	2,432,559	232,113	5,409,045	(100,195)	10,500,841
Amount reported in profit or loss applying the overlay approach	–	–	(493,419)	–	–	–	(493,419)
Impairment losses recognised in the statement of profit or loss, net	(36,311)	(105,209)	(45,931)	(21,330)	(45,334)	–	(254,115)
Finance costs	(584,338)	(860,416)	(100,620)	(2,247)	(3,494,138)	107,580	(4,934,179)
Share of profits and losses of							
– Joint ventures	(25,933)	(268,105)	(77,617)	–	681,169	18	309,532
– Associates	886,016	221,112	455,621	712,386	1,371,422	(30,443)	3,616,114

2. OPERATING SEGMENT INFORMATION *(Continued)*

Total segment assets and liabilities as at 30 June 2020 and 31 December 2019 are as follows:

Segment assets:

	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
Health	90,735,834	91,740,082
Happiness	177,590,696	178,393,923
Wealth		
Insurance	219,322,977	209,784,478
Finance	88,916,290	77,278,841
Investment	184,438,862	174,444,052
Eliminations*	(16,019,047)	(15,960,180)
Total consolidated assets	744,985,612	715,681,196

Segment liabilities:

	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
Health	41,239,302	41,631,049
Happiness	109,545,087	109,147,094
Wealth		
Insurance	170,276,533	163,631,353
Finance	67,032,441	56,460,998
Investment	195,030,007	179,629,359
Eliminations*	(14,592,311)	(15,742,873)
Total consolidated liabilities	568,531,059	534,756,980

* 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	
	2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
Chinese Mainland	35,841,277	38,916,298
Portugal	8,459,635	9,661,305
Other countries and regions	18,968,323	19,897,839
Total Revenue	63,269,235	68,475,442

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

3. REVENUE, OTHER INCOME AND GAINS

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

	Note	For the six months ended 30 June	
		2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
Revenue			
Revenue from contracts with customers			
– Sale of goods		36,388,284	36,688,059
– Rendering of services		11,859,716	15,594,690
		48,248,000	52,282,749
Revenue from other sources			
– Insurance revenue	(1)	14,019,496	15,467,100
– Rental income		905,168	722,521
– Interest income		294,368	240,042
		15,219,032	16,429,663
Others			
– Less: Government surcharges		(197,797)	(236,970)
		63,269,235	68,475,442
(1) Insurance revenue:			
Gross premiums written		18,111,967	19,562,945
Less: Premiums ceded to reinsurers and retrocessionaires		(3,516,591)	(2,866,761)
Net premiums written		14,595,376	16,696,184
Change in unearned premium provisions, net of reinsurance		(575,880)	(1,229,084)
Net earned premiums		14,019,496	15,467,100

3. REVENUE, OTHER INCOME AND GAINS *(Continued)*

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

Disaggregated revenue information

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

For the six months ended 30 June 2020 (unaudited)

Segments:

	Health	Happiness	Wealth			Total RMB' 000
	RMB' 000	RMB' 000	Insurance RMB' 000	Finance RMB' 000	Investment RMB' 000	
Type of goods or services						
Sale of goods	12,242,875	21,171,538	–	3,937	2,969,934	36,388,284
Rendering of services	3,938,868	5,633,349	131,181	923,142	1,233,176	11,859,716
	16,181,743	26,804,887	131,181	927,079	4,203,110	48,248,000
Timing of revenue recognition						
Goods transferred at a point in time	12,242,875	21,171,538	–	3,937	2,969,934	36,388,284
Services transferred over time	3,938,868	5,633,349	131,181	923,142	1,233,176	11,859,716
	16,181,743	26,804,887	131,181	927,079	4,203,110	48,248,000

For the six months ended 30 June 2019 (unaudited)

Segments:

	Health	Happiness	Wealth			Total RMB' 000
	RMB' 000	RMB' 000	Insurance RMB' 000	Finance RMB' 000	Investment RMB' 000	
Type of goods or services						
Sale of goods	12,543,597	21,035,852	–	–	3,108,610	36,688,059
Rendering of services	3,741,819	9,769,300	67,159	743,147	1,273,265	15,594,690
	16,285,416	30,805,152	67,159	743,147	4,381,875	52,282,749
Timing of revenue recognition						
Goods transferred at a point in time	12,543,597	21,035,852	–	–	3,108,610	36,688,059
Services transferred over time	3,741,819	9,769,300	67,159	743,147	1,273,265	15,594,690
	16,285,416	30,805,152	67,159	743,147	4,381,875	52,282,749

3. 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	
	2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
Other income		
Interest income	493,623	537,920
Dividends and interest from financial assets	1,687,027	1,979,553
Rental income	347,863	302,531
Government grants	350,213	259,077
Consultancy and other service income	208,971	158,962
Fee income relating to investment contracts	355,396	223,677
Others	419,111	456,992
	3,862,204	3,918,712
Gains		
Gain on disposal of subsidiaries	–	1,591,006
Gain on bargain purchase of subsidiaries	–	19,095
Gain on deemed disposal of associates	399,001	2,506,731
Gain on disposal/partial disposal of associates	205,437	663,867
Gain on bargain purchase of associates	1,341,916	–
Gain on disposal of property, plant and equipment	533	6,895
Gain on disposal of investment properties	4,171	14,952
Gain on disposal of intangible assets	61,563	70,251
Gain on disposal of financial assets	–	213,315
Gain on fair value adjustment of investment properties	1,432,618	1,249,596
Gain on fair value adjustment of financial assets at fair value through profit or loss	–	2,540,876
Gain on rent concessions as a result of the COVID-19 pandemic	75,720	–
Exchange gains, net	–	223,018
	3,520,959	9,099,602
Other income and gains	7,383,163	13,018,314

4. FINANCE COSTS

	For the six months ended 30 June	
	2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
Total interest expenses (excluding lease liabilities)	5,154,043	5,260,493
Interest on lease liability	351,489	256,423
Less: Interest capitalised, in respect of bank and other borrowings	(777,484)	(716,157)
Interest expenses, net	4,728,048	4,800,759
Interest on discounted bills	6,246	9,811
Bank charges and other finance costs	303,662	123,609
Total finance costs	5,037,956	4,934,179

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
Cost of sales	38,708,624	43,749,865
Depreciation of items of property, plant and equipment	1,539,120	1,358,709
Depreciation of items of right of use assets	1,228,570	823,931
Amortisation of:		
Mining rights	8,313	7,014
Intangible assets	724,795	511,273
Oil and gas assets	169,317	125,221
Impairment of financial assets, net:		
– Impairment of trade and other receivables	102,696	121,092
– Impairment of debt investments at fair value through other comprehensive income	16,073	22,844
– Impairment of loans and advances to customers	16,144	25,135
– Impairment of insurance and reinsurance debtors	188,064	20,308
– Impairment of debt investments at amortised cost	6,211	15,542
– Impairment of finance lease receivables	1,499	863
Write-down of inventories to net realisable value	5,935	8,130
Write-down of properties under development to net realisable value	–	17,714
Write-down of completed properties for sale to net realisable value	13,301	–
Provision for impairment of items of property, plant and equipment (note 8)	12,425	22,487
Exchange loss/(gain), net	117,133	(223,018)
Loss/(gain) on disposal of subsidiaries (note 13(b))	56,343	(1,591,006)
Loss/(gain) on disposal of financial assets	296,285	(213,315)
Loss/(gain) on fair value adjustment of financial assets at fair value through profit or loss	2,504,045	(2,540,876)
Loss on derivative financial instruments	338,470	762,042

6. TAX

The major components of tax expenses for the six months ended 30 June 2020 and 2019 are as follows:

	Notes	For the six months ended 30 June	
		2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
Current – Portugal, Hong Kong and others	(1)	428,368	120,208
Current – Chinese Mainland			
– Income tax in Chinese Mainland for the period	(2)	1,145,647	1,783,073
– LAT in Chinese Mainland for the period	(3)	806,763	1,021,147
Deferred		(180,528)	(654,496)
Tax expenses for the period		2,200,250	2,269,932

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 2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period.

The provision for income tax of Peak Reinsurance Company Limited ("Peak Re") incorporated in Hong Kong and acquired by the Group, is based on a preferential rate of 8.25% (six months ended 30 June 2019: 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 was incorporated in Israel, is based on a preferential rate of 9.48% (six months ended 30 June 2019: 8.44%).

The provision for income tax of Fidelidade – Companhia de Seguros, S.A., Multicare – Seguros de Saúde, S.A. and Fidelidade Assistência – Companhia de Seguros, S.A., subsidiaries incorporated in Portugal and acquired by the Group, is based on a rate of 31.5% (six months ended 30 June 2019: 31.5%).

The provision for income tax of AmeriTrust Group, Inc. and its subsidiaries which was incorporated in the United States and acquired by the Group is based on a rate of 21% (six months ended 30 June 2019: 21%).

The provision for income tax of Club Med Holding and its subsidiaries which was incorporated in France acquired by the Group is based on a rate of 32.02% (six months ended 30 June 2019: 34.43%).

The provision for income tax of Hauck & Aufhäuser Privatbankiers AG and its subsidiaries which was incorporated in Germany acquired by the Group is based on a rate of 32.15% (six months ended 30 June 2019: 32.15%).

The provision for income tax of Gland Pharma Limited ("Gland"), which was incorporated in India, was based on a statutory rate of 34.94% from 1 April 2018 to 31 March 2019. Since 31 March 2019 till 30 June 2020, the statutory rate has decreased to 25.17%.

- (2) The provision for Chinese Mainland current income tax is based on a statutory rate of 25% (six months ended 30 June 2019: 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 RMB331,717,000 (six months ended 30 June 2019: RMB323,535,000).

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 RMB693,881,000 (six months ended 30 June 2019: RMB743,469,000) 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 RMB218,835,000 (six months ended 30 June 2019: RMB45,857,000) was reversed to the consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group.

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, and the weighted average number of ordinary shares of 8,504,385,532 (six months ended 30 June 2019: 8,536,228,345) in issue during the Period.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2020 in respect of a dilution as the impact of the share award scheme and the share option scheme outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculation of the diluted earnings per share amount for the six months ended 30 June 2019 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. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, 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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	2,012,111	7,608,763
Less: Cash dividends distributed to share award scheme	(1,708)	(3,831)
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	2,010,403	7,604,932
Cash dividends distributed to share award scheme	1,708	3,831
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	2,012,111*	7,608,763

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

	Number of shares For the six months ended 30 June	
	2020 RMB' 000	2019 RMB' 000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	8,504,385,532	8,536,228,345
Effect of dilution – weighted average number of ordinary shares:		
– Share award scheme	5,427,603	4,853,351
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	8,509,813,135*	8,541,081,696
Basic earnings per share (RMB)	0.24	0.89
Diluted earnings per share (RMB)	0.24	0.89

- * Because the diluted earnings per share amount is increased when taking the share award scheme into account, the share award scheme had an anti-dilutive effect on the basic earnings per share for the Period and were ignored in the calculation of diluted earnings per share. 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 the Period. Therefore, the diluted earnings per share amount is based on the profit for the six months ended 30 June 2020 of RMB2,010,403,000, and the weighted average number of ordinary shares of 8,504,385,532 in issue during the Period.

For the six months ended 30 June 2019, the share award scheme had a dilutive effect on the basic earnings per share. The potential ordinary shares of the share option scheme are excluded from the calculation of diluted earnings per share, because the exercise price of share option scheme was higher than the average market price of the ordinary shares of the Company for the six months ended 30 June 2019.

8. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Carrying value at 31 December 2019 (audited)	39,610,397	36,310,360
Transfer to right-of-use assets upon the adoption of HKFRS 16	–	(565,205)
Carrying value at 1 January 2020	39,610,397	35,745,155
Additions	2,059,000	1,894,574
Acquisition of subsidiaries (note 13(a))	521,752	480,153
Transfer from investment properties	10,435	–
Disposal of subsidiaries (note 13(b))	(510,737)	(5,066)
Disposals	(105,419)	(133,866)
Included in asset of a disposal group held for sale	(44,080)	–
Transfer to investment properties	(51,586)	–
Provision for impairment (note 5)	(12,425)	(22,487)
Depreciation charge for the Period (note 5)	(1,539,120)	(1,358,709)
Exchange alignment	(277,212)	78,025
Carrying value at end of the Period (unaudited)	39,661,005	36,677,779

As at 30 June 2020, the Group's property, plant and equipment with a net carrying value of RMB6,397,717,000 (31 December 2019: RMB6,312,167,000) were pledged as security for interest-bearing bank and other borrowings as set out in note 10 to the interim condensed consolidated financial statements.

9. TRADE AND NOTES RECEIVABLES

	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	8,860,526	7,586,989
Notes receivable	142,301	107,136
	9,002,827	7,694,125

9. TRADE AND NOTES RECEIVABLES *(Continued)*

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

	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
Outstanding balances with ages:		
Within 90 days	5,653,782	4,583,266
91 to 180 days	1,326,074	1,176,040
181 to 365 days	1,512,341	1,481,813
1 to 2 years	428,510	379,729
2 to 3 years	250,561	180,133
Over 3 years	190,406	186,557
	9,361,674	7,987,538
Less: Provision for impairment of trade receivables	(501,148)	(400,549)
	8,860,526	7,586,989

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 2020, the Group's trade and notes receivables with a carrying amount of approximately RMB10,168,000 (31 December 2019: RMB126,632,000) were pledged to secure interest-bearing bank and other borrowings as set out in note 10 to the interim condensed consolidated financial statements.

10. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Bank loans:			
Guaranteed	(1)	20,000	1,000,000
Secured	(2)	45,353,492	42,998,410
Unsecured		72,647,550	61,721,259
		118,021,042	105,719,669
Corporate bonds and enterprise bonds	(3)	38,478,000	33,980,708
Private placement notes	(4)	979,161	1,976,150
Private placement bond	(2) & (5)	3,638,328	5,208,922
Senior notes	(6)	33,539,373	33,187,427
Medium-term notes	(7)	16,124,816	14,489,280
Short-term commercial papers	(8)	1,000,000	1,000,000
Super short-term commercial papers	(9)	3,912,459	2,020,035
Other borrowings, secured	(2) & (10)	16,106,271	9,583,654
Other borrowings, unsecured	(10)	763,838	1,121,212
Total		232,563,288	208,287,057
Portion classified as current liabilities		(108,278,748)	(82,738,138)
Non-current portion		124,284,540	125,548,919

10. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

- (1) No interest-bearing bank and other borrowings (2019: RMB1,000,000,000) were guaranteed by Fosun Holdings Limited which is the holding company of the Group.
- (2) Certain of the Group's bank loans, other borrowings and private placement bonds are secured by the pledges of assets with carrying values at the end of each reporting period as follows:

	30 June 2020 RMB' 000	31 December 2019 RMB' 000
Pledge of assets:		
Buildings (note 8)	6,226,739	5,479,748
Plant and machinery (note 8)	-	804,355
Construction in progress (note 8)	170,978	28,064
Investment properties	38,048,399	35,123,620
Right-of-use assets	1,348,629	1,692,302
Properties under development	30,575,073	25,174,888
Completed properties for sale	1,961,497	3,107,921
Trade and notes receivables (note 9)	10,168	126,632
Pledged bank balances	-	72,765
Finance lease receivables	938,650	1,031,187
Inventories	-	428,216
Investment in an associates	19,380,577	19,595,882
Financial assets at fair value through profit or loss	1,894,619	2,489,369
Debt investments at amortised cost	136,145	-
Debt investments at fair value through Comprehensive income	382,548	320,542

Apart from the above, certain interest-bearing bank borrowings are secured by investments in subsidiaries as at 30 June 2020.

The bank loans bear interest at rates ranging from 0.3% to 7.6% (31 December 2019: 0.5% to 14.88%) per annum.

10. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(3) Corporate bonds and enterprise bonds

On 20 November 2015, Forte issued five-year domestic corporate bonds with a par value of RMB4,000,000,000 and an effective interest rate of 4.35% per annum. On 22 November 2018, Forte repaid in advance with a par value of RMB179,019,000. Interest is paid annually in arrears and the maturity date is 20 November 2020 for the remaining balances.

On 21 January 2016, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB4,000,000,000 and an effective interest rate of 3.89% per annum. On 21 January 2019, Fosun High Technology repaid in advance with a par value of RMB44,040,000. Interest is paid annually in arrears and the maturity date is 21 January 2021.

On 4 March 2016, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB3,000,000,000 and an effective interest rate of 3.46% per annum. On 4 March 2019, Fosun Pharma repaid in advance with a par value of RMB5,500,000. Interest is paid annually in arrears and the maturity date is 4 March 2021.

On 14 April 2016, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,600,000,000 and an effective interest rate of 3.81% per annum. On 14 April 2019, Fosun High Technology repaid in advance with a par value of RMB4,000,000. Interest is paid annually in arrears and the maturity date is 14 April 2021.

On 26 May 2016, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB4,400,000,000 and an effective interest rate of 3.87% per annum. On 26 May 2019, Fosun High Technology repaid in advance with a par value of RMB131,185,000. Interest is paid annually in arrears and the maturity date is 26 May 2021.

On 14 March 2017, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,250,000,000 and an effective interest rate of 4.66% per annum. On 14 March 2020, Fosun Pharma repaid in advance with a par value of RMB158,050,000. Interest is paid annually in arrears and the maturity date is 14 March 2022.

On 12 January 2018, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB1,200,000,000 and an effective interest rate of 6.56% per annum. Interest is paid annually in arrears and the maturity date is 12 January 2023.

On 12 March 2018, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB600,000,000 and an effective interest rate of 6.89% per annum. Interest is paid annually in arrears and the maturity date is 12 March 2023.

On 13 August 2018, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,300,000,000 and an effective interest rate of 5.15% per annum. Interest is paid annually in arrears and the maturity date is 13 August 2023.

On 20 August 2018, Fosun High Technology issued three-year domestic corporate bonds with a par value of RMB1,500,000,000 and an effective interest rate of 6.30% per annum. Interest is paid annually in arrears and the maturity date is 20 August 2021.

On 27 August 2018, Forte issued three-year domestic corporate bonds with a par value of RMB3,000,000,000 and an effective interest rate of 6.92% per annum. Interest is paid annually in arrears and the maturity date is 27 August 2021.

On 29 October 2018, Fosun High Technology issued three-year domestic corporate bonds with a par value of RMB2,000,000,000 and an effective interest rate of 5.93% per annum. Interest is paid annually in arrears and the maturity date is 29 October 2021.

On 22 November 2018, Fosun High Technology issued four-year domestic corporate bonds with a par value of RMB2,200,000,000 and an effective interest rate of 5.40% per annum. Interest is paid annually in arrears and the maturity date is 22 November 2022.

On 26 November 2018, Yuyuan issued five-year domestic corporate bonds with a par value of RMB2,000,000,000 and an effective interest rate of 4.97% per annum. Interest is paid annually in arrears and the maturity date is 26 November 2023.

On 30 November 2018, Fosun Pharma issued four-year domestic corporate bonds with a par value of RMB500,000,000 and an effective interest rate of 4.54% per annum. Interest is paid annually in arrears and the maturity date is 30 November 2022.

On 30 November 2018, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 4.75% per annum. Interest is paid annually in arrears and the maturity date is 30 November 2023.

On 27 November 2019, Yuyuan issued five-year domestic corporate bonds with a par value of RMB600,000,000 and an effective interest rate of 4.95% per annum. Interest is paid annually in arrears and the maturity date is 27 November 2024.

On 14 February 2020, Forte issued three-year domestic corporate bonds with a par value of RMB1,000,000,000 and an effective interest rate of 4.33% per annum. Interest is paid annually in arrears and the maturity date is 14 February 2023.

On 20 February 2020, Yuyuan issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 3.60% per annum. Interest is paid annually in arrears and the maturity date is 20 February 2025.

On 21 April 2020, Fosun High Technology issued four-year domestic corporate bonds with a par value of RMB1,700,000,000 and an effective interest rate of 3.38% per annum. Interest is paid annually in arrears and the maturity date is 21 April 2024.

On 21 April 2020, Fosun High Technology issued five-year domestic corporate bonds with a par value of RMB300,000,000 and an effective interest rate of 4.58% per annum. Interest is paid annually in arrears and the maturity date is 21 April 2025.

10. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(4) Private placement notes

On 20 March 2020, Treble Hooray Limited issued one-year private placement notes with a par value of EUR122,000,000 and the effective interest rate is 3.20% per annum. Interest is paid annually in arrears and the maturity date is 20 March 2021.

(5) Private placement bond

On 3 April 2017, Tekapo TMK, a subsidiary of Fosun Management Holdings Limited, issued five-year private placement bonds with a par value of JPY700,000,000 and the effective interest rate is 2.02% per annum. Interest is paid quarterly in arrears since April 2017. The final maturity date is 3 April 2022.

On 25 January 2019, Forte issued three-year private placement bonds with a par value of RMB1,440,000,000 and the effective interest rate is 6.13% per annum. Interest is paid annually in arrears and the maturity date is 25 January 2022.

On 22 March 2019, Forte issued three-year private placement bonds with a par value of RMB1,000,000,000 and the effective interest rate is 5.99% per annum. Interest is paid annually in arrears and the maturity date is 22 March 2022.

On 20 March 2020, Forte issued three-year private placement bonds with a par value of RMB1,160,000,000 and the effective interest rate is 5.09% per annum. Interest is paid annually in arrears and the maturity date is 20 March 2023.

(6) Senior notes

In 2014, Xingtao Assets Limited, a direct subsidiary of Fosun Industrial Holdings Limited, issued eight-year senior notes with an effective interest rate of 3.31%. Among these, senior notes with a par value of EUR392,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 9 October 2022.

On 17 August 2016, Wealth Driven Limited, a subsidiary of Fosun Industrial Holdings Limited, issued three tranches of seven-year senior notes with effective interest rates of 5.603%, 5.599% and 5.41%, respectively. Among these, senior notes with a par value of USD477,684,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 17 August 2023. On 6 July 2020, the par value of USD32,675,000 of senior notes were repurchased from third party investors by the Group and cancelled.

On 23 March 2017, Fortune Star (BVI) Limited ("Fortune Star"), a subsidiary of Fosun Industrial Holdings Limited, issued two tranches of five-year senior notes with effective interest rates of 5.33% and 5.04%, respectively. Among these, senior notes with a par value of USD1,362,412,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 23 March 2022. On 6 July 2020, the par value of USD75,242,000 of senior notes were repurchased from third party investors by the Group and cancelled.

On 5 December 2017, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued three-year senior notes with an effective interest rate of 5.59%. On 29 January 2018, Fortune Star issued three-year senior notes with an effective interest rate of 5.23%. Among these, senior notes with a par value of USD372,635,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 5 December 2020. On 6 July 2020, the par value of USD33,196,000 of senior notes were repurchased from third party investors by the Group and cancelled.

On 29 January 2018, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued five-year senior notes with a par value of USD450,000,000 and an effective interest rate of 6.09%. Among these, senior notes with a par value of USD445,000,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 29 January 2023.

On 28 January 2019, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued two-year senior notes with a par value of USD500,000,000 and an effective interest rate of 7.19%. Among these, senior notes with a par value of USD496,900,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 28 January 2021. On 6 July 2020, the par value of USD89,734,000 of senior notes were repurchased from third party investors by the Group and cancelled.

On 2 July 2019, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued four-year senior notes with a par value of USD700,000,000 and an effective interest rate of 6.90%. Among these, senior notes with a par value of USD699,700,000 were purchased by third party investors. Interest is paid semi-annually in arrears and the maturity date is 2 July 2023.

On 6 November 2019, Fortune Star, a subsidiary of Fosun Industrial Holdings Limited, issued three-and-half-year senior notes with a par value of EUR400,000,000 and an effective interest rate of 4.59%. Interest is paid semi-annually in arrears and the maturity date is 6 May 2023.

10. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(7) Medium-term notes

On 16 November 2017, Yuyuan issued three-year medium-term notes with a par value of RMB980,000,000 and an effective interest rate of 5.68% per annum. Interest is paid annually in arrears and the maturity date is 20 November 2020.

On 7 February 2018, Fosun High Technology issued three-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 6.81% per annum. On 7 February 2020, Fosun High Technology repaid in advance with a par value of RMB290,000,000. Interest is paid annually in arrears and the maturity date is 7 February 2021.

On 19 April 2018, Fosun High Technology issued three-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 6.61% per annum. On 19 April 2020, Fosun High Technology repaid in advance with a par value of RMB60,000,000. Interest is paid annually in arrears and the maturity date is 19 April 2021.

On 25 April 2018, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.60% per annum. Interest is paid annually in arrears and the maturity date is 27 April 2021.

On 30 July 2018, Fosun High Technology issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 6.57% per annum. Interest is paid annually in arrears and the maturity date is 30 July 2021.

On 7 September 2018, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 6.91% per annum. Among these, medium-term notes with a par value of RMB870,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 7 September 2023.

On 11 September 2018, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.50% per annum. Interest is paid annually in arrears and the maturity date is 13 September 2021.

On 22 February 2019, Fosun High Technology issued five-year medium-term notes with a par value of RMB2,000,000,000 and an effective interest rate of 5.36% per annum. Among these, medium-term notes with a par value of RMB1,930,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 22 February 2024.

On 18 July 2019, Yuyuan issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.53% per annum. Interest is paid annually in arrears and the maturity date is 18 July 2022.

On 7 August 2019, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.89% per annum. Among these, medium-term notes with a par value of RMB880,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 7 August 2024.

On 5 September 2019, Fosun High Technology issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.81% per annum. Interest is paid annually in arrears and the maturity date is 5 September 2022.

On 25 October 2019, Fosun High Technology issued three-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.00% per annum. Among these, medium-term notes with a par value of RMB900,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 25 October 2022.

On 15 January 2020, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.79% per annum. Among these, medium-term notes with a par value of RMB960,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 15 January 2025.

On 25 February 2020, Fosun High Technology issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 4.31% per annum. Among these, medium-term notes with a par value of RMB980,000,000 were purchased by third party investors. Interest is paid annually in arrears and the maturity date is 25 February 2025.

10. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(8) Short-term commercial papers

On 11 October 2019, Yuyuan issued short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate of 3.62% per annum. Interest is payable at the maturity date which is 10 October 2020.

(9) Super short-term commercial papers

On 2 March 2020, Fosun Pharma issued super short-term commercial papers with a par value of RMB600,000,000 and an effective interest rate of 2.85% per annum. Interest is payable at the maturity date which is 27 November 2020.

On 1 April 2020, Fosun High Technology issued super short-term commercial papers with a par value of RMB2,000,000,000 and an effective interest rate 2.82% of per annum. Interest is payable at the maturity date which is 23 September 2020.

On 7 April 2020, Fosun Pharma issued super short-term commercial papers with a par value of RMB300,000,000 and an effective interest rate of 2.56% per annum. Interest is payable at the maturity date which is 6 July 2020.

On 14 May 2020, Yuyuan issued super short-term commercial papers with a par value of RMB1,000,000,000 and an effective interest rate 2.20% of per annum. Interest is payable at the maturity date which is 16 September 2020.

(10) Other borrowings

In March 2020, Fosun Tourism Group issued asset-backed securities which were backed by the certain fixed assets of a subsidiary as mortgage, and the 100% equity interest in this subsidiary and operating revenue of this subsidiary as pledge. The securities of the prioritized level of RMB6,800 million was subscribed by various third-party investors with coupon rates of 5% and the securities of the subordinated level of RMB201 million was subscribed by a subsidiary of the Group. The principal and interest of the prioritized level shall be repaid semi-annually in 48 instalments in 24 years. The coupon rates of the securities of the prioritized level are subject to adjustments by Fosun Tourism Group and the holders have the rights, at their option, to require Fosun Tourism Group to redeem at an interval of every three years within the terms of the securities. The fund raised by Fosun Tourism Group from the third party investors was recorded in other borrowings as at 30 June 2020.

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 0.98% to 9.50% (31 December 2019: 0.98% to 17.65%) per annum.

11. TRADE AND NOTES PAYABLES

	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
Trade payables	16,011,801	16,338,761
Notes payable	381,071	379,705
	16,392,872	16,718,466

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

	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
Outstanding balances with ages:		
Within 90 days	6,213,811	7,890,570
91 to 180 days	2,449,742	1,826,778
181 to 365 days	3,860,849	2,531,034
1 to 2 years	1,770,003	2,657,181
2 to 3 years	978,751	455,079
Over 3 years	738,645	978,119
	16,011,801	16,338,761

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

12. DIVIDENDS

	For the six months ended 30 June	
	2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
Final declared – HKD0.27 per ordinary share (2019: HKD0.37)	2,078,369	2,781,877
Interim – Nil (Six months ended 30 June 2019: HKD0.13 per ordinary share)	–	977,244
	2,078,369	3,759,121

The proposed final dividend of HKD0.27 per ordinary share for the year ended 31 December 2019 was approved by the shareholders at the annual general meeting of the Company on 3 June 2020.

The directors did not recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2019: HKD0.13 per ordinary share).

13. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(i) Acquisition of subsidiaries accounted for as business combination

The major acquisition of subsidiaries accounted for as a business combination is set out as follows:

In March 2020, Yuyuan, a subsidiary of the Group, completed the acquisition of 65% equity interests in Tianjin Seagull Watch Group Co., Ltd. and 55% equity interests in Shanghai Watch Co., Ltd. at the considerations of RMB522,129,000 and RMB71,312,000, respectively. The acquisition was undertaken to further develop the fashion business under the happiness segment of the Group.

In March 2020, Fosun Jinmei (Shanghai) Cosmetics Co., Ltd, a subsidiary of the Group, acquired 68% equity interest in Wei Holding, Inc. and Wei East Cosmetics (Wuhan) Ltd at the total consideration of RMB375,977,000. The acquisition was undertaken to further develop the fashion business under the happiness segment of the Group.

The Group has elected to measure the non-controlling interests in all the subsidiaries acquired during the Period at the non-controlling interest's proportionate share of the acquired subsidiary's identifiable net assets.

13. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination *(Continued)*

The provisional fair values of the identifiable assets and liabilities of all the acquired subsidiaries during the Period as at the dates of acquisition were as follows:

	Provisional fair value recognised on acquisition RMB' 000 (Unaudited)
Property, plant and equipment (note 8)	521,752
Investment in associates	9,876
Investment properties	572,367
Intangible assets	647,918
Right-of-use assets	97,883
Deferred tax assets	89,050
Cash and bank balances	1,102,008
Trade and notes receivables	761,548
Prepayments, other receivables and other assets	716,958
Due from related companies	684
Contract assets	1,557,833
Inventories	719,303
Property under development	3,273,051
Interest-bearing bank and other borrowings	(2,152,672)
Trade and notes payables	(739,098)
Accrued liabilities and other payables (excluding lease liabilities)	(588,012)
Due to related companies	(721,777)
Tax payable	(110,346)
Derivative liabilities	(100)
Deferred tax liabilities	(208,793)
Contract liabilities	(1,657,289)
Other long term payables (excluding lease liabilities)	(4,758)
Lease liabilities	(90,149)
Total identifiable net assets at fair values	3,797,237
Non-controlling interests	(978,946)
Total net assets acquired	2,818,291
Goodwill on acquisition	2,173,083
	4,991,374

13. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination *(Continued)*

	RMB' 000
Satisfied by:	
Cash	1,607,548
Investments in joint ventures	978,022
Investments in associates	1,788,796
Financial assets at fair value through profit or loss	60,503
Prepayments, other receivables and other assets	556,505
	4,991,374

The fair values of the acquired trade and notes receivables and other receivables 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.

The assessments of the fair values of the identifiable assets and liabilities of the subsidiaries acquired are still undergoing, and the information of the fair values of the identifiable assets and liabilities were provisional at the date of the approval of this interim condensed consolidated financial information.

(ii) An analysis of the cash flows in respect of the acquisition of subsidiaries as set out in (i) above is as follows:

	RMB' 000
Consideration settled by cash	(1,607,548)
Cash and cash equivalents acquired	1,101,648
Unpaid cash consideration as at 30 June 2020	5,180
Payment of unpaid cash consideration as at 31 December 2019	(71,959)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(572,679)

13. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries

The total net assets disposed of in respect of the disposal of the subsidiaries during the Period were as follows:

	30 June 2020 RMB' 000 (Unaudited)
Net assets disposed of:	
Property, plant and equipment (note 8)	510,737
Intangible asset	1,851,330
Right-of-use assets	2,147,890
Inventories	1,037,565
Cash and bank balances	402,888
Contract assets	26,986
Trade and notes receivables	367,673
Prepayments, other receivables and other assets	353,260
Deferred income	(2,721)
Interest-bearing bank and other borrowings	(1,833,226)
Trade and notes payables	(713,704)
Accrued liabilities and other payables (excluding lease liabilities)	(558,792)
Contract liabilities	(86,774)
Due to related parties	(287,581)
Lease liabilities	(2,500,708)
Tax payables	(84,465)
Derivative financial instruments	(8,596)
Deferred tax liabilities	(386,598)
Non-controlling interests	(62,252)
	172,912
Exchange fluctuation reserve	(11,695)
	161,217
Portion relating to the right of use retained in the lease back*	19,184
Net loss on disposal of subsidiaries (note 5)	(56,343)
	124,058

* The Group disposed one of its subsidiaries and entered into a lease contract with the buyer for the lease back of the assets of this subsidiary on a 12-year term. The Group measured the right-of-use assets arising from the leaseback for the proportion that relates to the right of use retained by the Group and recognized the amount of the gains that relates to the rights transferred to the buyer.

13. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:

	30 June 2020 RMB' 000 (Unaudited)
Satisfied by:	
Cash	124,058
Cash consideration	124,058
Cash and bank balances disposed of	(402,888)
Receipt of unreceived cash consideration for disposal as at 31 December 2019	25,447
Cash consideration unreceived as at 30 June 2020	(5,409)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(258,792)

14. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
Contracted, but not provided for:		
Plant and machinery	4,877,523	3,906,608
Properties under development	1,490,278	2,755,842
Investments	3,052,090	2,552,079
Oil and gas	170,616	389,272
	9,590,507	9,603,801

15. CONTINGENT LIABILITIES

The Group had the following contingent liabilities:

	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
Principal amount of the guaranteed bank loans of:		
Related parties	20,181	–
Third parties	–	11,402
Qualified buyers' mortgage loans (1)	10,020,830	8,591,399
	10,041,011	8,602,801

- (1) As at 30 June 2020, the Group provided guarantees of approximately RMB10,020,830,000 (31 December 2019: RMB8,591,399,000) 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 statements.

- (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 in addition to the transactions disclosed in note 10:

	For the six months ended 30 June	
	2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
Associates, joint ventures and other related parties:		
Sales of pharmaceutical products	1,758,608	1,850,660
Purchases of pharmaceutical products	141,984	152,982
Sales of other products	48,064	44,425
Purchases of other products	21,334	4,385
Rental income	9,112	6,570
Service income	188,758	160,014
Interest income	173,994	67,769
Interest expense	10,018	16,850
Service expense	13,736	8,245
Increase of right-of-use assets	155,123	–
Deposits from related companies	6,886,550	7,064,894
Bank loan guarantees provided	20,181	18,594
Bank loan guarantees received	–	1,001,600
Loans to related parties	308,098	1,012,311

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. In the opinion of the directors, except for guarantees received from and provided to related parties, all related party transactions as set out above were conducted on normal commercial terms.

In March 2020, the Group entered into three-year lease contracts in respect of certain leasehold property with a joint venture. The amount of rent payable by the Group under the leases was determined with reference to amounts charged to third parties. At the commencement date of the lease, the Group recognised a right-of-use assets of RMB155,123,000.

- (2) Compensation of key management personnel of the Company:

	For the six months ended 30 June	
	2020 RMB' 000 (Unaudited)	2019 RMB' 000 (Unaudited)
Short-term employee benefits	29,022	30,537
Equity-settled share award scheme expense	11,331	11,249
Equity-settled share option scheme expense	17,351	14,455
Pension scheme contributions	87	217
	57,791	56,458

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 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)	30 June 2020 RMB' 000 (Unaudited)	31 December 2019 RMB' 000 (Audited)
Financial assets				
Equity investments designated at fair value through other comprehensive income	801,548	898,596	801,548	898,596
Debt investments at fair value through other comprehensive income	87,786,084	88,442,330	87,786,084	88,442,330
Debt investments at amortised cost	33,693,009	33,578,380	33,783,841	33,800,168
Financial assets at fair value through profit or loss	53,177,223	61,397,365	53,177,223	61,397,365
Loans and advances to customers	364,763	426,292	382,801	445,692
Policyholder account assets in respect of unit-linked contracts	1,264,875	995,547	1,264,875	995,547
Derivative financial instruments	1,349,954	1,280,976	1,349,954	1,280,976
Associates measured at fair value through profit or loss	8,349,270	7,454,219	8,349,270	7,454,219
	186,786,726	194,473,705	186,895,596	194,714,893
Financial liabilities				
Interest-bearing bank and other borrowings	124,284,540	125,548,919	125,865,068	126,644,234
Financial liabilities at fair value through profit or loss	2,688,681	2,245,801	2,688,681	2,245,801
Financial liabilities included in accrued liabilities and other payables	35,196	343,132	35,196	343,132
Financial liabilities included in other long term payables	4,897,379	5,012,261	4,897,379	5,012,261
Deposits from customers	78,209	141,815	78,516	141,728
Due to banks and other financial institutions	936,612	–	936,612	–
Financial liabilities for unit-linked contracts	1,264,875	995,547	1,264,875	995,547
Due to the holding company	3,000,000	–	2,909,852	–
Derivative financial instruments	2,321,043	1,984,462	2,321,043	1,984,462
	139,506,535	136,271,937	140,997,222	137,367,165

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and bank balances, term deposits, finance lease receivables, placements with and loans to banks and other financial institutions, accounts payable to brokerage clients, trade and notes receivables, trade and notes payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, investment contract liabilities, placements from banks and other financial institutions, amounts due from related companies and amounts due to related companies and the holding company, the current portion of loans and advances to customers, interest-bearing bank and other borrowings, deposits from customers, and amounts due to banks and other financial institutions approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial liabilities included in other long term payables, and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of amounts due to related companies, financial liabilities included in other long term payables, the non-current portion of interest-bearing bank and other borrowings as at 30 June 2020 was assessed to be insignificant. The fair values of listed bonds and senior notes are based on quoted market prices.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

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 2020, 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 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.

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 and liquidity discount. 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.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2020:

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 other long-term payables and accrued liabilities and other payables are certain financial ratios of relevant subsidiaries, such as EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), net sales or other significant inputs, such as the latest equity transfer price.

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 2020 (unaudited)

	Fair value measurement using			Total RMB' 000
	Quoted prices in active markets (Level 1) RMB' 000	Significant observable inputs (Level 2) RMB' 000	Significant unobservable inputs (Level 3) RMB' 000	
Equity investments designated at fair value through other comprehensive income	505,286	47,258	249,004	801,548
Debt investments at fair value through other comprehensive income	71,931,297	15,746,727	108,060	87,786,084
Financial assets at fair value through profit or loss	21,947,733	23,131,847	8,097,643	53,177,223
Derivative financial instruments	95,488	1,251,678	2,788	1,349,954
Policyholder account assets in respect of unit-linked contracts	1,252,069	–	12,806	1,264,875
Associates measured at fair value through profit or loss	590,393	6,167,740	1,591,137	8,349,270
	96,322,266	46,345,250	10,061,438	152,728,954

As at 31 December 2019 (audited)

	Fair value measurement using			Total RMB' 000
	Quoted prices in active markets (Level 1) RMB' 000	Significant observable inputs (Level 2) RMB' 000	Significant unobservable inputs (Level 3) RMB' 000	
Equity investments designated at fair value through other comprehensive income	66,105	494,007	338,484	898,596
Debt investments at fair value through other comprehensive income	82,543,057	5,831,100	68,173	88,442,330
Financial assets at fair value through profit or loss	26,954,892	26,080,299	8,362,174	61,397,365
Policyholder account assets in respect of unit-linked contracts	984,413	–	11,134	995,547
Derivative financial instruments	221,771	1,058,932	273	1,280,976
Associates measured at fair value through profit or loss	670,093	5,485,313	1,298,813	7,454,219
	111,440,331	38,949,651	10,079,051	160,469,033

During the Period, none of the financial assets in Level 2 as at 31 December 2019 were transferred out to Level 1 due to the end of the lock-up period for these equity investments in 2020 (2019: RMB673,093,000).

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 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 2019	338,484	68,173	8,362,174	11,134	273	1,298,813	10,079,051
Total gains/(loss) recognised in the consolidated statement of profit or loss included in other gains	-	(204)	(168,608)	(748)	213	353,086	183,739
Total losses recognised in other comprehensive income	(93,404)	(54,605)	-	-	-	-	(148,009)
Addition	30	119,665	1,323,213	2,172	2,228	285,000	1,732,308
Disposals	-	(47,003)	(1,556,040)	-	-	(131,965)	(1,735,008)
Exchange realignment	3,894	22,034	280,367	248	74	1,009	307,626
Transfers*	-	-	(143,463)	-	-	(214,806)	(358,269)
	249,004	108,060	8,097,643	12,806	2,788	1,591,137	10,061,438

* During the Period, the financial assets with a fair value of RMB678,934,000 in Level 3 as at 31 December 2019 were transferred out, and a fair value of RMB320,665,000 in Level 2 as at 31 December 2019 were transferred in due to the change in valuation techniques.

The movements in fair value measurements within Level 3 during the last 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 2018	397,598	206,613	9,299,110	733	-	814,332	10,718,386
Total gains/(loss) recognised in the consolidated statement of profit or loss included in other gains	-	(9)	290,452	48	-	201,727	492,218
Total losses recognised in other comprehensive income	(60,816)	(367)	-	-	-	-	(61,183)
Addition	-	53,498	2,251,447	10,227	273	145,309	2,460,754
Disposals	(3,081)	(158,175)	(2,826,752)	-	-	-	(2,988,008)
Disposals of subsidiaries	-	-	(21,718)	-	-	-	(21,718)
Exchange realignment	4,783	423	49,906	126	-	3,507	58,745
Transfers	-	(33,810)	(680,271)	-	-	133,938	(580,143)
	338,484	68,173	8,362,174	11,134	273	1,298,813	10,079,051

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 2020 *(unaudited)*

	Fair value measurement using			Total RMB' 000
	Quoted prices in active markets (Level 1) RMB' 000	Significant observable inputs (Level 2) RMB' 000	Significant unobservable inputs (Level 3) RMB' 000	
Loans and advances to customers	–	–	382,801	382,801
Debt investments at amortised cost	28,337,149	5,066,627	380,065	33,783,841
	28,337,149	5,066,627	762,866	34,166,642

As at 31 December 2019 *(audited)*

	Fair value measurement using			Total RMB' 000
	Quoted prices in active markets (Level 1) RMB' 000	Significant observable inputs (Level 2) RMB' 000	Significant unobservable inputs (Level 3) RMB' 000	
Loans and advances to customers	–	–	445,692	445,692
Debt investments at amortised cost	26,769,031	6,270,886	760,251	33,800,168
	26,769,031	6,270,886	1,205,943	34,245,860

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

As at 30 June 2020 (unaudited)

	Fair value measurement using			Total RMB' 000
	Quoted prices in active markets (Level 1) RMB' 000	Significant observable inputs (Level 2) RMB' 000	Significant unobservable inputs (Level 3) RMB' 000	
Financial liabilities for unit-linked contracts	1,252,069	–	12,806	1,264,875
Financial liabilities included in other long term payables	–	–	2,643,984	2,643,984
Financial liabilities included in other payables and accruals	–	–	35,196	35,196
Financial liabilities at fair value through profit or loss	2,688,681	–	–	2,688,681
Derivative financial instruments	101,855	2,214,348	4,840	2,321,043
	4,042,605	2,214,348	2,696,826	8,953,779

As at 31 December 2019 (audited)

	Fair value measurement using			Total RMB' 000
	Quoted prices in active markets (Level 1) RMB' 000	Significant observable inputs (Level 2) RMB' 000	Significant unobservable inputs (Level 3) RMB' 000	
Financial liabilities for unit-linked contracts	984,413	–	11,134	995,547
Financial liabilities included in other long term payables	–	–	2,608,958	2,608,958
Financial liabilities included in other payables and accruals	–	–	343,132	343,132
Financial liabilities at fair value through profit or loss	2,245,801	–	–	2,245,801
Derivative financial instruments	101,206	1,879,378	3,878	1,984,462
	3,331,420	1,879,378	2,967,102	8,177,900

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 year are as follows:

As at 30 June 2020 (unaudited)

	Financial liabilities included in other payables and accruals RMB' 000	Financial liabilities for unit-linked contracts RMB' 000	Financial liabilities included in other long term payables RMB' 000	Derivative financial instruments RMB' 000	Total RMB' 000
At 1 January	343,132	11,134	2,608,958	3,878	2,967,102
Total gains recognised in the consolidated statement of profit or loss included in other income	-	(748)	-	-	(748)
Total losses recognised in other comprehensive income	-	-	35,026	-	35,026
Addition	-	2,172	-	3,404	5,576
Decrease	(307,936)	-	-	(2,442)	(310,378)
Exchange realignment	-	248	-	-	248
At 30 June	35,196	12,806	2,643,984	4,840	2,696,826

As at 31 December 2019 (audited)

	Financial liabilities included in other payables and accruals RMB' 000	Financial liabilities for unit-linked contracts RMB' 000	Financial liabilities included in other long term payables RMB' 000	Derivative financial instruments RMB' 000	Total RMB' 000
At 1 January	397,858	733	3,169,513	-	3,568,104
Total gains recognised in the consolidated statement of profit or loss included in other income	-	48	(59,619)	-	(59,571)
Total losses recognised in other comprehensive income	3,390	-	(48,947)	-	(45,557)
Addition	-	10,227	53,780	3,878	67,885
Decrease	(58,116)	-	(504,863)	-	(562,979)
Exchange realignment	-	126	(906)	-	(780)
At 31 December	343,132	11,134	2,608,958	3,878	2,967,102

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 2020 (unaudited)

	Fair value measurement using			Total RMB' 000
	Quoted prices in active markets (Level 1) RMB' 000	Significant observable inputs (Level 2) RMB' 000	Significant unobservable inputs (Level 3) RMB' 000	
Interest-bearing bank and other borrowings	45,952,487	79,912,581	–	125,865,068
Deposits from customers	–	–	78,516	78,516
Due to banks and other financial institutions	–	–	936,612	936,612
Due to the holding company	–	–	2,909,852	2,909,852
Financial liabilities included in other long term payables	–	1,565,931	687,464	2,253,395
	45,952,487	81,478,512	4,612,444	132,043,443

As at 31 December 2019 (audited)

	Fair value measurement using			Total RMB' 000
	Quoted prices in active markets (Level 1) RMB' 000	Significant observable inputs (Level 2) RMB' 000	Significant unobservable inputs (Level 3) RMB' 000	
Interest-bearing bank and other borrowings	56,417,800	70,226,434	–	126,644,234
Deposits from customers	–	–	141,728	141,728
Financial liabilities included in other long term payables	–	1,733,099	670,204	2,403,303
	56,417,800	71,959,533	811,932	129,189,265

18. EVENT AFTER THE REPORTING PERIOD

On 2 July 2020, Fortune Star (BVI) Limited, an indirect subsidiary of the Company, issued four-year senior notes with a par value of USD600 million at a coupon rate of 6.85% per annum.

STATUTORY DISCLOSURES

INTERIM DIVIDEND

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

SHARE AWARD SCHEME

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

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

On 1 April 2020, the Board resolved to award an aggregate of 8,501,000 Award Shares to 83 Selected Participants under the Share Award Scheme. The Award Shares were settled by way of (i) issue and allotment of 7,633,680 Shares (the "**New Award Shares**") pursuant to a specific mandate obtained in the annual general meeting of the Company held on 3 June 2020; and (ii) 867,320 Award Shares which were lapsed before vesting. Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the New Award Shares shall be transferred from the trustee, Computershare Hong Kong Trustees Limited (the "**Trustee**") to the Selected Participants upon expiry of the respective vesting period. As at the end of the Reporting Period, none of the New Award Shares have been issued to the Trustee.

STATUTORY DISCLOSURES

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

Granted during the Reporting Period			Changes of the Shares during the Reporting Period				
Name of Director	Date of grant	Vesting period ⁽¹⁾	Number of granted Shares	Outstanding as at	Vested during the	Lapsed/ cancelled during the	Outstanding as at
				1 January 2020	Reporting Period	Reporting Period	30 June 2020
Chen Qiyu	1 April 2020	1 April 2021 to 1 April 2023	1,660,000	1,034,350	487,200	0	2,207,150
Xu Xiaoliang	1 April 2020	1 April 2021 to 1 April 2023	1,660,000	1,034,350	487,200	0	2,207,150
Qin Xuetang	1 April 2020	1 April 2021 to 1 April 2023	295,000	648,300	325,000	0	618,300
Gong Ping	1 April 2020	1 April 2021 to 1 April 2023	275,000	460,400	221,350	0	514,050
Zhang Shengman	1 April 2020	1 April 2021 to 1 April 2023	25,000	53,650	28,400	0	50,250
Zhang Huaqiao	1 April 2020	1 April 2021 to 1 April 2023	25,000	53,650	28,400	0	50,250
David T. Zhang	1 April 2020	1 April 2021 to 1 April 2023	25,000	53,650	28,400	0	50,250
Lee Kai-Fu	1 April 2020	1 April 2021 to 1 April 2023	25,000	53,650	28,400	0	50,250
Wang Can ⁽²⁾	-	-	-	582,300	204,600	377,700	0
Yang Chao ⁽³⁾	-	-	-	53,650	0	53,650	0
Sub-total			3,990,000	4,027,950	1,838,950	431,350	5,747,650
Employees	1 April 2020	1 April 2021 to 1 April 2023	4,511,000	7,833,740	3,204,770	1,179,030	7,960,940
Total			8,501,000⁽⁴⁾	11,861,690	5,043,720	1,610,380	13,708,590

Notes:

- (1) Subject to the satisfaction of the vesting criteria and conditions of the Share Award Scheme, the Award Shares which were granted on 1 April 2020 shall be transferred from the Trustee to the Selected Participants upon expiry of the following vesting periods:

Percentage of Award Shares to be Vested	Vesting Date
33%	1 April 2021
33%	1 April 2022
34%	1 April 2023

- (2) Mr. Wang Can resigned as Executive Director with effect from 21 January 2020.
- (3) Mr. Yang Chao resigned as Independent Non-Executive Director with effect from 21 February 2020.
- (4) Including the 867,320 Shares which were lapsed before vesting.

STATUTORY DISCLOSURES

SHARE OPTION SCHEMES

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

The Board announced that on 1 April 2020, subject to the acceptance of relevant grantees, the Company has decided to grant 20,900,000 share options to subscribe for an aggregate of 20,900,000 Shares under the New Share Option Scheme. As at the end of the Reporting Period, the Company has granted accumulated 326,261,000 options to subscribe for an aggregate of 326,261,000 Shares under the Old Share Option Scheme and the New Share Option Scheme, and 230,462,500 effective options under the Old Share Option Scheme and the New Share Option Scheme were outstanding except for the expired, lapsed or cancelled options. The aggregate fair value of the share options granted during the six months ended 30 June 2020 amounted to approximately HKD46,921,000. The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted, as well as the factors such as risk-free interest rate, share price, volatility, expected life of options and dividend. The value of options are subject to a number of assumptions and limitations that may be subjective and uncertain.

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

Name of Grantee	Date of grant of the Options	Number of the options					On 30 June 2020	Exercise period of the options	Exercise price of the Options per Share (HKD)
		On 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period	On 30 June 2020			
Chen Qiyu	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026 ¹	11.53	
	4 May 2017	1,500,000	–	–	–	1,500,000	4 May 2022 to 3 May 2027 ¹	11.75	
	1 April 2020	–	1,500,000	–	–	1,500,000	1 April 2023 to 31 March 2030 ⁷	8.79	
Xu Xiaoliang	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026 ¹	11.53	
	4 May 2017	1,500,000	–	–	–	1,500,000	4 May 2022 to 3 May 2027 ¹	11.75	
	1 April 2020	–	1,500,000	–	–	1,500,000	1 April 2023 to 31 March 2030 ⁷	8.79	
Qin Xuetang	8 January 2016	10,000,000	–	–	–	10,000,000	8 January 2021 to 7 January 2026 ¹	11.53	
Gong Ping	8 January 2016	4,000,000	–	–	–	4,000,000	8 January 2021 to 7 January 2026 ¹	11.53	
	4 May 2017	4,900,000	–	–	–	4,900,000	4 May 2022 to 3 May 2027 ¹	11.75	

STATUTORY DISCLOSURES

Name of Grantee	Date of grant of the Options	Number of the options					On 30 June 2020	Exercise period of the options	Exercise price of the Options per Share (HKD)
		On 1 January 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Expired/lapsed/cancelled during the Reporting Period	On 30 June 2020			
Wang Can ²	8 January 2016	4,000,000	-	-	4,000,000	-	8 January 2021 to 7 January 2026 ¹	11.53	
	4 May 2017	4,900,000	-	-	4,900,000	-	4 May 2022 to 3 May 2027 ¹	11.75	
Other Employees	8 January 2016	51,000,000	-	-	11,000,000	40,000,000	8 January 2021 to 7 January 2026 ¹	11.53	
	4 May 2017	43,600,000	-	-	7,200,000	36,400,000	4 May 2022 to 3 May 2027 ¹	11.75	
	28 March 2018	19,280,000	-	-	2,680,000	16,600,000	28 March 2019 to 27 March 2028 ^{3,4}	17.58	
	27 March 2019	81,185,000	-	-	7,792,500	73,392,500	27 March 2020 to 26 March 2029 ^{3,5}	12.86	
	28 August 2019	1,930,000	-	-	200,000	1,730,000	28 August 2020 to 27 August 2029 ⁶	9.95	
	1 April 2020	-	17,900,000	-	460,000	17,440,000	1 April 2021 to 31 March 2030 ^{5,7}	8.79	
	Total		247,795,000	20,900,000	-	38,232,500	230,462,500		

Notes:

- The options under the Old Share Option Scheme are exercisable by each grantee in three tranches as set out below:
 - up to the first 20% of the options, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10th year period commencing from the date of the grant of options (the "Old Option Period");
 - up to a further 30% of the options, at any time from the date falling on the sixth anniversary of the date of grant till the end of the Old Option Period; and
 - in respect of the remaining 50% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the Old Option Period.
- Mr. Wang Can resigned as Executive Director with effect from 21 January 2020.
- The options, being granted to the global core management staff under the New Share Option Scheme are exercisable in three tranches as set out below:
 - up to the first 20% of the options, at any time from the date falling on the fifth anniversary of the date of grant till the end of the 10th year period commencing from the date of grant of the options (the "New Option Period");
 - up to a further 30% of the options, at any time from the date falling on the sixth anniversary of the date of grant till the end of the New Option Period; and
 - in respect of the remaining 50% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the fifth anniversary of the date of grant, at any time from the date falling on the seventh anniversary of the date of grant till the end of the New Option Period.

STATUTORY DISCLOSURES

4. The options, being granted to the outstanding employees of the Group under the New Share Option Scheme are exercisable in five tranches as set out below:
- (a) up to the first 20% of the options, at any time from the date falling on the first anniversary of the date of grant till the end of the New Option Period;
 - (b) up to a further 20% of the options, at any time from the date falling on the second anniversary of the date of grant till the end of the New Option Period;
 - (c) up to a further 20% of the options, at any time from the date falling on the third anniversary of the date of grant till the end of the New Option Period;
 - (d) up to a further 20% of the options, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period; and
 - (e) in respect of the remaining 20% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fifth anniversary of the date of grant till the end of the New Option Period.
5. The options, being granted to the outstanding employees of the Group under the New Share Option Scheme are exercisable in four tranches as set out below:
- (a) up to the first 25% of the options, at any time from the date falling on the first anniversary of the date of grant till the end of the New Option Period;
 - (b) up to a further 25% of the options, at any time from the date falling on the second anniversary of the date of grant till the end of the New Option Period;
 - (c) up to a further 25% of the options, at any time from the date falling on the third anniversary of the date of grant till the end of the New Option Period; and
 - (d) in respect of the remaining 25% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the first anniversary of the date of grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period.
6. The options, being granted to the newly-joined management staff and the intelligent technology professionals of the Group are exercisable as set out in either one of the exercising schedules below:

Type I exercising schedule

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

Type II exercising schedule

- (a) up to the first 50% of the options, at any time from the date falling on the second anniversary of the date of grant till the end of the New Option Period;
- (b) up to a further 25% of the options, at any time from the date falling on the third anniversary of the date of grant till the end of the New Option Period; and
- (c) in respect of the remaining 25% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the second anniversary of the Date of Grant, at any time from the date falling on the fourth anniversary of the date of grant till the end of the New Option Period.

7. The options, being granted to the global core management staff under the New Share Option Scheme are exercisable in three tranches as set out below:
- (a) up to the first 20% of the options, at any time from the date falling on the third anniversary of the Date of Grant till the end of the New Option Period;
 - (b) up to a further 30% of the options, at any time from the date falling on the fourth anniversary of the Date of Grant till the end of the New Option Period; and
 - (c) in respect of the remaining 50% of the options, which, for the avoidance of doubt, comprise those options which have not been exercised (and not lapsed) since the third anniversary of the Date of Grant, at any time from the date falling on the fifth anniversary of the Date of Grant till the end of the New Option Period.

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

STATUTORY DISCLOSURES

FTG PRE-IPO SHARE OPTION SCHEME

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

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

On 14 December 2018, the shares of FTG were listed and traded on the Main Board of the Hong Kong Stock Exchange, since then, no further options has been or will be granted under the FTG Pre-IPO Share Option Scheme. As of the end of the Reporting Period, 41,878,487 effective options were outstanding.

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

Name of Grantee	Date of grant of the options	As of 1 January 2020	Number of the options			As of 30 June 2020	Exercise period of the options	Exercise price of the options per Share (HKD)
			Granted during the Reporting Period	Exercised during the Reporting Period	Expired/ lapsed/ cancelled during the Reporting Period			
Qian Jiannong	23 February 2018	20,000,000	-	-	-	20,000,000	22 February 2019 to 22 February 2026 ⁽¹⁾	8.43
	23 February 2018	536,625	-	-	-	536,625	28 December 2018 to 28 December 2021 ⁽²⁾	8.43
Wang Wenping	19 November 2018	810,000	-	-	-	810,000	18 November 2019 to 18 November 2022 ⁽³⁾	15.60
	23 February 2018	9,793,532	-	-	844,190	8,949,342	28 December 2018 to 28 December 2021 ⁽²⁾	8.43
Other Employees	19 November 2018	12,181,720	-	-	599,200	11,582,520	18 November 2019 to 18 November 2022 ⁽³⁾	15.60
	Total	43,321,877	-	-	1,443,390	41,878,487		

STATUTORY DISCLOSURES

Notes:

1. The options, being granted to Mr. Qian Jiannong on 23 February 2018 shall be vested according to the following period:

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

2. The options, being granted to Mr. Wang Wenping and other grantees on 23 February 2018 shall be vested according to the following period:

Percentage of options to be vested	Vesting Date
25%	28 December 2018
25%	28 December 2019
25%	28 December 2020
25%	28 December 2021

3. The options, being granted to Mr. Wang Wenping and other grantees on 19 November 2018 shall be vested according to the following period:

Percentage of options to be vested	Vesting Date
25%	18 November 2019
25%	18 November 2020
25%	18 November 2021
25%	18 November 2022

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

FTG 2019 SHARE OPTION SCHEME

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

The purpose of the FTG 2019 Share Option Scheme is to enable FTG to grant options to the eligible participants as incentives or rewards for their contribution to FTG. The directors of FTG believe the FTG 2019 Share Option Scheme will enable FTG to reward the employees, the directors of FTG and other eligible participants for their contributions to FTG.

As of the end of the Reporting Period, no options have been granted or agreed to be granted under the FTG 2019 Share Option Scheme.

YUYUAN SHARE OPTION INCENTIVE SCHEME

YUYUAN TRANCHE I SHARE OPTION INCENTIVE SCHEME

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

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

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

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

No payment shall be required to be made by the Grantee for the application or acceptance of options under the Yuyuan Tranche I Share Option Incentive Scheme. The exercise price of the options granted under the Yuyuan Tranche I Share Option Incentive Scheme shall be RMB7.21 per Yuyuan share.

Yuyuan completed the grant of 4,500,000 options to the Grantees under the Yuyuan Tranche I Share Option Incentive Scheme on 29 November 2018. No options were exercised, canceled or lapsed during the Reporting Period.

STATUTORY DISCLOSURES

YUYUAN TRANCHE II SHARE OPTION INCENTIVE SCHEME

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

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

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

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

No payment shall be required to be made by the Grantee for the application or acceptance of options under the Yuyuan Tranche II Share Option Incentive Scheme. The exercise price of the options granted under the Yuyuan Tranche II Share Option Incentive Scheme shall be RMB9.09 per Yuyuan share.

Yuyuan completed the grant of 5,400,000 options to the Grantees under the Tranche II Share Option Incentive Scheme on 13 June 2019. No options were exercised, canceled or lapsed during the Reporting Period.

YUYUAN TRANCHE I EMPLOYEE SHARE OPTION INCENTIVE SCHEME

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

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

STATUTORY DISCLOSURES

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

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

No payment shall be required to be made by the Grantee for the application or acceptance of options under the Yuyuan Tranche I Employee Share Option Incentive Scheme. The exercise price of the options granted under the Yuyuan Tranche I Employee Share Option Incentive Scheme shall be RMB8.62 per Yuyuan share.

Yuyuan completed the grant of 3,650,000 options to the Grantees under the Tranche I Share Employee Option Incentive Scheme on 31 October 2019. No options were exercised, canceled or lapsed during the Reporting Period.

GLAND PHARMA SHARE OPTION INCENTIVE SCHEME

The shareholders of the Company approved the adoption of the Gland Pharma Share Option Incentive Scheme at the annual general meeting held on 5 June 2019. The purpose of the Gland Pharma Share Option Incentive Scheme is to (i) reward the employees for their past as well as future performance, (ii) align the interests of the employees with those of shareholders of Gland Pharma, (iii) foster the sense of ownership of the employees, and (iv) reward the employees for their loyalty.

Subject to the provisions of the Gland Pharma Share Option Incentive Scheme, the maximum number of shares of Gland Pharma that may be issued pursuant to exercise of options granted to the participants under the Gland Pharma Share Option Incentive Scheme shall not exceed 170,444 Gland Pharma shares, representing 1.1% of the total number of issued Gland Pharma shares as at the date on which the shareholders of Gland Pharma approved the adoption of the Gland Pharma Share Option Incentive Scheme. Subject to the limitations prescribed under the Gland Pharma Share Option Incentive Scheme, Gland Pharma reserves the right to increase or reduce such number of Gland Pharma shares as it deems fit.

On 27 June 2019, a total of 154,950 options were granted to 103 participants under the Gland Pharma Share Option Incentive Scheme with an exercise price of INR5,420 per Gland Pharma share, of which 102 participants accepted options underlying 154,650 Gland Pharma shares. The number of Gland Pharma shares may be issued upon the exercise of the granted options represents approximately 1% of the total issued shares of Gland Pharma on the date of adoption of the Gland Pharma Share Option Incentive Scheme.

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

STATUTORY DISCLOSURES

During the Reporting Period, the details of the changes in the outstanding options under the Gland Pharma Share Option Incentive Scheme are set out below:

Participant	Date of Grant (dd-mm-yyyy)	Vesting Date (dd-mm-yyyy) ⁽¹⁾	Option share ⁽¹⁾	Exercise Period ⁽¹⁾	Outstanding options as at 1 January 2020	Adjusted during the Reporting Period ⁽²⁾	Exercise price per share ⁽³⁾	Forfeited or lapsed during the Reporting Period ⁽⁴⁾	Outstanding options as at 30 June 2020
Employees of Gland Pharma	27-6-2019	26-6-2020		26-6-2020 to 26-6-2029	151,350	1,362,150	INR542	(20,000)	1,493,500
		31-3-2021	40%	31-3-2021 to 26-6-2029					
		31-3-2022		31-3-2022 to 26-6-2029					
		31-3-2021	30%	31-3-2021 to 26-6-2029					
		31-3-2022		31-3-2022 to 26-6-2029					
		31-3-2022	30%	31-3-2022 to 26-6-2029					

Notes:

- (1) The vesting of the options granted shall be subject to the requirement for a minimum period of one year between the date of grant and vesting of the options and the relevant performance targets under the Gland Pharma Share Option Incentive Scheme.
- (2) The total number of share options was adjusted due to Gland Pharma's share subdivision on 17 March 2020.
- (3) The exercise price per share was adjusted due to Gland Pharma's share subdivision on 17 March 2020.
- (4) During the Reporting Period, as 3 participants ceased to serve as employees of Gland Pharma, the granted share options involving 20,000 subdivided shares of Gland Pharma lapsed.
- (5) During the Reporting Period, no options granted under the Gland Pharma Share Option Incentive Scheme were exercised.

HUMAN RESOURCES

As of 30 June 2020, the Group had approximately 72,000 employees.

During the first half of 2020, guided by the ambition of making a world of difference by serving families worldwide and the strategic initiatives of implementing "1+N" product lines, Fosun's human resources division focused on constantly consolidating the soil of Fosun's cultural values in order to further improve industry operation capabilities. Meanwhile, we comprehensively promoted the building-up of organizational capabilities in the organizations in Fosun ecosystem of various status. Implementing the strategic planning by top-level design, optimizing the efficiency and vitality by organizational mechanism optimization, and ensuring the organizational agility and high efficiency by the establishment of digital and high-tech system, we aimed to enhance the organizational health and form a talent-and-high-potential-fulfilled and long-lasting organizational ecosystem by establishing and optimizing culture and values, partnership models, talent pipelines, etc.

STATUTORY DISCLOSURES

We concentrate on the global talent layout, continually attract industry-leaders and high-potential talents across the industries, and aim to establish an excellent STEM talent echelon (Star/Talent/Elite/Master). During the process of talents acquisition, we pursue self-transcendence and build the ranking mechanism for Fosun talent scouts, to continuously improve the talent acquisition ability and efficiency of ONE Fosun. Additionally, we fully share the talent resources, build the global human resources sharing service platform, and constantly optimize the ONE Fosun talent database and information technology construction. In terms of employer branding, the ONE Fosun companies join hands to make improvement, hold global online and onsite campus recruitment under ONE Fosun brand to attract talents from all fields at home and abroad and continue to inject fresh blood into the companies. We facilitate the evolution of organizational structure and mechanisms, focus on the top-level structure and product-line, thereby promoting organizational capabilities of the Group's industry groups and its portfolio companies. We continue to promote the co-petition ranking mechanism, promote and apply it in Fosun ecological enterprises, set up the co-petition thinking, and apply the mechanism in essential matters and campaigns. Also, we promote the sharing and exchange of practical experience through ranking the implementation of the mechanism, to finally develop the ecological harmony and realize the ecological multiplier effect. Also, we continue to promote multi-dimensional, multi-partnership and deep-rooted partnership model and various relative measures. By improving talent efficiency, talent structure, talent pipelines, and optimizing human resources mechanism, we promote the mutual empowerment among the Group and its portfolio companies. Meanwhile, by focusing on high potential talents with outstanding performances, we provide them with more promotion and development opportunities, and fully exploit the employees' potential, provide multi-dimensional talent development projects for high potential talents at all levels; we encourage talent rotation among business units and functional lines, among the Group and the portfolio companies, building a symbiotic, connected and shared ONE Fosun talent ecosystem; in line with the strategic transformation, design and optimize various incentive systems, according to the different characteristics of each business, we actively explore innovative tools and ideas to improve the accuracy of incentive mechanism, facilitate team stability and cohesion through the promotion of the design and implementation of long-term incentive mechanism at the level of portfolio companies.

Fulfilment of the Commitment to Employees

Fosun regards its employees as its most valuable capital. Meanwhile, Fosun has been aiming to provide the best platform for employees to realize their values. We fully protect the interests of employees, and are always concerned about the personal development of our staff. We emphasize on the importance of cultivating outstanding talents with an international perspective, and devise a career development path with Fosun characteristics to facilitate the synergy development between the Company and our employees.

Employee Caring and Services

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

Fosun continues to strengthen the promotion and investment of employees' health management, and innovates the health management model. In addition to covering the annual physical examination of all employees, Fosun also encourages employees to participate in fitness activities such as Tai Chi and dance, regularly promotes healthcare tips, and conducts healthcare lectures, in order to strengthen employee healthcare awareness and initiate e-clinic and other innovative employee health management products. Integrating the rich medical and insurance resources within the Group, we provide a variety of health services. By integrating advanced technology companies within the Group, we organize employees to experience futuristic technologies in the first time, and provide online consultation, online reservation of physical examination, online claim of medical expenses and etc.

STATUTORY DISCLOSURES

Fosun has established different schemes for various employee groups. Focusing on the happiness ecosystem created by the Group and also build employee ecology BD organization with employee user as the center, we also involve our employees' family members in various warm-hearted activities of the Company. We fully utilized the Group's own resources so that employees can access to all types of internal products, services and related resources at lower costs more conveniently.

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

Employee Learning and Development

Fosun believes that talents represent the core competitiveness of an enterprise, and as such, it has always been valuing the development of both the Company and its staff as one of the most important responsibilities of Fosun. It provides the employees with more opportunities for career development and better working conditions through sustained efforts. With continuous growth and structural improvement, we have promoted the integration and cooperation among team members, created value and built groups with continuing learning culture. These measures allow both the Group and its staff to build a brilliant future together.

In accordance with the development strategy and the human resources planning requirements of the Group and taking into account the characteristics of its own development, we have established talent development and professional talent training programs for different levels. We plan development paths that match different development goals. We also design training courses in accordance with the quality of capabilities and occupational requirements to help employees grow rapidly. In addition, real business issues are addressed in the programs. Projects such as Partner Leadership Programme, Chairman and CEO class, Global Leadership Development Program, Leadership Development Training Camp, CXO Training Camp and Boss Talk are launched.

Online learning products have been evolved continuously with wider variety in contents. A convenient online learning platform is provided for employees of the Group, employees of enterprises under incubation and employees of some core portfolio companies.

Employment and Labour Standards

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

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

STATUTORY DISCLOSURES

Employee Incentive

The Group always implements the incentive principles of value creation, performance orientation, profit and loss sharing, and clear reward and punishment. Oriented by strategy implementation and employee development, the Group continuously optimizes the multi-level and full-coverage remuneration system to complete the mid-to-long-term incentive system. Through the flexible and comprehensive incentives, together with different business demands and incentive tools, we empower the business and motivate the team.

Human Resources Intelligent Innovation

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

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

As at 30 June 2020, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

(1) Long positions in the Shares, underlying shares and debentures of the Company

Name of Director/ chief executive	Class of Shares	Number of Shares	Type of interests	Approximate percentage of Shares in issue
Guo Guangchang	Ordinary	6,044,246,673 ⁽¹⁾	Corporate	71.09%
Chen Qiyu	Ordinary	20,578,000	Individual	0.24%
Xu Xiaoliang	Ordinary	17,657,800	Individual	0.21%
Qin Xuetao	Ordinary	16,092,640	Individual	0.19%
Gong Ping	Ordinary	10,210,000	Individual	0.12%
Zhang Shengman	Ordinary	805,000	Individual	0.01%
Zhang Huaqiao	Ordinary	455,000	Individual	0.01%
David T. Zhang	Ordinary	155,000	Individual	0.00%
Lee Kai-Fu	Ordinary	110,000	Individual	0.00%

STATUTORY DISCLOSURES

(2) Long positions in the shares, underlying shares and debentures of the associated corporations (within the meaning of Part XV of the SFO) of the Company

Name of Director/ chief executive	Name of associated corporation	Class of shares	Number of shares/ Amount of debentures	Type of interests	Approximate percentage in relevant class of shares/ debentures
Guo Guangchang	Fosun Holdings	Ordinary	1	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	85.29%
	Fosun Pharma	A shares ⁽³⁾	114,075	Individual	0.01%
		A shares ⁽³⁾	938,095,290	Corporate	46.65%
		H Shares	48,803,000	Corporate	8.84%
	Sisram Med	Ordinary	330,558,800	Corporate	74.76%
	FTG	Ordinary	1,015,389,932 ⁽²⁾	Corporate	82.21%
Shanghai Henlius	Domestic shares	289,845,387	Corporate	79.59%	
	H shares	3,192,339	Corporate	1.95%	
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	14.71%
	Fosun Pharma	A shares ⁽³⁾	114,075	Individual	0.01%
Chen Qiyu	Fosun Pharma	A shares ⁽³⁾	114,075	Individual	0.01%
	FTG	Ordinary	1,478	Individual	0.00%
Xu Xiaoliang	FTG	Ordinary	2,328	Individual	0.00%
Qin Xuetang	Fortune Star (BVI) Limited	N/A	2,000,000 ⁽⁴⁾	Individual	0.14%
Gong Ping	FTG	Ordinary	988	Individual	0.00%

Notes:

- (1) Pursuant to Division 7 of Part XV of the SFO, 6,044,246,673 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.
- (2) Pursuant to Division 7 of Part XV of the SFO, 1,015,389,932 shares of FTG held by Mr. Guo Guangchang are deemed corporate interests held through the Company and Fosun Holdings.
- (3) A shares represent the stocks listed on the SSE.
- (4) Mr. Qin Xuetang sold all of debentures he held issued by Fortune Star (BVI) Limited in July 2020.

STATUTORY DISCLOSURES

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

As at 30 June 2020, so far as was known to the Directors, the following persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	6,044,246,673 ⁽²⁾	71.09%
Fosun International Holdings ⁽¹⁾	6,044,246,673 ^{(2) (3)}	71.09%

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

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

STATUTORY DISCLOSURES

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors during the Reporting Period are set out below:

(1) Change in the significant positions held within the Group

Name of Director	Company name	Date of change	Original position	Current position
Wang Qunbin	the Company	21 February 2020	Executive Director and CEO	Executive Director and Co-Chairman
Chen Qiyu	the Company	21 February 2020	Executive Director and Co-President	Executive Director and Co-CEO
Xu Xiaoliang	the Company	21 February 2020	Executive Director and Co-President	Executive Director and Co-CEO
Gong Ping	the Company	21 February 2020	Executive Director and Senior Vice President	Executive Director, Senior Vice President and CFO
	Fosun Pharma	30 June 2020	–	Non-Executive Director
Zhuang Yuemin	the Company	5 June 2020	–	Non-Executive Director
Wang Can	the Company	21 January 2020	Executive Director and Senior Vice President	–
Yang Chao	the Company	21 February 2020	Independent Non-Executive Director	–

(2) Changes in other directorships held in public companies the securities of which are listed on any securities market in Hong Kong or overseas other than disclosed above

Name of Director	Company name	Date of change	Original position	Current position
Chen Qiyu	BabyTree	30 June 2020	Non-executive director	–
Xu Xiaoliang	Zhaojin Mining Industry Company Limited	24 April 2020	Non-executive director and vice chairman	–
Gong Ping	Shanghai Zendai Property Limited	23 April 2020	Non-executive director	–
Zhuang Yuemin	Ningxia Jiaze Renewables Corporation Limited	5 June 2020	Director	–
Zhang Huaqiao	China Smartpay Group Holdings Limited	20 January 2020	Non-executive director and chairman	–

STATUTORY DISCLOSURES

(3) Changes in Directors' remuneration with effect during the Reporting Period

Unit: RMB million

Name of Director	Date of changes	Remuneration	Target performance related bonus⁽¹⁾
Chen Qiyu	1 April 2020	4.50	3.60
Xu Xiaoliang	1 April 2020	4.50	3.60

Note:

(1) To be determined based on internal appraisal of various performance indicators.

Save as disclosed herein, there is no information required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company purchased a total of 38,175,500 Shares on the Hong Kong Stock Exchange at an aggregate consideration of HKD379,196,505.41 during the Reporting Period. As of 27 August 2020, all the purchased Shares have been cancelled.

Month	Total number of Shares repurchased	Purchase price paid per Share		Total purchase price paid (HKD)
		Highest (HKD)	Lowest (HKD)	
January 2020	5,570,000	11.54	10.38	60,165,229.96
February 2020	19,790,500	10.90	9.80	204,384,310.46
April 2020	7,462,500	9.73	8.14	62,318,704.99
May 2020	2,016,000	9.86	9.26	19,445,590.00
June 2020	3,336,500	10.16	9.49	32,882,670.00
Total	38,175,500	-	-	379,196,505.41

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

STATUTORY DISCLOSURES

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company comprises four Independent Non-Executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Zhang Huaqiao, Mr. David T. Zhang and Dr. Lee Kai-Fu. The main duties of the Audit Committee are to review and monitor the financial reporting procedures, risk management and internal control system of the Company, and to provide recommendations and advice to the Board.

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

COMPLIANCE WITH THE CG CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Due to inadvertent mistakes, on 1 April 2020 and 6 May 2020, 359,700 Shares and 127,500 Shares that were held by Mr. Xu Xiaoliang ("**Mr. Xu**"), the Executive Director and Co-CEO of the Company, through the trustee's trading platform of the Company's Share Award Scheme (the "**Trading Platform**") were disposed of at HKD8.8845 per Share and HKD9.4952 per Share, respectively (the "**Disposal**"). On 28 August 2020, Mr. Xu became aware of the Disposal and immediately informed the Board according to the requirements as set forth in the Model Code as well as filed disclosure of interests notices regarding the Disposal to the Hong Kong Stock Exchange. Mr. Xu has undertaken with the Company that he will comply with the Model Code.

The Board is of the view that the Company has maintained an effective system in monitoring the Directors' securities transactions (including but not limited to the application mechanism) to ensure compliance with the Model Code. In order to avoid similar incidents in the future, the Company has implemented and will implement the following actions:

- (i) The Company has reminded all Directors to comply with Model Code in their securities transactions, particularly the importance of application prior to the securities transactions. The Company will also provide trainings to improve and refresh the Directors' compliance knowledge and enhance their awareness of good corporate governance practices; and
- (ii) As all award shares granted by the Company to the Directors pursuant to the Share Award Scheme are managed by the trustee designated by the Company, the Company has instructed the trustee that the Trading Platform should refrain from processing and carrying out any instructions for disposal of the vested award Shares by Directors and relevant employees before receiving the approval of the Board regarding such dealings.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Chen Shucui
Zhuang Yuemin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman
Zhang Huaqiao
David T. Zhang
Lee Kai-Fu

AUDIT COMMITTEE

Zhang Shengman (*Chairman*)
Zhang Huaqiao
David T. Zhang
Lee Kai-Fu

REMUNERATION COMMITTEE

Zhang Huaqiao (*Chairman*)
Zhang Shengman
David T. Zhang
Lee Kai-Fu

NOMINATION COMMITTEE

David T. Zhang (*Chairman*)
Zhang Shengman
Zhang Huaqiao
Lee Kai-Fu

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Lee Kai-Fu (*Chairman*)
Qin Xuetang
Zhang Shengman
Zhang Huaqiao
David T. Zhang

COMPANY SECRETARY

Sze Mei Ming

AUTHORIZED REPRESENTATIVES

Qin Xuetang
Sze Mei Ming

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

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
Citi Bank

REGISTERED OFFICE

Room 808, ICBC Tower
3 Garden Road
Central
Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

00656

WEBSITE

<http://www.fosun.com>

GLOSSARY

FORMULA

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

ABBREVIATIONS

AHAVA	AHAVA Dead Sea Laboratories Ltd.
AmeriTrust	AmeriTrust Group, Inc. (formerly known as Meadowbrook Insurance Group, Inc.)
BabyTree	BabyTree Group, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01761
Baihe Jiayuan	Baihe Jiayuan Network Group Co., Ltd (百合佳緣網絡集團股份有限公司)
BCP	Banco Comercial Português, S.A., a company whose shares are listed on the Euronext Lisbon with stock code BCP
the Board	the board of Directors
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
Chancheng Hospital	Foshan Chancheng Central Hospital Company Limited (佛山市禪城區中心醫院有限公司)
Club Med	Club Med SAS
the Company	Fosun International Limited
the Director(s)	the director(s) of the Company
EUR	Euro, the official currency of the Eurozone
Feng-Lin	Shanghai F-Lin Healthcare Management Ltd (上海蜂鄰健康管理有限公司)

GLOSSARY

FFG	Fosun Fashion Group (Cayman) Limited
FFT	FFT GmbH & Co. KGaA
Fidelidade	Fidelidade – Companhia de Seguros, S.A.
Fidelidade Assistência	Fidelidade Assistência – Companhia de Seguros, S.A. (formerly known as Cares – Companhia de Seguros, S.A.)
Fosun Capital	Shanghai Fosun Capital Investment Management Co., Ltd. (上海復星創富投資管理股份有限公司)
Fosun Hani Securities	Fosun Hani Securities Limited
Fosun Holdings	Fosun Holdings Limited
Fosun Insurance Portugal	Fidelidade, Multicare and Fidelidade Assistência
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a company whose A shares are listed on the SSE with stock code 600196, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 02196
Fosun United Health Insurance	Fosun United Health Insurance Co., Ltd. (復星聯合健康保險股份有限公司)
FTG	Fosun Tourism Group, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01992
GFA	gross floor area
Gland Pharma	Gland Pharma Limited
the Group or Fosun	the Company and its subsidiaries
Guide	Guide Investimentos S.A. Corretora de Valores
H&A	Hauck & Aufhäuser Privatbankiers AG (formerly known as Hauck & Aufhäuser Privatbankiers KGaA)
Hainan Mining	Hainan Mining Co., Ltd. (海南礦業股份有限公司), a company whose shares are listed on the SSE with stock code 601969
HKD	Hong Kong dollars, the official currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IDERA	IDERA Capital Management Ltd.
INR	Indian Rupee, the official currency of India
JPY	Japanese yen, the official currency of Japan
La Positiva	La Positiva Seguros y Reaseguros S.A.
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Luz Saúde	Luz Saúde, S.A. (formerly known as ESPÍRITO SANTO SAÚDE – SGPS, SA)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Multicare	Multicare – Seguros de Saúde, S.A.
Mybank	Zhejiang E-Commerce Bank Co., Ltd. (浙江網商銀行股份有限公司)
Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd. (南京鋼鐵股份有限公司), a company whose shares are listed on the SSE with stock code 600282

GLOSSARY

Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd. (南京南鋼鐵聯合有限公司)
Peak Reinsurance	Peak Reinsurance Company Limited
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd. (復星保德信人壽保險有限公司)
PRC or China	the People's Republic of China
Reporting Period	the six months ended 30 June 2020
RMB	Renminbi, the official currency of the PRC
Sanyuan Foods	Beijing Sanyuan Foods Co., Ltd. (北京三元食品股份有限公司), a company whose shares are listed on the SSE with stock code 600429
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanghai Henlius	Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange with stock code 02696
Share(s)	the share(s) of the Company
Silver Cross	Silver Cross Nurseries Limited
Sinopharm	Sinopharm Group Co., Ltd. (國藥控股股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01099
Sisram Med	Sisram Medical Ltd, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 01696
SSE	the Shanghai Stock Exchange
Starcastle Senior Living	Shanghai Starcastle Senior Living Co., Ltd. (上海星堡老年服務有限公司), Starcastle (Shanghai) Investment Consultancy Co., Ltd. (星堡(上海)投資諮詢有限公司), Starcastle (Shanghai) Health Management Co., Ltd. (星堡(上海)健康管理有限公司), and Shanghai Pujiang Starcastle Senior Living Co., Ltd. (上海浦江星堡老年服務有限公司)
Tsingtao Brewery	Tsingtao Brewery Company Limited (青島啤酒股份有限公司), a company whose A shares are listed on the SSE with stock code 600600, and whose H shares are listed on the Hong Kong Stock Exchange with stock code 00168
USD	United States dollars, the official currency of the United States
Wolford	Wolford Aktiengesellschaft, a company whose shares are listed on the Vienna Stock Exchange with stock code WOL
Wolves	Wolverhampton Wanderers Football Club
Xingjian	Tianjin Sungin Senior Living Services Ltd (天津星健養老服務有限責任公司)
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited (永安財產保險股份有限公司)
Yuyuan	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司), a company whose shares are listed on the SSE with stock code 600655

FOSUN 复星